



## FRANCHISE DISCLOSURE DOCUMENT

**Your CBD Stores Franchising, LLC**  
**a Florida limited liability company**  
**600 8th Avenue W., Suite 500**  
**Palmetto, Florida 34221**  
**Telephone: (727) 235-0720**  
**[www.getsunmed.com](http://www.getsunmed.com)**

As a Your CBD Stores Franchising, LLC franchisee you will operate a retail CBD-type and non-hemp wellness products store under the trademarks

“Sunmed™” and YOUR” CBD STORE®” featuring herbal, dietary, and nutritional supplements containing lawful CBD and/or “Cannabinoids” from industrial hemp and non-hemp derived herbal, dietary, and nutritional supplements.

The total investment necessary to begin operation of a Sunmed™ | Your CBD Store® franchised business is \$95,800 to \$151,050. This investment includes \$41,450 to \$46,550 that must be paid to the Franchisor or its affiliate.

The total investment necessary to begin operation of your first Sunmed™ | Your CBD Store® franchised business under a three-store Multi-Unit Development Agreement ranges from \$120,800 to \$176,050. This includes up to \$66,450 to \$71,550 that must be paid to the Franchisor or its affiliate. The total investment necessary to begin operation of each additional Store beyond three Stores ranges from \$85,800 to \$141,050. This includes up to \$31,450 to \$36,550 that must be paid to the Franchisor or its affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Chief Business Development Officer, Your CBD Stores Franchising, LLC at 600 8th Avenue W., Suite 500, Palmetto, Florida 34221, telephone (727) 235-0720, email [franchising@getsunmed.com](mailto:franchising@getsunmed.com). The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

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

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

The date of issuance of this Franchise Disclosure Document is: September 17, 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
<b>How much can I earn?</b>	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 F.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit H includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Sunmed™   Your CBD Store® business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Sunmed™   Your CBD Store® franchisee?</b>	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 A.

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Florida. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Florida than in your own state.
2. **Hemp-Derived Products.** The products which are sold through franchisor's retail franchise outlets consist of industrial hemp grown in compliance with the provisions of Section 7606 of the 2014 Farm Bill Act, called the "Legitimacy of Industrial Hemp Research" and the 2018 Farm Bill Act, known as the "Hemp Farming Act of 2018." The legal status of the production and sale of CBD may remain in flux, and is subject to state regulation and laws, as well as regulations to be issued by the Food and Drug Administration. Some state laws are or may be inconsistent with federal law, and may prohibit the sale of CBD products while at the same time allowing the sale of recreational or prescribed medicinal marijuana products. The laws on the sales of these products may change, which could impact your business.
3. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business. Franchisor may experience raw materials shortages, supply chain interruptions, and delivery/courier complications, beyond the control of franchisor, and the continued availability of certain products may be curtailed.
4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **Turnover Rate.** In the last year, a high percentage of franchised outlets were terminated or transferred. This Franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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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Applicable state law might require additional disclosures related to the information contained in this Disclosure Document. These additional disclosures, if any, appear in Exhibit E, “State Specific Addenda”.

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

**Franchisor.**

The franchisor is Your CBD Stores Franchising, LLC, a Florida limited liability company (“Franchisor”). To simplify the language in this Disclosure Document, we will refer to Your CBD Stores Franchising, LLC as “Franchisor,” “we,” “us,” or “our.” This Disclosure Document will refer to the person or entity that buys the franchise from us as “Franchisee,” “you,” or “your,” and the term includes your partners if you are a partnership, your members if you are a limited liability company, or your shareholders if you are a corporation. If you are a corporation, partnership, or limited liability company, your owners will have to guarantee your obligations and be obligated to comply with the terms of the Franchise Agreement attached to this Disclosure Document as Exhibit C (the “Franchise Agreement”) and ancillary documents described in this Disclosure Document (“Disclosure Document”).

We are a Florida limited liability company organized on October 14, 2019. Our corporate address is 600 8th Avenue W., Suite 500, Palmetto, Florida 34221 and our telephone number is (727) 235-0720. We do business under the names “Sunflora<sup>®</sup>,” “Your CBD Store<sup>®</sup>,” “Sunmed<sup>™</sup>,” and “getsunmed<sup>™</sup>,” and sell Products provided by our supplier, our affiliate Sunflora, Inc. (“Sunflora<sup>®</sup>”). Our agents for service of process are disclosed on Exhibit A to this Disclosure Document.

Franchisor has established a system of developing, opening, operating and promoting stores specializing in offering to the public herbal, dietary, and nutritional supplements containing lawful CBD and/or “Cannabinoids” and other supplements deriving from industrial hemp and other products (“Products”) and related CBD-type store services (“Franchised Location,” “Outlet,” “Unit” or “Store(s)”) (the “Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup> System” or “System”).

We began offering franchises for Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup> in February 2020. We have not operated any other type of business (franchise or otherwise).

**Parents and Affiliates.**

We are an affiliate of Sunflora. Sunflora was established to produce lawful CBD and/or “Cannabinoid” and other hemp-derived products and sell them to our Franchisees and Distributors (defined below). Sunflora does not expressly guarantee the obligations of the Franchisor but does financially back and support the Franchisor. Sunflora, an affiliate of Your CBD Stores Franchising, LLC, directly and indirectly provides the Franchisor with the following: capital and funding, professional services, human resources, IP and other intangibles assets, including trademarks, back-office support, including order and application programming interface platforms, research and development, and any sort of materials and other tangibles required for the proper operation of Franchisor. Sunflora is a Florida corporation incorporated on May 22, 2018. The corporate address of Sunflora is 600 8th Avenue W., Suite 500, Palmetto, Florida 34221. Sunflora’s agent for service of process is Eduardo J. Roman, 600 8th Avenue W., Suite 500, Palmetto, Florida 34221. Sunflora has not offered franchises and has not operated any other type of business (franchise or otherwise), but only sells Products to our Franchisees and to its Distributors.

We are an affiliate of SFLA Stores Ops, LLC (“SFLA”). SFLA is an affiliate of Sunflora under common shareholder control. SFLA has been established to perform retail activities and to sell Sunflora’s Products directly to consumers. Since March 2023, SFLA has opened three stores at Hartfield-Jackson International Airport in Atlanta, Georgia, and others in Georgia and Connecticut. SFLA is a Florida limited liability company organized on June 3, 2022. The corporate address of SFLA is 600 8th Avenue W., Suite 500, Palmetto, Florida 34221. SFLA’s agent for service of process is Eduardo J. Roman, 600 8th Avenue W.,

Suite 500, Palmetto, Florida 34221. SFLA has not offered franchises and has not operated any other type of business (franchise or otherwise).

We are an affiliate of Sunflora Retail, LLC (“SRLLC”). SRLLC is a wholly-owned subsidiary of Sunflora. SRLLC was established to perform retail activities and to sell Sunflora’s Products directly to consumers. SRLLC opened its first store at Singer Island, Florida in December 2023. SRLLC is a Florida limited liability company organized on September 14, 2020. The corporate address of SRLLC is 600 8th Avenue W., Suite 500, Palmetto, Florida 34221. SRLLC’s agent for service of process is Eduardo J. Roman, 600 8th Avenue W., Suite 500, Palmetto, Florida 34221. SRLLC has not offered franchises and has not operated any other type of business (franchise or otherwise).

Except as described above, we have no parents, predecessors, or affiliates required to be included in this Item and none offering franchises in any line of business.

Sunflora and Franchisor have been selling Products through a network of approximately 397 (as of December 31, 2023) retail stores, some of which are Franchisees and some of which are Distributors, plus stores owned by SRLLC. Non-franchised stores are not “affiliates” under the law applicable to this Disclosure Document. Rather, that is the label Sunflora used for these stores (“Distributors”). Each of those store Distributors operates serving as a reseller under an affiliate agreement with Sunflora. Each Distributor agreement differs from a Franchise Agreement in that there is no initial fee, but it has a contractual one-year term, not the five-year term which our Franchise Agreement has. Unlike the Franchise Agreement, the affiliate agreement has no requirement that you purchase any minimum quantity of Products. We are in the process of converting as many stores as possible operating under an affiliate agreement to Franchisees.

### **The Franchise.**

We offer franchises for the operation of a retail store which sells herbal and nutritional supplements containing lawful CBD and/or “Cannabinoids” from industrial hemp Products manufactured by Sunflora delivered in the form of capsules, dissolvable supplements, medicated cosmetics, dietary food supplements and natural dietary products and other Products we authorize, under the form of Franchise Agreement attached to this Disclosure Document as Exhibit C. You will operate each Store to be developed under a separate Franchise Agreement. We may offer certain franchisees the opportunity to also enter into a Multi-Unit Development Agreement, attached to this Disclosure Document as Exhibit B. The Multi-Unit Development Agreement allows for your commitment to open three Stores in a geographic development area on an agreed upon schedule. The Multi-Unit Development Agreement will have a specific Development Schedule for development and opening of your individual Franchised Locations. Each Store will operate under a separate Franchise Agreement which you will sign when you have an approved lease for that location. That Franchise Agreement will be the then-current form in use at the time of signing, and may differ materially from the Franchise Agreement attached to this Disclosure Document. You will only sign multiple Franchise Agreements at once if you have multiple approved leases at the same time.

If you are an existing Franchisee, and are renewing your Franchise Agreement, you will be asked to sign the current form of Franchise Agreement that is attached to this disclosure document, along with a Renewal Addendum to the Franchise Agreement, which is attached as Exhibit

Under the Franchise Agreement, you will operate your Store at a designated Franchised Location. In connection with our Sunmed™ | Your CBD Store® concept, we may develop various specialty products which we may sell under the brand and also under other brands we may create and develop in the future.

As used in this Disclosure Document, "lawful CBD" means industrial hemp and hemp (as such terms are respectively defined under the 2018 Farm Bill Act and the corresponding state statutes) that meet certain statutory regulations (e.g., total Delta 9 content thresholds, age restrictions and other obligations) set forth under the 2018 Farm Bill Act (see additional below), and pertinent state statutes, respectively. As used in this Disclosure Document, "hemp-derived products" refers to lawful CBD and/or "Cannabinoids," and other CBD, such as flowers, weight loss, seltzer, rolls, vapes and other varieties of lawful CBD. "Other products" does not include the sale of Cannabis as such term is defined under pertinent state law.

A typical Sunmed™ | Your CBD Store® occupies approximately 800 to 1,200 square feet of space that may be either owned by you or leased from a third-party. All Stores are constructed to our specifications as to format, size, layout, décor, and aesthetics. A Sunmed™ | Your CBD Store® may be located in either a freestanding building, an in-line retail plaza space or an end-cap space, but, in any event, ample parking, good visibility, and availability of prominent signage are a necessity. A Sunmed™ | Your CBD Store® will employ approximately one to three persons. Depending on your staffing needs, some of these employees may work part-time.

You will operate a Sunmed™ | Your CBD Store® at your expense, as an independent business utilizing our business format, procedures, designs, trade dress, standards, specifications, and methods of operation. You must use the Sunmed™ | Your CBD Store® System at your Store, which includes, without limitation, the common use and promotion of the name Sunmed™ | Your CBD Store® and other service marks, trademarks, trade names, logos, emblems, signs, slogans, insignia and other commercial symbols we may designate periodically (collectively, the "Marks"); distinctive products, and quality standards; procedures for inventory and management control; training; advertising and promotional programs; and ongoing assistance. As a franchisee, you will sell only our approved Products. Approved Products refers to Products supplied by the Franchisor, its affiliates, or specified/designated sources, which may be limited to those manufactured by or for our affiliate, Sunflora. We may periodically add or delete Products and/or services and change specifications, standards, procedures, and methods of operation, and you will be expected to follow suit. You will offer and provide Products and services to the general public, at all times complying with the Franchise Agreement and our confidential operations manual ("Operations Manual") that will be loaned to you at the time of training. You may only offer services and Products that we have previously approved.

### **Competition.**

Sunmed™ | Your CBD Store® will offer Products and services to the general public throughout the year and compete with other retail stores and chains and online sales that sell similar industrial hemp-derived products. The market for industrial hemp-based products is still developing and the public's familiarity with CBD and other products derived from industrial hemp is still growing as well. The market for these products is relatively new and may be difficult to predict. The market is highly competitive. Previous business management experience is helpful for new franchisees. Previous business ownership experience also is highly desirable.

### **Regulatory Matters.**

The industrial hemp contained in the Products sold by Sunmed™ | Your CBD Store® retailers comes from states that allow hemp to be grown in compliance with the 2014 Farm Bill Act. Since Section 763 of the Omnibus Act and The Commerce, Justice and Science Appropriations Act of 2016 forbid federal money from being used to prohibit the transportation, processing, sale or use of what is now defined as industrial hemp, a Law Enforcement Agency must establish that none of the federal money which it receives from the Appropriations Acts or the Department of Justice specifically, is used to prevent the free commercial flow of industrial hemp.



The 2018 Farm Bill Act impacted the legal status of the production and sale of CBD and hemp-derived products. The sale of CBD products may remain in flux, and subject to state and local regulation and laws, as well as regulations which, as of this issuance date of this Disclosure Document, had not yet been issued by the Food and Drug Administration (“FDA”). Some state laws are or may be inconsistent with federal law, and may still prohibit the sale of CBD products while at the time allowing the sale of recreational or prescribed medicinal marijuana products. The laws on the sales of these products may change, which could impact your business. You will also be responsible for compliance with norms and rules related to FDA, United States Department of Agriculture (“USDA”) and state health regulations and other directives relating to the making of medical or any other form of health claims, issuing diagnosis or health advice, issuing endorsements, guarantees or promises regarding any particular intended use of products, or as to safety, reliability, durability and performance of those products, along with the use of certain prohibited terms, expressions, words and phrases relating to the products, as described in our Operations Manual.

You must investigate and familiarize yourself with key federal regulations and your particular state and local laws regarding the transportation, possession, sale, advertising and use of industrial hemp and lawful CBD and/or “Cannabinoids”.

Before you buy a franchise, you are encouraged to investigate these regulations and other laws that may be applicable to your business. You should consider their impact on your business and any increased cost of doing business.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Chief Executive Officer and President – Marcus Quinn**

October 2019 to present, Owner, Founder and CEO, Your CBD Stores Franchising, LLC, St. Petersburg and Palmetto, Florida; May 2018 to present, Founder, Owner & CEO, Sunflora, Inc., Tampa, St. Petersburg and Palmetto, Florida; April 30, 2022 to present, President of Your CBD Stores Franchising, LLC and Sunflora, Inc.; January 2016 to September 2019, President, Promotional Enterprises Inc., Palmetto, Florida.

### **Chief Operations Officer – Jason Ellis**

October 2019 to present, Chief Operations Officer, Your CBD Stores Franchising, LLC, St. Petersburg and Palmetto, Florida; May 2018 to present, Chief Operations Officer, Warehouse Manager, Sunflora, Inc., St. Petersburg and Palmetto, Florida.

### **Chief Business Development Officer – Phillip Anthony “Tony” Bryan**

January 2022 to present, Chief Business Development Officer, Your CBD Stores Franchising, LLC and Sunflora, Inc., Palmetto, Florida; May 2018 to present, Chief Marketing Officer, Sunflora, Inc., St. Petersburg and Palmetto, Florida; October 2019 to December 2021, Chief Marketing Officer, Your CBD Stores Franchising, LLC, St. Petersburg and Palmetto, Florida.

### **Vice President – George Matthew “Matt” Rainey**

June 2023 to present, Vice President Sunflora, Inc., Palmetto, Florida; March 2019 to April 2023, President, Max Enterprises of Tampa, Tampa, Florida.

### **General Counsel – Eduardo J. Román**

June 2020 to present, General Counsel, Your CBD Stores Franchising, LLC and Sunflora, Inc., Palmetto and Cape Coral, Florida; January 2015 to June 2020, Principal, Roman and Associates, Cape Coral, Florida.

### **Chief Financial Officer – Wilfredo Rodriguez**

January 2022 to present Chief Financial Officer, Your CBD Stores Franchising, LLC and Sunflora, Inc., Palmetto and Miami, Florida; January 2021 to December 2021, Vice President of Finance, Your CBD Stores Franchising, LLC and Sunflora, Inc., Palmetto and Miami, Florida; January 2020 to September 2020, Chief Financial Officer, American Medical Depot, LLC, Miami, Florida

## **ITEM 3 LITIGATION**

### **Franchisor Initiated Litigation:**

*Sunflora, Inc. v. The Natural Solutions, LLC, et al.*, United States District Court for the Central District of California, Case No. 2:20-cv-01141- CJC-MRW. In February 2020, Sunflora brought suit in the Southern District of California against certain individuals and entities (altogether “TNS”), at that time a Sunflora Distributor, for breach of contract and for a declaration of rights regarding a certain exclusivity agreement. Sunflora’s Complaint was amended to include fraud, RICO Act and trade secret claims against TNS. TNS filed a number of counterclaims. The matter was settled in June 2022 and TNS agreed to remit a payment to the benefit of Sunflora. The payment was in an amount that is required by Consent Order to be maintained as confidential.

### **Franchisor Initiated Claims Seeking to Enforce Restrictive Covenants and Collect Liquidated Damages:**

1. *Your CBD Stores Franchising, LLC (Franchisor) and Sunflora, Inc. v. Naturoil Georgia, LLC, et al.*, United States District Court for the Northern District of Georgia, Civil Action File No. 1:22-cv-00286-TWT, filed January 24, 2022. Franchisor and Sunflora brought suit against its terminated franchisee and its principals and guarantors, seeking to enforce contractual provisions relating to confidential information, trade secrets, covenants not to compete and liquidated damages, as well as Lanham Act claims for trademark infringement, false designation of origin and false advertising, along with alleged violations of Georgia’s Deceptive Trade Practices Act and common law unfair competition. The dispute was mediated and settled in March 2022, with the defendants paying a total of \$12,000 to the Franchisor and Sunflora, and agreeing to certain competitive restrictions.

2. *Your CBD Stores Franchising, LLC (Franchisor), v. Brett W. Buckwalter a/k/a Brett Harris, Your CBD Store Kansas, LLC (Franchisee) d/b/a Kannabliss and KannaCorp, LLC d/b/a Kannabliss*, pursuant to American Arbitration Association (AAA) binding arbitration proceedings, Case Number: 01-22-0003-3568, filed originally October 11, 2022. Franchisor brought suit against its terminated Franchisee, seeking to enforce contractual provisions relating to confidential information, trade secrets, covenants not to compete, liquidated and actual damages. May 22, 2023, the Arbitrator ruled in favor of Franchisor and awarded \$363,276.09 in damages, including attorneys' fees, administrative fee, and other costs. October 12, 2023, the United States District Court for the Middle District of Florida (Tampa)

affirmed the arbitrators' award (in full and without reservations). December 2023, Franchisee filed for bankruptcy and sought protection from creditors and Franchisor. Franchisor is participating in such proceeding.

**Franchisor Counter-Claimed:**

*Joseph Gradwell, Christopher Miller, Greg Muiter and Melanie Vaughn v. Sunflora, Inc.*, United States District Court for the Middle District of Florida, Tampa Division, Case No. 8:22-cv-00781-MSS-TGW. In April 2022, four affiliate reseller Store owners (Plaintiffs) brought suit against Sunflora for fraudulent inducement claims and for a declaration of relief with respect to certain agreements between Sunflora and Plaintiffs for the resale of Sunflora Products. Sunflora filed several counterclaims, including breach of contract and violations of the Florida Deceptive and Unfair Trade Practices Act (FDUTPA). Plaintiffs opted to settle the case, and agreed to compensate Sunflora for costs and damages incurred. July 2023, a settlement agreement was executed whereby Plaintiffs agreed to a payment and other concessions to the benefit of Sunflora.

**Other Material Civil Action:**

*Perfect Synergy, LLC (Claimant (Franchisee) v. Your CBD Stores Franchising, LLC (Respondent (Franchisor))*, pursuant to American Arbitration Association (AAA) binding arbitration proceedings, Case Number: 01-23-0003-7322, filed originally July 25, 2023. Franchisee filed an arbitration demand against Franchisor, which alleged that the parties had a valid and enforceable contract in which Franchisor had promised Franchisee that the Franchisor would not establish for itself or grant a franchise at the Hartsfield-Jackson Atlanta International Airport to any party, other than Franchisee. The Arbitration demand asserted claims based on breach of contract promissory estoppel and surprise as fraud. The Arbitration demand sought compensatory damages, expenses and attorney's fees not to exceed 10 million dollars. In September 2023, Franchisor filed a Motion to Dismiss the Arbitration Demand (amended thereafter), denying all allegations made by Franchisee. January 2024, the motion to dismiss was denied by the Arbitrator on the basis that the Franchise Agreement, and its terms thereunder, including the dispute resolution were not applicable to this dispute. Franchisor has since requested to move the case to State Court.

Other than these actions, no litigation is required to be disclosed in this Item.

## **ITEM 4 BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

## **ITEM 5 INITIAL FEES**

### **Franchise Fee.**

When you sign your Franchise Agreement with Sunmed™ | Your CBD Store®, you shall pay us an Initial Franchise Fee of \$20,000, which is fully earned and shall be due and payable in full upon the signing of the Franchise Agreement ("Initial Franchise Fee"). The Initial Franchise Fee is uniform for all franchisees purchasing a franchise. We have no intention, now or in the future, of reducing the Initial Franchise Fee for any prospective franchisee, although we reserve the right to do so in our sole discretion on a case-by-case basis. Occasionally we do not collect Initial Franchise Fees (as an incentive) from current Store owners and Franchisees opening new stores. We reserve the right to waive or reduce the Initial Franchise Fee for

our affiliates, employees, or existing Franchises. Initial Franchise Fees are not refundable under any circumstances.

We offer to reduce the Initial Franchise Fee by 50% for Franchisees and entities which are majority owned by principals who are active duty or retired United States Military Forces or active public safety personnel (police, fire, or emergency rescue). This offer applies to your first Sunmed™ | Your CBD Store® established or the first Sunmed™ | Your CBD Store® under a Multi-Unit Development Agreement.

For 2023, the Initial Franchise Fee that Franchisees paid to us, ranged from \$0 to \$20,000. The \$0 payment was frequently the result of a Product credit incentive offered in 2022, in which Franchisees elected to have the \$5,000 Initial Franchise Fee waived at the time of execution of the Franchise Agreement rather than after one year of operation, receive a \$5,000 Product credit from Franchisor.

### **Other Initial Fees.**

You will spend at least \$20,400 and up to \$25,500 at wholesale price, contingent on the types of Products permitted by applicable state law, on your Opening Inventory. This is the minimum inventory of Products we require for you to open a Sunmed™ | Your CBD Store® (your “Opening Inventory”). This is paid to our affiliate Sunflora. Amounts paid for Opening Inventory are not refundable. Eligible new Franchisees may qualify for financing to cover the cost of Opening Inventory as described in Item 10.

Prior to opening your Store, you will incur a “Digital Platform Fee” in the amount of \$1,050. This payment will cover certain third-party app solutions and IT services useful for ordering Products and other matters (“Digital Platform System” further described in Item 7) and is paid to our affiliate, Sunflora. The Digital Platform Fee is non-refundable. There is an on-going monthly Digital Platform Fee in the amount of \$100.

### **Multi-Unit Development Agreement.**

If we grant you the right to open additional Franchised Locations under a Multi-Unit Development Agreement, you must pay us a one-time Multi-Unit Initial Fee (“Multi-Unit Initial Fee”) upon executing your Multi-Unit Development Agreement. Your Multi-Unit Initial Fee will depend on the number of Franchised Locations we grant you the right to open within the Development Area.

If we grant you the right to open three Franchised Locations, the Multi-Unit Initial Fee is calculated as: a total payment of \$45,000 which represents (1) \$20,000 for the first Franchised Location; (2) \$15,000 for the second Franchised Location; and (3) \$10,000 for the third Franchised Location. If you agree and we grant you the right to open and operate more than three Franchised Locations for each additional Franchised Location, the Multi-Unit Development Fee will be \$10,000.

You will be required to enter into our then-current form of franchise agreement for each Franchised Location you wish to open under a Multi-Unit Development Agreement. You will not be required to pay any additional Unit Initial Fee at the time you execute each of these franchise agreements. Prior to opening each Franchised Location under a Multi-Unit Development Agreement, you will be required to pay the corresponding initial Opening Inventory purchase, and Digital Platform Fee as described above in this Item 5 of this Disclosure Document.

Your Multi-Unit Initial Fee will be considered fully earned upon payment and is not refundable under any circumstances. The Multi-Unit Initial Fee described above is calculated and applied uniformly to all our Franchisees.

Review Exhibit E, State Specific Addenda, to see whether your state imposes any additional requirements regarding initial franchise fees or multi-unit initial fees.

## ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks (See Note 1)
Advertising Cooperatives	May not exceed 3% of Gross Sales per annum	As designated by your cooperative	(See Note 2) Amounts paid to an Advertising Cooperative shall be credited against payments due for Local Advertising. Any outlets owned by us or an affiliate shall have one vote in each outlet in any Advertising Cooperative.
Local Advertising	A minimum of 3% of Gross Sales per calendar quarter	Each calendar quarter	You must make local advertising expenditures. You may determine the form and media, subject to our approval before you make the expenditures.
Advertising Fund Fee	3% of wholesale Product purchase costs	Added when purchasing Products at wholesale	If and when instituted, the Advertising Fund will be utilized broadly to provide marketing support, including creating collateral materials, website, and assisting with new Products launches. Franchisor, as of the date of this Disclosure Document, collects no Advertising Fund Fee and has no advertising fund, but reserves the right to implement that fee upon 30 days' written notice to Franchisee.
Royalty Fee	2% of the wholesale cost of Products	Accrues on a per Product basis to be paid along with any payment due for the purchase of Products ("Royalty Fee")	
Advertising	Amount of Local	Immediately upon	If you fail to make local or

Type of Fee	Amount	Due Date	Remarks (See Note 1)
Deficiency	Advertising Deficiency	demand	cooperative advertising expenditures, we may do so on your behalf and you will reimburse us for those expenditures and/or we may offset expenditures from any funds due to you.
Renewal Fee	50% of the amount of the then-current Initial Franchise Fee	Before renewal	Payable when, and if, you renew your Franchise Agreement. There are other conditions to renew.
Transfer/Assignment Fee under Franchise Agreement	50% of the then-current Initial Franchise Fee at the time of the Transfer/Assignment plus expenses	Before the consummation of the transfer or sale	Payable when, and if, you transfer or sell your franchise. There are other conditions to transfer.
Interest and Late Payment Fees	Up to the highest rate permitted by law but no more than 18% per annum plus \$100 per occurrence	Immediately on demand	Payable on all overdue amounts. Interest begins from the date of non-payment or underpayment.
Insufficient Funds Service Fee	\$100 per occurrence	Immediately on demand	Payable if any of your payments to us are not honored by your financial institution.
Late Report Fee	\$100 per occurrence	Immediately on demand	We may require you to pay us \$100 each time you fail to submit to us any required reports or information.
Audit Expenses	Will vary under the circumstances	Immediately on demand	(See Note 3)
Additional At Franchised Location Training due to Failure to Maintain Standards	Will vary under the circumstances, but we anticipate one to two days at a cost of \$300 to \$600, plus travel and living expenses.	As incurred	(See Note 4)
Counseling and Advisory Services	Will vary under the circumstances	As incurred	(See Note 5)
Additional At Franchised Location Training and Assistance	Will vary under the circumstances	As incurred	You will pay a reasonable fee (e.g., \$300 per day) for additional training you request plus the reimbursement of our trainers' travel and living expenses and other related expenses.
Indemnification	Will vary under the	As incurred	You must reimburse us if

Type of Fee	Amount	Due Date	Remarks (See Note 1)
	circumstances		we are held liable for damages or other relief related to the operation of your franchise.
Insurance Premiums	Will vary under the circumstances	Immediately on demand	You must reimburse us if we purchase insurance for you because you failed to do so.
Conferences	Currently \$300 per person	Upon demand	If we require you to attend a Conference or other meeting, you may have to pay a reasonable fee, which is currently \$300 per person.
Costs and Attorneys' Fees	Will vary under the circumstances	As incurred	Payable only if you do not comply with the Franchise Agreement.
Product Purchases and Minimum Product Purchases (defined in Item 12)	Varies  Minimum Product Purchases will be: In your 2nd quarter of operations and thereafter \$12,000 per quarter at wholesale cost. These amounts may be adjusted for inflation.	Prior to Product shipment	You must buy Products that (i) meet our standards and specifications and, (ii) are purchased from suppliers designated or approved by us. Most, if not all, Products must be purchased from our affiliate, Sunflora.  We impose quarterly Minimum Product Purchases requirements on you, beginning no less than 120 days after you open your Store. The amount of Minimum Product Purchases is \$12,000 at wholesale cost to you during your 2nd quarter and thereafter as a Franchisee.
Product/Supplier Approval Costs	Cost of Testing not to exceed \$500	As incurred	This covers the cost of testing new Products or inspecting new suppliers you recommend.
Digital Platform Fee	Currently \$100 per month	Monthly	May be increased annually upon written notice to you.
Management Fee	10% of Gross Sales and our reasonable costs and	Upon demand	"Management Fee" is payable only if you are in

Type of Fee	Amount	Due Date	Remarks (See Note 1)
	expenses		Default or you fail to maintain your Store in accordance with our standards. We may send in our personnel to operate the Store until the Default is cured or you are able to meet our standards. During our operation of your Store, you must pay us 10% of the Store's Gross Sales, plus the Royalty Fee, and all costs and expenses incurred by us in providing this assistance.
Excise Tax and Special Taxes	To be determined	As incurred	(See Note 6)
Liquidated Damages	\$20,000	Within two weeks of termination of the Franchise Agreement	In the event that Franchisor terminates this Agreement for Franchisee's Default hereunder, early termination or abandonment of the Store, Franchisee agrees to pay to Franchisor in a lump sum, liquidated damages in the amount of \$20,000 within two weeks of termination of the Franchise Agreement by us.

Note 1: Unless this Disclosure Document specifically provides otherwise, all fees are imposed by and payable to us or our affiliates, and we (or our affiliates) do not refund them.

Note 2: Amounts paid to an advertising cooperative will be credited against your required expenditures for local advertising under Section 11.3 of the Franchise Agreement. All members of an advertising cooperative (whether a franchisee-owned, company-owned or affiliate-owned Store) have equal voting rights on all matters brought before the advertising cooperative for a vote including, without limitation, matters relating to the amount of required contributions. Under the Franchise Agreement, we require that all fees and advertising cooperative contributions must be paid by automated bank draft. Accordingly, you must sign an automated clearing house electronic transfer of funds (or "ACH") authorization for your bank account.

Note 3: You must pay our audit expenses only if an audit of your records reveals a discrepancy of five percent or more of your Gross Sales during the audit period. "Gross Sales", in reference to this Note only, shall mean the amount of sales of all Products and services sold in, on, about or from the Store, together with any other revenues derived from the operation of the Store. There shall be deducted from Gross Sales:



(a) the amount of refunds, allowances or discounts to customers (including coupon sales) up to 15% of the Gross Sales, provided the related sales have previously been included in Gross Sales; and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority. In addition to any unpaid amounts you may owe us, you must reimburse us for the actual costs we incur in conducting the audit, including travel, lodging, meals, and compensation of the auditing personnel that may travel to your Store. The cost of the audit will depend on many factors that will vary on a case-by-case basis, like the condition and accuracy of your recordkeeping, the extent of your cooperation, the number of years of your accounting records that are reviewed during the audit process, and other circumstances unique to your particular audit. As a result, we are unable to estimate a range of these audit costs; however, these audit expenses will not exceed our actual costs.

Note 4: If we notify you in writing that you have failed to maintain standards at the Store, and you fail to cure the failure within ten days, we have the right to assign trainers to your Store and you have to reimburse us for the trainers' salaries, travel and living expenses and other related expenses. We estimate that the total cost of this additional training may range from \$500 to \$3,000, depending on the extent of the training required and the distance our trainers need to travel.

Note 5: Normally there is no fee for these services, which are provided by telephone or at our offices, unless you require unusual, extensive, or extraordinary assistance. If so, we have the right to charge you a reasonable fee of approximately \$300 per day.

Note 6: Some states, and possibly municipal and other local governments, impose certain excise or special sales taxes ("Special Taxes") on vaping and/or CBD products ("Excise Tax Requirements") by statute, rule, regulation or ordinance. These Excise Tax Requirements may provide and require that wholesale sellers of these products, which may include Products sold by Franchisor or its affiliates, pay directly, or collect from retail sellers, these Special Taxes.

Franchisor or its affiliates may, at its discretion, separately bill or invoice Franchisee for any applicable Special Taxes, or, may include the cost of any such Special Taxes in the invoice price of Products sold to Franchisee for the purpose of collecting and remitting same and thereby complying with any Excise Tax Requirements.

Franchisee is required to cooperate with Franchisor and Franchisor's affiliates in gathering and providing requested information for the purpose of enabling compliance with Excise Tax Requirements and collecting and remitting any Special Taxes. You may have other tax and government fee obligations beyond those associated with Special Taxes which you are solely responsible to comply with, including, for instance, payment of those obligations, licenses, certifications and reporting.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT FOR A FRANCHISED STORE**

<b>YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE STORE</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee (See Note 1)	\$20,000	Lump Sum	At the time you sign the Franchise Agreement	Us
Rent (See Note 2)	\$2,500 to \$7,500 (3 months)	As Arranged	As Arranged	Landlord
Security Deposit (See Note 3)	\$2,500 to \$7,500	As Arranged	As Arranged	Landlord
Real Estate and Improvements (See Note 4)	\$5,000 to \$10,000	As Arranged	Before Opening	Landlord, Contractors
Travel and Living Expenses while Training (See Note 5)	\$2,000 to \$4,000	As Incurred	During Training	Hotels, Restaurants
Furnishings, Fixtures, Equipment and Decorating (See Note 6)	\$8,200 to \$12,600	As Arranged	Before Opening	Suppliers, Contractors
Point of Sale System (POS) (See Note 6)	\$1,800 to \$2,400	As Arranged	Before Opening	Suppliers
Signage (See Note 7)	\$3,000 to \$6,500	As Arranged	Before Opening	Suppliers, Contractors
Opening Inventory	\$20,400 to \$25,500	As Arranged	Before Opening	Sunflora, Inc.
Computer Hardware/Software	\$2,000 to \$3,500	As Arranged	Before Opening	Suppliers, Contractors
Digital Platform Fee (See Note 8)	\$1,050	As Arranged	As Arranged	Sunflora, Inc., Suppliers
Grand Opening (See Note 9)	\$15,000 to \$20,000	As Arranged	As Arranged	Suppliers
Professional Fees	\$1,000 to \$2,500	As Arranged	Before Opening and Ongoing	Your Accountants, Attorneys, Real Estate Broker,

YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE STORE				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
				Architectural Firm
Insurance (See Note 10)	\$600 to \$1,500	As Arranged	As Incurred	Insurance Providers
Miscellaneous Opening Costs (See Note 11)	\$750 to \$1,500	As Arranged	As Arranged	Suppliers, Utilities, Tradesmen, Contractors, Us
Additional Funds – 3 months (See Note 12)	\$10,000 to \$25,000	As Arranged	As Arranged	Suppliers, Employees
Total Estimated Initial Investment (See Note 13)	\$95,800 to \$151,050			

**\*All of the above expenditures are non-refundable.**

#### Table 1 Franchise Store - Notes

Note 1: The Initial Franchise Fee includes the loan of our Operations Manual and initial training for up to three individuals having responsibility for the day-to-day operations of your Store. See Item 11 of this Disclosure Document for additional information about the initial training program. The Initial Franchise Fee is not refundable under any circumstances. As noted in Item 5, we offer to reduce the Initial Franchise Fee by 50% to active duty and military veterans and public safety personnel meeting certain eligibility criteria.

We may provide you with our current written site selection guidelines to the extent such guidelines are in place or site selection assistance we determine is appropriate, and the contact information of any local real estate broker with whom we have an existing relationship and that is familiar with our confidential site selection/evaluation criteria, if we know of any such brokers able to provide real estate assistance in or around the assigned Franchise Territory.

Note 2: These figures presume that you will be leasing the Store. We are unable to estimate the total cost of leasing suitable premises for your Store or the amount of any down payment that would be required. Rent will vary depending upon the size of the premises, the location's condition, its physical location, building size, access to major streets, demand for the location, the build-out requirements and construction or other allowances from the landlord, and the requirements of individual landlords. These figures are based upon our Franchisees and Distributors' experience in several states opening and operating their respective Sunmed™ | Your CBD Store®. Regardless of whether you lease or purchase the Store premises, a typical Sunmed™ | Your CBD Store® occupies approximately 800 to 1,200 square feet of net rentable space. A Sunmed™ | Your CBD Store® may be either a freestanding building, an in-line retail plaza space or an end-cap space, but, in any event, the Store requires ample parking, good visibility, and availability of prominent signage. Because of the wide variation in lease rates for retail space, you should thoroughly investigate the costs of obtaining a location.

Note 3: Your lessor may require a security deposit before you take possession of the premises. This deposit may or may not be refundable.

Note 4: The cost of leasehold improvements will vary widely depending upon the size and condition of the premises, whether or not there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements desired by you over and above our minimum requirements, and the landlord's cash contribution to the cost of the improvements. Improvements include electrical, carpentry, floor covering, painting, plumbing, heating, ventilation, and air conditioning. These expenses include fees paid to the General Contractor (defined in Item 8).

Note 5: We provide initial training at no charge for up to three individuals, but you must arrange and pay for all food and lodging expenses for the people who attend the initial training program. Costs vary depending on the distance traveled and the type of lodging. The amount shown does not include the cost of transportation.

Note 6: You must purchase or lease certain equipment, machinery, POS System (described in Item 8) equipment, furniture, and décor and trade dress items, all of which must comply with our specifications and standards. Costs will vary depending on a number of factors including, without limitation, building codes and requirements of the state where your Store is located.

Note 7: The cost of your exterior sign will vary depending upon the size, color, and back-lite channel letters of the sign and other specifications Franchisor and the landlord may require.

Note 8: The Digital Platform System is comprised of and the initial Digital Platform Fee (\$1,050) covers the costs of these IT solutions: Google® apps and tools; Reputation Management; Web hosting services; e-mail; owner dashboard; Google® My Business and Analytics, local keyword tracking, refund and discount system management; customer service portal and reports; banking tools, ordering portal access, and certain POS System functionalities. An ongoing monthly fee of \$100 (described in Item 6) will also be incurred. Franchisor reserves the right to modify the above-mentioned IT solutions without prior notice or consent.

Note 9: You must conduct a grand opening ("Grand Opening") promotion with the opening of your Store. You must pay all costs of the Grand Opening, including publicity costs, pre and/or post opening coaching, promotional costs, plus the full cost of any price reductions or other customer inducements. Costs may vary depending on your market and the type of advertising used, however, you must spend as a minimum, between \$15,000 to \$20,000, as determined by Franchisor, within 45 to 60 days of the opening of your Store or, if you purchased an existing Store, 45 days after the purchase of your Store. We will provide guidance and assist you to create a Grand Opening plan for your Store. Ninety days following the Grand Opening of your Store and submission of all of your approved Grand Opening expense receipts to us, you will be eligible to receive Rebates applicable to Product wholesale purchases as follows: (i) Grand Opening related incurred costs between \$15,000 to \$19,999.99 are eligible to receive a \$2,500 Product Rebate; (ii) or Grand Opening related incurred costs equal or above \$20,000 are eligible to receive a \$5,000 Product Rebate.

Note 10: This figure is an estimate of the annual cost of maintaining the insurance required by the Franchise Agreement.

Note 11: This figure includes amounts for utility costs, business licenses and permits.

Note 12: This estimates the funds needed to cover your expenses during the first three months of operation. These expenses include payroll costs (excluding any wage or salary paid to you), other miscellaneous expenses, and working capital. Your costs will vary depending on how rapidly your business grows. These

figures are estimates based on our past business experience. Your costs will depend on factors like how closely you follow our methods and procedures; your management skill, experience and business knowledge; local economic conditions; the local market for our Products; the prevailing wage rate; competition; and the sales level achieved during the initial period. All of these expenses are paid to third-parties.

Note 13: We relied on our management's business acumen and information readily available to us to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. The amount shown is based upon our Franchisees' experiences. Your actual investment and expenditures may vary significantly from the above estimates depending on many factors including where your Store is situated, the size of your Store, your ability to negotiate to your benefit with your landlord, your management capabilities, and the amount contributed by your landlord. These figures may vary considerably in different parts of the United States. In addition, your costs will depend on factors like: your compliance with our methods and procedures; your management skill; your business experience and business acumen; local economic conditions; the prevailing wage rate; and the growth of your franchise during the initial period. This estimate covers expenses during the initial 90-day period after you begin operation of your Store.

**YOUR ESTIMATED INITIAL INVESTMENT  
UNDER A MULTI-UNIT DEVELOPMENT AGREEMENT  
(3-FRANCHISED LOCATIONS)**

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Multi-Unit Initial Fee (See Note 1)	\$45,000 to \$45,000	Lump Sum	Upon execution of the Multi-Unit Development Agreement	Us
Total Estimated Investment for First Franchised Location (Based on Estimate from Table 1- (Single Store) Above) (See Note 2)	\$75,800 to \$131,050	See Table 1 Single Store Above for Each Expenditure	See Table 1 Single Store (above) for Each Expenditure	See Table 1 Single Store (above) for Each Expenditure
Total Estimated Initial Investment for First Franchised Location only	\$120,800 to \$176,050			

**Table 2 Multi-Unit Store – Notes**

Note 1: This Multi-Unit Initial Fee applies to a three-unit development plan. The Multi-Unit Initial Fee is non-refundable and it is due upon executing the first of several Franchise Agreements. We do not finance any Multi-Unit Initial Fee. Payment is due upon signing the Multi-Unit Development Agreement and payable as a lump sum. (See Item 5)

Note 2: This figure represents the total estimated initial investment required to open the first Franchised Store under the Multi-Unit Development Agreement. The range includes the items outlined in Item 7, Table 1 Single Store, but excludes the Initial Franchise Fee for single units (e.g., \$95,800 minus \$20,000). This estimate does not include any of the costs you will incur in opening any additional Franchised Locations that you are granted the right to open and operate under your Multi-Unit Development Agreement. You will be required to enter into our then-current franchise agreement form for each Franchised Location you are authorized to open under the Multi-Unit Development Agreement. Once the Multi-Unit Initial Fee is paid, you will not be required to pay any additional Initial Franchise Fees at the time you execute each of these franchise agreements. (See Item 5)

**YOUR ESTIMATED INITIAL INVESTMENT  
UNDER A MULTI-UNIT DEVELOPMENT AGREEMENT  
(EACH STORE BEYOND THE FIRST 3 FRANCHISED LOCATIONS DEVELOPED)**

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Multi-Unit Initial Fee	\$10,000	Lump Sum	Upon execution of each Franchise Agreement	Us
Total Estimated Investment for First Franchised Location (Based on Estimate from Table 1- (Single Store) Above)	\$75,800 to \$131,050	See Table 1 Single Store Above for Each Expenditure	See Table 1 Single Store (above) for Each Expenditure	See Table 1 Single Store (above) for Each Expenditure
Total Estimated Initial Investment for Each Additional Store (See Note 1)	\$85,800 to \$141,050			

**Table 3 Multi-Unit Store for Each Store After the First Three Franchised Locations Developed - Notes**

Note 1: The Estimated Investment for each Store beyond the third Store, may depend on costs applicable at the time of the future opening beyond the third Store.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Except as described below, you are not obligated to purchase or lease from us, our designees or suppliers approved by us, or under our specifications, any goods, (other than Authorized Products which are more fully described in Item 16, which must be purchased from us), services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate relating to operating your Store. To ensure a uniform image and quality of Products and services throughout the Sunmed™ | Your CBD Store® System, all goods, supplies, equipment, furnishings, employee uniforms, fixtures, inventory, packaging, and other items used, sold, displayed or distributed in your Store (i) must comply with our standards and specifications and (ii) from suppliers designated or approved in writing by us. We may designate at any time and for any reason, a single or multiple suppliers for these items and require you to purchase exclusively from the designated supplier or suppliers, which exclusive designated supplier(s) may be us or an affiliate of ours. Authorized Products must be purchased from us.

Based on the most recent audited financial statements, during the year ending December 31, 2023, Franchisor received \$438,692 in total gross revenues. Franchisor received zero revenues and zero percent of its revenues with respect to required purchases and leases from Franchisees. During the year ending December 31, 2023, Franchisor's affiliate, Sunflora, generated \$19,554,259 in gross revenues from the sale of Products to Franchisees.

As a designated supplier, we or Sunflora may charge you a reasonable mark-up, surcharge, and handling fee on any items you purchase from us. Sunflora is currently the sole designated supplier for CBD and industrial hemp Products. Monies you pay to us will include a profit for us. Officers of Franchisor own an interest in Sunflora, our affiliate, which is the sole provider of Products to Franchisees.

Our Operations Manual and other formal written communications from Franchisor will identify our standards and specifications and the names of approved or designated suppliers. We or affiliates may receive, directly or indirectly, revenue from suppliers based on purchases by Sunmed™ | Your CBD Store® Franchisees. The revenue may be based on volume or per unit sales. We do not currently derive revenue, directly or indirectly, that we retain as a profit from any suppliers in connection with the services or products they provide to our Franchisees. However, we intend to derive revenue in the future from approved and designated suppliers by means of purchases made by Franchisees.

Required purchases or leases are estimated to make up 30% of the franchisee's total initial investment and 45% of a franchisee's annual operating expenses. The cost of supplies, inventory and equipment purchased by you in accordance with our specifications will likely represent 35% of your overall purchases in establishing and operating your business. We may earn a profit on our sale of such Products to you, provided the Product is competitively priced.

#### **Franchised Location Approval and Construction.**

We must approve the location for your Store and the location must meet our then-current location criteria. If you lease the location for your Store, you must collaterally assign your lease to us by signing the form of Collateral Assignment of Lease attached as Exhibit H to the Franchise Agreement ("Collateral Assignment of Lease") and have your landlord sign the Collateral Assignment of Lease consenting to the assignment. Under the Collateral Assignment of Lease, we will be granted the right, but not the obligation, to take possession of your Store's premises if your Franchise Agreement is terminated or expires.

You must employ a qualified general contractor, who is reputable and experienced building units of similar retail concepts, to supervise, delegate and/or perform (i) the construction and development of the Store, (ii)

the completion of all improvements, (iii) the outfitting of the Store with furnishings, fixtures and equipment, and (iv) all other services that are designated by us to be performed by the general contractor in connection with constructing the Store (the “General Contractor”). We may designate a single approved General Contractor or furnish you with a list of approved General Contractors for you to employ in the construction of the Store. You must hire a General Contractor prior to hiring the Architectural Firm (defined below).

In some cases, particularly freestanding structures, we may designate one or more suppliers of design services and/or architecture services (an “Architectural Firm”) to supply these services to the Sunmed™ | Your CBD Store® System. At our option, we may authorize the General Contractor to select an Architectural Firm to assist in developing the Store. You must hire the Architectural Firm to furnish to us, for our written approval, a proposed preliminary location and construction plans and specifications (which plans and specifications must be adopted from the prototype plans provided by us) for a Sunmed™ | Your CBD Store® which, if accepted, must not be modified, altered or changed without our prior written consent. You must sign any agreements required to obtain the services of the Architectural Firm and pay for all services provided by the Architectural Firm.

We will have the option of approving or denying a request from you to use a General Contractor and/or Architectural Firm submitted by you to develop and construct your Store. In connection with any request, you and the proposed General Contractor and/or Architectural Firm must submit all information and data as we may require to consider the request. We reserve the right to charge you a reasonable fee in connection with evaluating a request to use a proposed General Contractor and/or Architectural Firm. We may deny a request for any reason, including our determination to limit the number of approved General Contractors and/or Architectural Firms.

You must also adhere to our standards and specifications for the construction and design of the Store, which will include requirements for the interior and exterior layout, signage, fixtures, and trade dress including the color scheme. You may purchase these items from any supplier that meets our standards and specifications, unless we designate an approved supplier for an item, in which case, you must purchase the item from the approved supplier. We may, at any time, change, delete, add to, or modify any of our standards and specifications. These changes, deletions, additions, or modifications, which will be uniform for all franchisees, may require additional expenditures by you.

You must prepare all required construction plans and specifications and ensure they comply with building codes and ordinances. If your construction plans and specifications deviate from our plans and specifications, you must obtain our approval of the changes. It is your responsibility to obtain all required licenses, permits, and approvals associated with constructing and operating your Store.

### **Point of Sale System.**

You must purchase a point of sale system (“POS System”) designated and approved by us. We will designate one or more suppliers for the particular POS System. We have the right to change or appoint additional suppliers for the POS Systems we may designate. Before opening your Store, you must install, at your expense, a POS System designated by Franchisor. Sunmed™ | Your CBD Store® currently uses a proprietary POS System (and other POS System tools), Lightspeed® ([www.lightspeedHQ.com](http://www.lightspeedHQ.com)) which includes an application run on an iPad. The Lightspeed POS System required equipment includes an iPad, an iPad stand, cash drawer, Bluetooth® scanner, and optional receipt printer. To complete the POS System you will need to purchase from a vendor we recommend, credit card readers and portable hand-held credit card readers. Our POS System requirements specify each Store must have one in-store POS System terminal, and for special sales events, and additional iPad and event register processor. As described in Item 7, the current initial cost of the POS System and credit card readers is approximately \$1,800 to \$2,400 which is paid directly to the vendor. Included in that purchase are two credit card readers which each is a



one-time fee of \$200 to \$400. We also require you to enter into service contracts for your business which include the following, at the then-current monthly cost shown (that cost may increase as the vendors each may choose to change pricing):

- Wireless Internet - \$100 per month (estimated cost).
- POS System - \$89 per month (estimated cost).

Neither our affiliates nor we derive revenue from your purchase of a POS System. We may require you to maintain support service contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS System, computer hardware and software, and credit card, debit card and other non-cash payment systems. We may designate the vendor(s) for these support service contracts and maintenance service contracts.

We are in the process of implementing a customer loyalty program (“Sunmed Rewards”) by way of each Store’s POS System. This program is intended to improve customer retention and sales subscriptions. Participation will be required for all Stores. The cost of this implementation and annual operation is estimated not to exceed \$800.00 annually. The program will be run via a third-party provider.

### **Insurance.**

You must obtain and maintain, at your own expense, the insurance coverage we require, and you must meet the other insurance-related obligations in the Franchise Agreement. The types of insurance include comprehensive general liability insurance with coverages for contractual liability, personal and advertising injury, fire damage, medical expenses and workers’ compensation insurance, comprehensive crime and personal property insurance. We specify the minimum amount of insurance coverage in the Franchise Agreement; however, you may desire to obtain greater coverages. The cost of your insurance will vary depending on the insurance carriers’ charges, the terms of payment, and your insurance history. More specifically, we require the following types and amounts of coverages:

Insurance as may be required by the terms of any lease for the Franchised Location or, if there is no such lease, Franchisee must carry fire and extended coverage insurance covering the building and all equipment, supplies, products, inventory, furniture, fixtures and other tangible property located in the Store or on the Franchised Location in the amount of the full insurable value of that property.

Commercial General Liability Insurance, including coverages for completed operations, contractual liability, personal and advertising injury, fire damage and medical expenses, having a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate (except for fire damage and medical expense coverages, which may have different limits of not less than \$300,000 for one fire and \$5,000 for one person, respectively); plus (ii) non-owned automobile liability insurance and, if Franchisee owns, rents or identifies any vehicles with any Mark or vehicles are used in connection with the operation of the Store, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having a combined single limit of \$1,000,000 per occurrence; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverages in an amount of not less than \$2,000,000 per occurrence and aggregate. All of these coverages shall be on an occurrence basis and shall provide for waivers of subrogation.

Workers’ compensation insurance, or a similar policy if the Store is located in a non-subscriber state, covering all of its employees as is required by law.

### **Maintenance, Service and Support Contracts.**

We may require you to maintain maintenance contracts or service contracts on all equipment and machinery designated by us (the costs may vary based on the items and the contract you select) and we will have the right to designate the vendor(s) for those contracts. We may also require you to maintain a contract(s), or participate in any of our contracts, with third-party(ies) offering customer service, shopper experience, product safety or other service programs designed to audit, survey, evaluate or inspect business operations. We have the right to specify the third-party(ies) and the required level of participation in these programs. You will be responsible for the cost of maintaining these contracts and/or participating in these programs.

### **Request for Supplier Approval.**

If (i) you wish to purchase any item from a supplier (manufacturer or third-party distributor and service providers) we have not previously approved or an item that does not comply with our standards and specifications and (ii) the item has not been designated by us to be exclusively supplied by a designated supplier(s), you must first submit to us a written request for approval. We will require the proposed supplier to provide us with certain financial and operational information and other information regarding the supplier and the items to be approved. In addition, the proposed supplier must permit our representatives to inspect its facilities (e.g., business offices and/or manufacturing facilities, as applicable). Before we approve a supplier, we will evaluate the economic terms of a possible relationship and ensure that the proposed supplier meets our requirements. We reserve the right, at our option, and at the proposed supplier's expense, to inspect or re-inspect the facilities, equipment, and raw materials of any supplier, at any time.

The proposed supplier or you must pay, in advance, a fee not to exceed the reasonable cost of any evaluation, testing, and inspections we undertake. Within a reasonable time frame after we receive the completed request and after we complete any evaluation and inspection or testing (approximately 45 days), we will notify you in writing of our approval or disapproval of the proposed supplier or item. We are not required to approve any supplier or item not meeting our standards and specifications. We may deny approval for any reason, including our determination to limit the number of approved suppliers. You must not use, offer for sale or sell any of the proposed supplier's products or any other product that does not meet our standards or specifications until you receive our written approval of the proposed supplier or item.

We may revoke our approval of particular goods or services, or of the supplier that supplies them, if we determine, in our sole discretion, that they no longer meet our standards or specifications. If you receive a written notice of revocation from us, you must stop selling disapproved products and/or stop purchasing from the disapproved supplier.

### **Refurbishments.**

In addition to all your other obligations in the Franchise Agreement and Operations Manual related to repairing and maintaining the Store, at our request, but not more often than once every five years, unless sooner required by your lease, you must refurbish the premises of the Store at your expense, to conform to the Store trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for new Sunmed™ | Your CBD Store® ("Refurbishments"). Refurbishments may include structural changes, installation of new equipment and signs, remodeling, redecoration and modifications to existing improvements. We are unable to estimate your costs for future Refurbishments which will vary from Store to Store based on a number of factors like: (i) the market where your franchise is located; (ii) the size of your Store; (iii) when your Store was last refurbished, if applicable; (iv) the amount of Sunmed™

| Your CBD Store® System changes since the last refurbishment; and (v) the overall condition of your Franchised Location and equipment.

There are currently no purchasing or distribution cooperatives within the Sunmed™ | Your CBD Store® System. In the future, we may require you to (i) become a member of any purchasing and/or distribution cooperative(s)/association(s)/program(s) designated by us and/or established by us for the Sunmed™ | Your CBD Store® System, (ii) remain a member in good standing of the purchasing and/or distribution cooperative(s)/association(s)/program(s), and (iii) pay all membership dues or fees on purchases that are assessed by the purchasing and/or cooperative(s)/association(s)/program(s).

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Multi-Unit Development Agreement	Section or Exhibit in Franchise Agreement	Item in Disclosure Document
a. Location selection and acquisition/lease	Section 2	Section 3.1	Items 7, 11 and 12
b. Pre-opening purchases/leases	Not Applicable	Sections 3.1, 9 and 10	Items 7 and 8
c. Location development and other pre-opening requirements	Not Applicable	Sections 1, 3.1, 3.2, 10 and 11.1	Items 6, 7, 8 and 11
d. Initial and ongoing training	Not Applicable	Sections 1, 2, 9, 13 and 14	Items 7, 11 and 15
e. Opening	Section 5	Sections 1, 3.1, 11.1 and 13	Items 6, 7 and 11
f. Fees	Section 4	Sections 2.2, 4, 5, 6.2, 6.3, 11 and 14,	Items 5, 6, 7 and 11
g. Compliance with standards and policies/Operations Manual	Not Applicable	Sections 7, 8.1 and 9	Items 8, 11, 13, 14 and 16
h. Trademarks and proprietary information	Not Applicable	Sections 8, 9 and 15	Items 11, 13 and 14
i. Restrictions on products/services offered	Not Applicable	Sections 9 and 25	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 5	Not Applicable	Items 1, 5, 6 and 12
l. Ongoing product/service purchases	Not Applicable	Section 9	Item 8
m. Maintenance, appearance and remodeling requirements	Not Applicable	Sections 2.2, 9 and 19.4	Items 7, 11 and 17

<b>Obligation</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Section or Exhibit in Franchise Agreement</b>	<b>Item in Disclosure Document</b>
n. Insurance	Not Applicable	Section 18.2	Items 6, 7 and 8
o. Advertising	Not Applicable	Sections 9 and 11	Items 6, 7, 11 and 12
p. Indemnification	Not Applicable	Section 18.1	Item 6
q. Owner's participation/management/staffing	Not Applicable	Sections 9 and 14.1	Item 15
r. Records/reports	Not Applicable	Sections 6.1 and 6.2	Item 6
s. Inspections/audits	Not Applicable	Sections 6.3 and 9	Item 6
t. Transfer	Not Applicable	Section 19	Items 6 and 17
u. Renewal	Not Applicable	Section 2.2	Items 6 and 17
v. Post termination obligations	Not Applicable	Sections 20 and 22	Items 14, 15 and 17
w. Non-competition covenants	Not Applicable	Sections 20.1, 20.2, 20.4 and 20.5 and Exhibit B	Items 14, 15 and 17
x. Dispute resolution	Not Applicable	Section 31	Item 17
y. Other: Equity Owners' Guarantee	Not Applicable	Section 10	Item 15

## **ITEM 10 FINANCING**

Franchisor is not in the business of financing or does not regularly offer financing in connection with the establishment or operation of new franchised Stores. In limited circumstances and when the potential borrower meets certain credit criteria, Franchisor may offer to finance the cost associated with purchase of the Opening Inventory. The terms of financing are further disclosed below. The loan funds must be solely used by Franchisee for the purchase of Opening Inventory. Franchisor reserves the right to stop offering financing at any time and for any reason. Franchisor is the sole source of the financing, and receives no third-party funding to underwrite this loan. It is not Franchisor's or its affiliates' practice or intent to sell, assign, or discount to a third-party all or part of the Note (described below).

### **Summary of Terms.**

If you meet Franchisor's credit standards, Franchisor will finance a maximum of \$30,000 for the purchase of Opening Inventory payable in equal monthly installments over a 36-month period at an interest rate (rate of interest, plus finance charges, expressed on an annual basis) of 12.5%, using the standard form secured promissory note in Exhibit K ("Note"). The amount to be financed will not exceed Franchisee's Opening Inventory cost.

The Note is secured by collateral security in the Opening Inventory (both property and proceeds). In addition, Franchisor will require from Franchisee a personal guarantee of the Note from you and your spouse, or by, if Franchisee is a limited liability company, all of its members, or in the case of a corporation, all of its shareholders. The Note can be prepaid in full (principal and accrued interest) without penalty at any time during its 36-month period.

If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorney's fees if a collection action is necessary. Franchisor has the right to terminate your franchise if you do not make your payments on time more than three times during the Note term.

### **Default.**

If you default on the Note, and to the extent permitted by law, any amounts outstanding will accrue interest at a default rate of 20% until paid in full; and you will incur potential liabilities, including: (i) an accelerated obligation to pay the entire amount due; (ii) obligations to pay the prevailing party's court costs and reasonable attorneys' fees incurred in collecting the debt; (iii) liabilities from cross defaults under any Franchise Agreement(s), (iv) other related agreement(s) between you and Franchisor; and (v) termination of the franchise.

The Note does not require you to waive defenses or other legal rights or bar you from asserting a defense against the Franchisor. However, you agree to waive your rights to notice of a collection action and to assert any defenses to collection against Franchisor. It is not the Franchisor or its affiliates' practice or intent to sell, assign, or discount to a third-party all or part of the Note. In the event that Franchisee's Agreement is either terminated with or without cause by either party, the Note shall become due automatically and immediately without further notice.

<b>Item Financed</b>	<b>Source of Financing</b>	<b>Maximum Amount Financed</b>	<b>Term Months</b>	<b>Rate</b>	<b>Monthly Payment</b>	<b>Prepay Penalty</b>	<b>Security Required</b>	<b>Liability Upon Default</b>	<b>Loss of Legal Right on Default</b>
Opening Inventory	Franchisor	\$30,000	36	12.5%	To be determined by the amount loaned	None	Personal Guarantee	Loss of franchise ; Unpaid loan	Waive notice; Confess judgment

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

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

**Services Before Opening.** Before you open your Store, we will:

- (a) We do not choose the Franchised Location, but may give you support and guidance. We must approve a lease, sublease or purchase agreement for your Store location prior to execution by you. Our approval is limited to consenting to the location, dimensions and other similar items. We do not review for costs, obligations and responsibilities, and other terms and conditions. You should seek the assistance of a specialized attorney to review the lease, sublease, or purchase agreement. (See Franchise Agreement, Section 3.)
- (b) Provide you with a set of standard architectural plans and specifications for a prototype Sunmed™ | Your CBD Store®. Based on the submitted floor plan with dimensions for the approved location we must approve any and all changes or revisions to the location and construction plans and specifications. (See Franchise Agreement, Section 3.)
- (c) License you the Marks necessary to commence the franchised business. (See Franchise Agreement, Section 1.)
- (d) Loan you one copy of the Operations Manual which contains mandatory and suggested specifications, standards, and procedures, including compliance obligations regarding federal and state rules and laws. The Operations Manual may be provided to you in text and/or electronic format. The Operations Manual is confidential and proprietary and remains our property. We have the right to modify the Operations Manual as we deem appropriate, although the modifications will not alter your status and rights under the Franchise Agreement. Attached to this Disclosure Document as Exhibit D is a copy of the Table of Contents of the Operations Manual. (See Franchise Agreement, Section 7.)
- (e) Provide you with Grand Opening assistance from our personnel, including planning and developing a Grand Opening social media marketing and promotional program. (See Franchise Agreement, Sections 11.1 and 13.)
- (f) Give you periodic guidance (as we deem necessary) about the development, opening and operation of the Store, including advice regarding equipment selection and layout and employee selection and training. (See Franchise Agreement, Section 12.)
- (g) Before you commence operating the Store, provide initial training for up to three individuals free of charge (other than travel/lodging/meal expenses) that (i) will assume primary responsibility for managing your Store and (ii) will devote full time and best efforts to the management and operation of your Store (the "Managers"). (See Franchise Agreement, Section 14.1.)
- (h) If you enter into a Multi-Unit Development Agreement, we will work with you to specify a geographic development area ("GDA") (Multi-Unit Development Agreement, Section 2.)

**Services During Operation.** During the operation of your Store, we will:

(a) Give you periodic guidance (as we deem necessary) about (i) the methods and procedures to be utilized at the Store; (ii) advertising and promotion; (iii) product specifications; (iv) bookkeeping and accounting; (v) purchasing and inventory control; (vi) inspections; and (vii) new developments and improvements to the Sunmed™ | Your CBD Store® System. (Franchise Agreement, Section 12.)

(b) Give you suggestions for retail prices, particularly for newly launched Products, but these are merely suggestions intended to assist you with your business. We do not provide any instructions, or requirements directly or indirectly (such as ordering that a Product retail price be paired with other Stores, or online sales) mandating that you sell at a specified price.

(c) Notify you of changes to, or the creation of, Store standards and specifications and approved or designated suppliers, or the termination of existing approved or designated suppliers. (See Franchise Agreement, Sections 7 and 8.)

(d) Refrain from operating or granting a third-party the right to operate a Sunmed™ | Your CBD Store® in a three-mile radius (non-metro area) or within the Franchise Territory whichever is lesser (other than as provided in the Franchise Agreement with respect to Distributors who elect to convert to a Franchisee, and at destination locations such as sports stadiums, arenas, universities and schools, hospitals, airports, shopping malls, and similar premises). (See Item 12 of this Disclosure Document and Franchise Agreement, Section 3.)

(e) Give you access to advertising and promotional materials we develop. (See Franchise Agreement, Section 11.2.)

(f) Provide additional training for your managers. (See Franchise Agreement, Section 14.3.)

(g) If you enter into a Multi-Unit Development Agreement, continue to work with you as you identify additional potential locations within your GDA.

**Advertising.**

We do currently have an active Advertising Fund, but it has collected little funds since early 2021. As of the end of December 31, 2022, this Advertising Fund had a balance of \$55,322. During the course of the 2023 calendar year, we collected an additional \$31,955 and spent zero dollars in 2023. We continue to collect funds from certain “legacy” franchisees under existing contractual agreements. No funds were used for media placements, general or administrative expenses. The unused balance of the Advertising Funds collected as of December 31, 2023 is \$87,278 which will be used in the future in connection with the Advertising Fund.

We reserve the right to re-establish the Advertising Fund for our new franchisees in order to provide advertising materials and services to you as we develop them and release them for use by our franchisees through a national advertising fund we would control (the “Advertising Fund”). If re-activated for our non-legacy franchisees, you must participate in the Advertising Fund by contributing up to three percent of wholesale Products cost, paid to us or our affiliate, Sunflora. All affiliate owned Stores or Stores we own will also contribute to the Advertising Fund on an equal basis with franchised Stores. The Advertising Fund will be accounted for separately from our other funds. There is no fiduciary or trust relationship created by our administering the Advertising Fund. We may cause the Advertising Fund to be incorporated

or operated through a separate entity if we deem appropriate. (See Franchise Agreement, Section 11.2.) If we re-institute the Advertising Fund for our non-legacy franchisees, we anticipate all of our franchisees will contribute to the Advertising Fund, although there is no prohibition against us charging higher or lower rates for future franchisees. (See Franchise Agreement, Section 11.2.) We may also forgive, waive, settle, or compromise claims by or against the Advertising Fund. We may defer or reduce a franchisee's contribution. If we terminate the Advertising Fund, we will distribute all unused monies to the contributors in proportion to their respective contributions during a pre-determined period.

We may use the Advertising Fund to create, among other things, promotional advertising, marketing programs, market research and marketing and advertising activities.

We will direct all advertising programs developed with funds from the Advertising Fund and have sole discretion over the creative concepts, materials, media used, media placement, and allocation of these programs. Any advertising program or campaign we develop may include dissemination of advertising through print, radio, television, point-of-purchase materials, or other media. This coverage may be local, regional, or national in scope. We may employ an advertising agency or other agency to assist in the development, production, and dissemination of advertising materials, or we may hire personnel to perform these functions. We have no obligation to spend any amount on advertising in the area where your Store is located. (See Franchise Agreement, Section 11.2.) In fact, we have no obligation to spend the Advertising Funds to benefit all franchisees or to ensure the monies are used proportionately or equivalent to a franchisee's contributions to the Advertising Fund.

We may charge all costs of the formulation, development, and placement of advertising and promotional materials to the Advertising Fund. These will include the proportionate share of our employees who devote time and render services for advertising and promotion or the administration of the Advertising Fund and its programs. In any fiscal year, we may spend more or less than the aggregate of contributions to the Advertising Fund in that year. The Advertising Fund may borrow from third-party lenders to cover deficits, and any lenders will receive interest on the borrowed funds. Any amounts that remain in the Advertising Fund at the end of each fiscal year will be applied toward the next year's expenses. We assume no liability or obligations to you or any franchisee for collecting amounts due to the Advertising Fund or to administer or maintain the Advertising Fund. Currently, we do not intend to audit the Advertising Fund. If we prepare financial statements for the Advertising Fund, we will make them available to you; however, on request, you may obtain an unaudited accounting of how the Advertising Fund's monies were spent. We will not use funds from the Advertising Fund for advertising that is principally a solicitation for the sale of franchises. (See Franchise Agreement, Section 11.2.)

Although we can establish a cooperative in a marketing area and require you to participate, as of the date of this Disclosure Document, we have not done so. If we establish an advertising cooperative in a designated marketing area where you are located, you must participate and abide by any rules and procedures adopted by the cooperative and approved by us. (See Franchise Agreement, Section 11.4.) All affiliate-owned Stores or Stores we own will become a member of the advertising cooperative for their marketing area and contribute to the applicable advertising cooperative in accordance with the rules and procedures for the advertising cooperative. Each of our marketing areas will encompass a group of franchisees located in a geographically-defined local, regional, or national marketing area. You will contribute to your respective cooperative, but not more than three percent of your Gross Sales, the exact amount to be set by us. Amounts contributed by you to a cooperative will be credited against monies you are otherwise required to spend on local advertising. (See Item 6 of this Disclosure Document). We have the right to draft your bank account for your advertising cooperative contributions and to pass those funds on to your cooperative.



Members of the advertising cooperative will be responsible for administration of their respective advertising cooperative, as stated in the by-laws and any payment agreements that may govern the cooperative. The by-laws and governing agreements will be made available for review by the cooperative's members. We have the right to require a cooperative to prepare annual or periodic financial statements for review. Each cooperative will maintain its own funds; however, we have the right to review the cooperative's finances, if we so choose. Funds used by the cooperative will consist only of contributions made by the members as described above. The funds will be spent on regional advertising and marketing as approved by a majority of the members who vote as more specifically set out in the by-laws governing the cooperative. We maintain the right to approve all of a cooperative's marketing programs and advertising materials. Upon 30 days' written notice to affected franchisees, we may terminate or suspend a cooperative's program or operations. We may form, change, dissolve, or merge any advertising cooperative.

Any advertising or marketing materials not prepared or previously approved by us must be submitted to us at least two weeks before any publication or run date for approval. All advertising and promotion must be factually accurate and must not detrimentally affect the Marks or the Sunmed™ | Your CBD Store® System. We may grant or withhold our approval of any advertising or marketing materials, in our sole discretion. We will provide you with written notification of our approval or disapproval within a reasonable time. If we do not notify you of our approval or disapproval within ten days of our receipt of the materials, the materials will be deemed approved. You must discontinue your use of any previously approved advertising within five days of your receipt of our request if we request you to do so. (See Franchise Agreement, Section 11.5).

If an advertising cooperative is formed and creates marketing and advertising materials for a campaign, the advertising cooperative is not precluded from advertising in your Franchise Territory (defined in Item 12). We or our affiliates may advertise within your Franchise Territory for the sale of Products and supplies.

You cannot advertise beyond your Franchise Territory, (e.g., statewide or national) without our prior written approval. In the event you produce and deploy an online, electronics and digital advertising materials or campaign, your online and social media advertising must target your Franchise Territory and be geofenced accordingly. Failure to observe any geofencing and Franchise Territory limitations are a material Default of the Franchise Agreement and grounds for termination.

You must participate in any promotional and advertising programs that we establish.

We may use collection agents and bring legal proceedings to collect amounts owed to the Fund. We have no liability or obligation to you for maintaining any cooperative and each cooperative will be organized and governed in the form and manner that we determine in advance. We may change, dissolve, or merge any cooperative.

We do not currently have an advertising council composed of franchisees.

### **Local Advertising.**

You must spend at least three percent of your Gross Sales each calendar quarter on local advertising. We have the right to require that you provide us with proof that these funds were spent. If we require you to participate in an advertising cooperative, you will be able to designate a portion of the monies otherwise spent on local advertising towards the funds required by the cooperative.

### **Website and Portals.**

We currently operate a website and portals related to the Sunmed™ | Your CBD Store® System at [www.getsunmed.com](http://www.getsunmed.com) (our “Website”). We have exclusive proprietary rights regarding this Website and online ordering portals, and any successors, derivatives, and other URLs that are created in support of our business and establishing a direct connection to the System. Subject to the terms of the Franchise Agreement and Operations Manual, we do not allow the use of our trademarks, service marks, or images on any on any other webpage, subpage, hyperlink, URL, portals or links accessing the Website, subdomains, social media links, hashtags and other online features. You will be permitted to upload content onto select platforms such as Facebook®, Instagram®, or Google® through resources and tools provided for by Franchisor, and in accordance with our policies and guidelines solely to promote our Products and provide customers information related to your Store, including address and maps that lead and guide customers to our Website, and in particular to the ordering portal for Franchisor. You may only upload content onto those designated sites or platforms through the tools provided by Franchisor and in accordance with terms of the Franchise Agreement and any guidelines, directives or specifications issued by us. You may not upload, publish, display, or otherwise include or use any content (including graphics, pictures, URL links) on any other medium or platform without receiving our prior written approval and in accordance with our standards and requirements. We may, at any time, modify, alter, suspend or cease to make the Website and/or other platforms available to you or the public. Upon the termination or expiration of the Franchise Agreement for any reason or a Default of the Franchise Agreement, you may not upload content onto, or otherwise use, the Marks and other proprietary information or assets contained within the Sunflora platforms and webpage. All e-commerce transactions must be processed through the Franchisor Website and Franchisor ordering portal.

### **E-Commerce, Ordering and Check Out/Payment Portal.**

In order to safeguard customer’s private information and the Marks’ protection, improve order processing time and quality, ensure proper shipping and returns, track consumer trends and purchasing behavior, all online orders, check out instructions, payment protocols, e-commerce requirements must be referred to, forwarded and conducted and hosted exclusively by Franchisor’s designated ordering portal, check out platform and payment applications explicitly identified in the Operations Manual or by written periodical communications. Conversely, you (or the Stores you operate) are not permitted to host, operate or enable (or refer to) any online medium (such as subpage, website, social media) which contains, uses, directs to, links or incorporates an ordering portal, checkout or payment procedures that are not designated by Franchisor. Should a Store or store owner opt to host, use, or operate an ordering portal, check out platform or payment application other than those designated by Franchisor, or to disregard geofencing instructions found in the Operations Manual or otherwise provided by Franchisor, such action or omission to comply will be a Default of the Franchise Agreement.

### **Internet, World Wide Web/Electronic, Social Media, Data and Digital Marketing.**

We will own, manage and control all social media and digital marketing which utilizes any of our Marks and control the set-up and establishment of any accounts for social media or digital marketing of any kind which utilize or reference our Marks. You are not permitted to allow or grant permission to, or enter into any agreement with a third-party vendor or supplier, or to host, control, set up any accounts for social media or digital marketing of any kind without our written approval to use our Marks.

Franchisee shall submit to Franchisor for approval before use, all social media posts and replies including sites such as Facebook®, LinkedIn®, Instagram®, TikTok®, Yelp!® and other sites. Franchisee understands and agrees that Franchisor’s right of approval for all such materials is necessitated by the fact that they will include and are linked with the Marks. Franchisee may only use material or postings which Franchisor has

approved. Franchisee shall actively monitor its employees and make certain that they comply with these prior approval policies. Franchisee's employees shall be prohibited from using the Marks on any social media without Franchisor's prior written approval. Franchisor will have the right, and Franchisee will grant Franchisor access to monitor Franchisee's activities, updates, information, postings, and visuals in social and digital media. Any accounts for social media or digital marketing that fail to meet these standards will be required to be removed or modified immediately upon notification.

No advertising or promotion may be conducted by you over the internet/world wide web or through other forms of electronic media, whether within or outside your Franchise Territory, without our express prior written consent, which we can withhold for any or no reason. This includes any use by you or your employees of any form of social media which references the Marks in any way. You are fully responsible for your employees with regard to social media and the Marks. You and your employees must comply with any social media policies contained in the Operations Manual. In addition, you are also subject to certain geofencing restrictions that mostly limit your online and digital advertisement to your Franchise Territory.

We will own all data and personally identifiable information relating to customers. We will grant you the right to use this data and information in connection with your operation of the Store and in accordance with our policies through a revocable license during the term of the Franchise Agreement.

#### **Online Sales Direct to Customer and Product Rebates.**

To incentivize Stores to continue improving customer acquisition activities, increase customer retention, and encourage marketing initiatives, Franchisor is offering Product Rebates for certain online sales to eligible Stores. To be eligible, Stores must be in good standing (no Defaults) and comply with POS standards, and our customer data accessibility. Franchisees are automatically enrolled to receive Product Rebates if eligible, and no added fee from Franchisor is due ("Product Rebate(s)"). The Product Rebate is expected to be 50% of the net amount of a completed online sale transaction, however, Franchisor reserves the right to adjust this percentage to account for promotions, third-party costs and expenses associated with the implementation of online sales, technology and marketing, and other expenses. A Product Rebate is redeemable only towards the purchase of Products at the then-standard wholesale pricing set by Franchisor (or its affiliate Sunflora). Product Rebates are not and cannot be construed as a commission, salary or wages earned or due.

#### **Grand Opening.**

You must develop and implement a Grand Opening promotion approved by us for your Store, within 45 to 60 days of opening. We will have the right to fully control any and all Grand Opening promotional efforts. You must spend a minimum of \$15,000 to \$20,000 for the Grand Opening promotion. Ninety days following the Grand Opening of your Store and submission of all of your Grand Opening expense receipts to us, you will be eligible to receive Rebates applicable to Product wholesale purchases as follows: (i) Grand Opening related incurred costs between \$15,000 to \$19,999.99 are eligible to receive a \$2,500 Product Rebate; (ii) or, Grand Opening related incurred costs equal to or above \$20,000 are eligible to receive a \$5,000 Product Rebate.

#### **Operations Manual.**

Exhibit D to this Disclosure Document is the Table of Contents of our Operations Manual. Our Operations Manual currently consists of 73 pages.

Currently, the Operations Manual requires that all Stores be open for business no less than 45 hours per week, seven days a week (including certain holidays to accommodate attending certain community

events) (the “Minimum Weekly Operating Hours”), although this is subject to change. We may revise and update the Operations Manual periodically upon notice.

### **Computer Hardware and Software.**

Before opening your Store, you must install, at your expense, a POS System that we designate. Sunmed™ | Your CBD Store® requires use of the proprietary POS System, Lightspeed® which includes an application run on an iPad. The complete required System includes a credit card reader, cash drawer, iPad, iPad stand, Bluetooth® scanner and optional receipt printer. Currently, our POS System requirements specify each Store must have one in-store POS System terminal. As described in Item 7, the current initial cost of the POS System is approximately \$1,800 to \$2,400. You must use the POS System, among other things, to post all Products and service sales, keep inventory control, post sales tax, refunds, and credits, and maintain customer information. At your expense, you must maintain the POS System in good working order at all times, and to upgrade or update the POS System during the term of the Franchise Agreement as we may reasonably require in order to meet our then-current standards and specifications. There are no contractual limitations on the frequency and cost of this requirement. Franchisor is not contractually obligated to provide any maintenance, repairs, upgrades, or updates. We estimate that the cost of a maintenance or support service contract for a Store is around \$1,000 to \$1,550 per year, but you may need to contact a vendor to determine the scope of the services they offer and the actual cost of those services. You will use the software to maintain business information and metrics for your Store and generate data and reports regarding your Store. You must grant us independent access to your Store’s information and data via the POS System. We require the POS System to be accessible by us via login and integration or otherwise and we will have the right at any time to access the POS System for support services or to retrieve and compile information concerning your Store. We will have independent access to your sales information and data produced by the software and your POS System. There are no contractual limitations on our right to access this information and data. (See Franchise Agreement, Section 10.) In addition to the POS System, we may require that you install computer systems meeting our standards and specifications. The computer systems would be used to assist you in the operation of your Store. You would be responsible for all costs associated with any computer systems including accessing the internet. We would have the right to access the information generated by the computer system, without limitation. Finally, you must maintain all POS System equipment, including credit card, debit card or other non-cash payment systems we require. There are no limitations on the frequency and cost of this obligation. (See Franchise Agreement, Section 10.)

Neither we, our affiliates, nor any third-parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your POS System or any computer system we may require.

We may require you to maintain support service contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS System, computer hardware and software, and credit card, debit card and other non-cash payment systems.

### **Location Selection.**

The proposed location for your Store must be accepted by us along with any applicable lease, sublease or purchase agreement. We may help you select the location for your Store, although we are not obligated to do so. The location for your Store may be leased or owned by you. Our approval of a location will be based on the information you give us to review, including a location site plan. The information we need should include: (i) square footage; (ii) traffic patterns, flow, and total count; (iii) density and income level of the surrounding population; (iv) land and building costs; (v) zoning patterns; (vi) surrounding educational and recreational facilities; (vii) terms of the lease, if any; (viii) the distance from competing businesses, including other Sunmed™ | Your CBD Stores®; and (ix) other factors having a substantial bearing on the proposed location. (See Franchise Agreement, Section 3.) In addition, you must submit for acceptance by

us proposed location and construction plans and any modification to our specifications you propose. The construction of the premises must be completed according to our specifications. If you lease the premises, you and the landlord must enter into a Collateral Assignment of Lease in the form attached as Exhibit H to the Franchise Agreement, which includes, among other things, a provision that permits you to assign your interest in the premises to us when your Franchise Agreement expires or terminates. If we do not approve a location, you must propose a new location. If you fail to select a location we approve of and commence operation of your Store (by opening for business and making Products available for customer purchase) within four months of signing the Franchise Agreement, we may terminate the Franchise Agreement. Approval of a location does not imply or guarantee the success or profitability of the location. While there is no contractual limit on the time it takes us to approve or disapprove your proposed location and lease, once we have all the necessary documentation for review, we typically take 15 to 30 days to approve or disapprove the proposed location and lease.

### **Start-up Time.**

We expect that you will open your Store within one to four months after you sign the Franchise Agreement. The factors that affect this timing are financing, building permits, zoning, local ordinance issues, and delayed installation of equipment, fixtures, and signs. If you do not commence operation of the Store within four months after the Effective Date of the Franchise Agreement, we may terminate the Franchise Agreement.

### **Conferences and Meetings.**

Although we are not obligated to do so under the Franchise Agreement, we may hold periodic Sunmed™ | Your CBD Store® System annual Conferences ("Conference"), management meetings, or refresher courses to discuss subjects such as sales techniques, personnel training, bookkeeping, accounting and inventory control. These Conferences or meetings may be held virtually and/or in person at regional locations or any other place that we may designate and may last up to five days. We may charge you a reasonable fee to attend these meetings or Conferences, which is currently \$300 per person (see Item 6). You must pay your own travel and accommodation expenses. (See Franchise Agreement, Sections 14.3 and 14.4.)

Various vendors and suppliers have contributed to reduce the cost of the annual Conference by payments made in order to reserve booth space or advertising.

### **Electronic Funds Transfer and ACH.**

You must pay all fees or contributions due under the Franchise Agreement by automated bank draft, ACH or other reasonable means necessary to ensure we receive payment of all fees and contributions. You must comply with any of our payment instructions, including executing any forms which grant us the right to debit your account on a per order basis for payment of Royalty Fees, Management Fees, and Advertising Fees, and on a weekly basis for other fees and contributions to be paid to us or required by us under the Franchise Agreement. (See Franchise Agreement, Section 5.3.). You must update your ACH or other payment information on a regular basis.

### **Time to Open Multi-Unit Development.**

If you have entered into a Multi-Unit Development Agreement, your development schedule will contain information about the timeline by which you must have each Sunmed™ | Your CBD Store® open and operating. We will approve sites for additional Sunmed™ | Your CBD Store® locations developed under your Multi-Unit Development Agreement using our then-current site selection criteria.

## **Training.**

Below is a description of our initial training program as of the date of this Disclosure Document. Training programs are subject to change as procedures and processes change. Each Store owner is required to complete the initial training program and must successfully complete it, to our satisfaction, before the Store may open for business. No fee will be charged by us for the participation of up to three participants in the training program, however, you will be responsible for the costs and expenses (such as wages and payroll taxes, transportation, lodging, meals and compensation) of each employee and/or participant attending the training. Training is expected to be held at our Palmetto, Florida location, but we reserve the right to change the location. We may permit additional managers of your Store to attend the initial training program, and, if we do, you will be responsible for all costs and expenses incurred by us in providing the training to these additional managers. In addition, we may require you and your managers and employees to attend additional training programs and you may be charged a reasonable fee for the additional training. A new Franchisee, not including a Distributor already in operation, that has purchased a store must attend training.

The initial training program instructional materials include various training aids, including detailed handouts (such as Product descriptions and specifications), powerpoint presentations, training videos, vendor reference materials (such as user guides, pricing guidelines and other materials), and the Operations Manual. You or your managers will be solely responsible for training and managing your employees, not us. You will be responsible for all employment-related decisions for your staff.

The initial training program will last up to five days per attendee and will be comprised of In-Store training in a Sunmed™ | Your CBD Store® approved store, plus classroom training. Training will occur at the Sunflora corporate office and at a local Palmetto, Florida Store or at another training facility that we will designate. Training will be conducted as often as we deem necessary, in a predetermined schedule designated by the Training Department. (See Franchise Agreement, Section 14.1.)

### **TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
Phase One: InStore Training Day-to-Day operations Sales pitch Register Training Social Media Training	16 to 24 hours		Sunflora Corporate Office 600 8th Avenue W., Suite 500, Palmetto, Florida 34221
Phase Two: In-Store Training Local Area Marketing Techniques		16 to 24 hours	Local Palmetto, Florida Store
TOTAL	16 to 24 hours	16 to 24 hours	

All training will be provided by an approved trainer who is experienced in merchandising, inventory purchasing, inventory management, compliance, pricing, employee training, marketing, advertising, Products, store operations, accounting, and sales techniques. We may utilize different personnel depending upon the subject being taught and the availability of individual trainers. Each of our approved trainers are required to average five years of training experience.

## **ITEM 12 TERRITORY**

You will receive the right to operate a Sunmed™ | Your CBD Store® only at a location we approve, in our sole discretion. The location will be designated in the Franchise Agreement. Your Franchise Territory will be negotiated by you and us before you sign the Franchise Agreement and specifically described in the Franchise Agreement. In negotiating the Franchise Territory, we may examine population, traffic flow, presence of businesses, location of competitors (including other Sunmed™ | Your CBD Store® franchisees), demographic, and other market conditions (“Franchise Territory”). We may suggest or require that you utilize the assistance of a real estate professional or firm that we designate to assist in this process. No Franchise Territory will contain greater than a three-mile radius from your Store, and, ultimately the Franchise Territory is dependent on population density and other factors. We may designate smaller Franchise Territories to Distributors currently operating, should they wish to convert to a Franchised Store. As long as you are in compliance with the Franchise Agreement, and meet any Minimum Product Purchases requirements, we will not operate a Sunmed™ | Your CBD Store® within your Franchise Territory (except that we reserve the right to operate or develop Sunmed™ | Your CBD Store® within your Franchise Territory at destination locations), and we will not authorize anyone else to do so. You may lose any territorial rights if you fail to meet quarterly Minimum Product Purchases requirements. You will operate your Store only from the approved location, and you must receive our permission before you relocate your Store. We have established a set of conditions or criteria under which we evaluate or approve relocation requests. We will not reduce the size of your Franchise Territory even if the population in it increases. Likewise, we will not expand the size of your Franchise Territory if the population in it decreases. You may face competition from other Franchisees, from Stores that we own, or from other channels of distribution or competitive brands that we control. You will not receive an exclusive Franchise Territory. We are not required to pay you any compensation for soliciting or accepting orders inside your Franchise Territory.

Stores located at locations we view as destination locations (e.g., airports, malls, high-rise buildings, business, and industrial complexes) will have a Franchise Territory limited to the destination location and its premises.

We have established a minimum purchasing quota, called Minimum Product Purchases, in the amount of \$12,000 at wholesale cost, per calendar quarter, subject to inflation adjustments (“Minimum Product Purchases”). You may be required to meet those requirements in order for you to maintain your Franchise Territory. Accordingly, if Franchisee fails to meet the Minimum Product Purchases amount specified in the Franchise Agreement, Franchisor may terminate the Franchise Agreement. Any rights that are not specifically granted to you under the Franchise Agreement are retained by us.

The Franchise Agreement will grant you a protected territory, the size and scope of which will be determined on a case-by-case basis by considering the population, traffic flow, presence of businesses, location of competitors (including other Sunmed™ | Your CBD Store® Franchisees), demographics and other market conditions surrounding the location of the Store; in most non-metropolitan situations the Franchise Territory will be within a radius which is no more than three miles of your Store, or less, as designated by you and us on Exhibit A (“Franchised Location, Franchise Territory and Franchise Fee”) to the Franchise Agreement. The Franchise Territory may not be unilaterally altered. The continuation of the Franchise Territory during the term of the Franchise Agreement does depend on your maintaining a certain sales or revenue volume, currently, your Minimum Product Purchase is no less than \$12,000 per calendar quarter from our affiliate Sunflora, priced at wholesale, and measured on a calendar quarterly basis. We may not operate, or permit any other person to operate, a Sunmed™ | Your CBD Store® in the Franchise

Territory during the term of the Franchise Agreement; although, we may distribute Products, or permit others to distribute Products, which are the same or similar to those offered by Sunmed™ | Your CBD Store® whether under the Marks or under other trademarks, trade names, service marks, logos or other commercial symbols and through any channel of distribution or method other than a Sunmed™ | Your CBD Store® within the Franchise Territory, including sales through catalogs, e-commerce, mail order, kiosks, mass merchandise, grocery stores, supermarkets, mom & pops, gourmet shops, warehouse clubs, and convenience and other stores, even if you sell these Products at your Store. Distributors operate only under the brand Sunmed™ | Your CBD Store®. We may also operate or permit others to operate a Sunmed™ | Your CBD Store® at destination locations within your Franchise Territory such as universities and schools, hospitals, airports, shopping malls and similar premises. We may also allow Distributors who were operating a Sunmed™ | Your CBD Store® on the issuance date of this Disclosure Document, to convert their business to a franchised Sunmed™ | Your CBD Store® in that location.

Under the Franchise Agreement, we and our affiliates have reserved the right to establish anywhere franchises and/or company-owned or affiliate-owned Stores or outlets selling similar Products and providing similar services (including within your Franchise Territory) under names and symbols other than the Marks, even if these Stores or outlets are near your Store. Nevertheless, as of the date of this Disclosure Document, we have no present plans to exercise any of these rights. We also reserve the right to operate, for ourselves and our affiliates, businesses using the Marks and other marks to distribute Products or offer services (including through the internet, world wide web, mail order, catalogs or other forms of distribution channels or methods) that may be similar to or different from those found in Sunmed™ | Your CBD Store®, both within and outside your Franchise Territory, so long as we do not do so through the operation of a Sunmed™ | Your CBD Store®. We also reserve the non-exclusive right to sell Products identified with the Marks both within and outside your Franchise Territory through any distribution channels or methods (whether at retail or wholesale) including sales through catalogs, e-commerce, mail order, kiosks, mass merchandise, supermarkets and club stores, except through the operation of a Sunmed™ | Your CBD Store® even if you sell these Products at your Store. As one example, we have the right to sell Products through a nationwide retail chain even if the chain has facilities located within your Franchise Territory. You have no right to use the Marks in connection with any business other than a Sunmed™ | Your CBD Store® and our related website. We do encourage you to sell our Products through as many options as possible and it is our goal to assist you in any reasonable way to do that. You are restricted from soliciting or accepting orders from customers outside your Territory, including by use of other channels of distribution including internet, catalog sales, telemarketing or other direct marketing. We have the right to engage in any other activities not expressly prohibited in the Franchise Agreement.

You have no right of first refusal or similar rights to acquire additional franchises or establish additional Sunmed™ | Your CBD Store®. If you have entered into a Multi-Unit Development Agreement, we will provide you with a written, non-binding notice prior to executing a Franchise Agreement within your GDA in order to offer you the opportunity to match the offer from a third-party, but we are not bound to accept your offer.

### **Multi-Unit Development Agreement.**

We may offer certain franchisees the opportunity to also enter into a Multi-Unit Development Agreement. The Multi-Unit Development Agreement allows for your commitment to open three Stores in a geographic development area on an agreed upon schedule, and allows for an effective reduction in the per Store Initial Franchise Fee by providing credit against the Initial Franchise Fee for the second and third stores opened by you, with the second and third stores having a discounted Initial Franchise Fee.

If you are granted the right to multiple Franchised Locations under a Multi-Unit Development Agreement, then we will provide you with a Geographic Development Area (“GDA”) upon execution of the Franchise



Agreement. The size of your GDA will substantially vary from other System developers based on: (i) the number of Franchised Locations we grant you the right to open and operate; and (ii) the location and demographics of the general area where we mutually agree you will be opening these locations. The boundaries of your GDA may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, geofencing, or otherwise delineated on an illustrative map.

Each Franchised Location you timely open and commence operating under our then-current form of franchise agreement will be operated: (i) from a distinct site located within the GDA; and (ii) within its own designated territory that we will define once the site for that Franchised Location has been approved. We will approve sites for additional Franchised Locations developed under your Multi-Unit Development Agreement using our then-current site selection criteria.


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




Upon your failure to timely develop your Stores, your territorial rights within the GDA will be terminated, except that each Franchised Location that you have opened and are continuously operating as of the date of that occurrence will continue to retain the territorial rights within any designated territories that were granted under the Franchise Agreement(s) you entered into for those Franchised Location(s).

### ITEM 13 TRADEMARKS


Under the Franchise Agreement, we grant you the non-exclusive right to operate your Store under the name Sunmed™ | Your CBD Store® and to use the other Marks we authorize you to use.

The following principal Marks (including the principal trademarks on the Cover Page of this Disclosure Document) are registered on the Principal Register of the United States Patent and Trademark Office (the “USPTO”) and were licensed to us by Sunflora, Inc. in accordance with a License Agreement dated July 28, 2020, as amended, by which we obtained the right to use the Marks for indefinite use, at a moderate cost to us. We intend to file affidavits of use, affidavits of incontestability, and renewals, when due, for the following Marks:

Mark	Serial Number	Filing Date	Registration Number	Registration Date	Owner
SUNFLORA	88/498,238	July 2, 2019	6,009,664	March 20, 2020	Sunflora, Inc.
	88/498,448	July 2, 2019	6,049,535	May 05, 2020	Sunflora, Inc.
YOUR CBD STORE	88/498,257	July 2, 2019	6,092,793	June 30, 2020	Sunflora, Inc.

	88/498,405	July 2, 2019	6,555,712	November 9, 2021	Sunflora, Inc.
	90/285,727	October 28, 2020	6,559,104	November 16, 2021	Sunflora, Inc.
	97/268,047	February 15, 2022	7,347,788	April 2, 2024	Sunflora, Inc.

At the present time our affiliate, Sunflora, Inc. has, in addition to registered trademarks, applications pending before the USPTO, to protect the Marks in various classes. Information about the applications of these Marks is as follows:

Mark	Serial Number	Filing Date	Owner
SUNMED	90/285,710	October 28, 2020	Sunflora, Inc.
GETSUNMED	97/061,657	October 6, 2021	Sunflora, Inc.
TRIM BY SUNMED	97/151,062	December 1, 2021	Sunflora, Inc.
ILLUMINATE WITH SUNMED	90/836,327	July 19, 2021	Sunflora, Inc.
	97/864,572	March 30, 2023	Sunflora, Inc.
EMPOWERING MODERN WELLNESS	97,977,363	June 23, 2022	Sunflora, Inc.
SUNMED WELLNESS	98/114,160	August 2, 2023	Sunflora, Inc.
MODERN WELLNESS	98/077,107	July 10, 2023	Sunflora, Inc.

Sunflora intends to file all required affidavits and renewals for the Marks when they are due. There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark

Administrator of any state, or any court; nor is there any pending infringement, opposition or cancellation proceeding, or material litigation, involving the Marks listed above. No agreements limit our right to use or license the use of the Marks. The Trademark License Agreement entered into between us and Sunflora is indefinite in term, royalty free and allows us to sublicense the Marks to our Franchisees.

You must follow the Franchise Agreement, the Operations Manual, our specifications, and directives when you use the Marks. The Marks are the only marks you may use to identify the Store. You may not use any Mark as part of any corporate or trade name or as part of any domain name or electronic address you maintain on the internet, the world wide web, or any other similar proprietary or common carrier electronic delivery system unless we expressly authorize you to do so in writing. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks other than a license to use the Marks during the terms of the Franchise Agreement. You are not permitted to make any changes of any kind in or to the use of the Marks unless we permit.

You must notify us immediately when you learn about an infringement of or challenge to your use of a Mark. We will take the action we think appropriate. We have the right to exclusively control any litigation, USPTO proceeding, or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Mark.

You must notify us promptly of any unauthorized use of the Marks of which you have knowledge or of any challenge to the validity of our ownership of or our right to license others to use the Marks. We will take the action, if any, we believe to be appropriate. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Marks, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You must execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with the Franchise Agreement, the cost of such defense and the cost of any judgment or settlement, will be borne by us. If we, in our sole discretion, determine that you have not used the Marks in accordance with the Franchise Agreement, those costs will be borne by you. In the event of any litigation relating to your use of the Marks, you will do such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement or the Operations Manual, we agree to reimburse you for your out-of-pocket costs in doing such acts.

You must modify or discontinue the use of a Mark and you must adopt or use additional or substituted Marks, if we instruct you to do so. If this happens, you are responsible for your tangible costs of compliance (i.e., changing signs) and we do not have to reimburse you for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark. You waive any claim against us for changing, modifying, or discontinuing a Mark. We may also develop or acquire additional Marks and make them available for your use.

We do not know of any superior rights or infringing uses that could materially affect your use of the Marks.

## **ITEM 14**

### **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

There are no patents or registered copyrights that are material to your Sunmed™ | Your CBD Store® franchise.

We claim common law rights and copyright protection in a number of items you will use in the operation of your Store, including our Operations Manual, and in certain other materials and information related to the Sunmed™ | Your CBD Store® System, like our marketing materials, specifications, architectural drawings, Store designs, marketing techniques, advertising programs, advertising strategies, supplier lists, expansion plans, and other information we create or use. We have not registered any of these copyrighted materials with the United States Copyright Office, although we may do so. We also treat all of this information as trade secrets.

All materials or information of any kind that are designated “confidential” orally or in writing or which, under the circumstances surrounding disclosure, ought to be treated as confidential, are deemed confidential and are loaned to you only under and during the term of the Franchise Agreement. All confidential materials and the information contained in them must be treated by you as confidential and you must use your best efforts to keep them confidential during and after the terms of the Franchise Agreement. This means that you cannot make copies in any medium of any confidential information or use any confidential information outside of the scope of the Franchise Agreement or disclose any confidential information to any third-party or other persons identified by us as not having authorization to receive disclosure of confidential information. You may disclose confidential information contained in the Operations Manual only to your employees who have a business need to have access to the confidential information, but only if you first secure from them an agreement to maintain the confidentiality of the confidential information disclosed.

All copyrighted materials and confidential information are owned exclusively by us. Your right to use copyrighted materials and confidential information is derived solely from the Franchise Agreement and is limited to the conduct of the business under and in compliance with the Franchise Agreement and all applicable specifications, standards, and operating procedures we prescribe during the term of the Franchise Agreement. Any unauthorized use of our copyrighted materials or any unauthorized use or disclosure of confidential information will constitute an infringement of our rights in and to the copyrighted materials and confidential information.

We may claim copyright protection in certain formalized techniques and components we create, and may patent certain processes and equipment we develop. If we do, we will notify you and, if the copyrights and patents are material to your obligations under the Franchise Agreement, we will authorize you to use them at no additional charge. Any modifications or improvements that you make to the Sunmed™ | Your CBD Store® System will be deemed works made for hire which shall be owned exclusively by us. We do not have to compensate you for your modification or improvement.

You must promptly notify us of any unauthorized use of our copyrighted materials or any unauthorized use or disclosure of confidential information, including by your employees. You must notify us of any challenge to your right to use or the ownership of any copyrighted materials or confidential information. We are not required to protect or defend our copyrights, although we intend to do so when it is in the best interests of the Sunmed™ | Your CBD Store® System. We have the exclusive right to control any copyright litigation. We have the right to keep all sums obtained in settlement or as a damages award in any proceeding or litigation without any obligation to share any portion of the settlement sums or damages award with you. While we are not required to participate in your defense or to indemnify you for damages or expenses you incur if you are a party to any administrative or judicial proceeding involving our

confidential information or other information in which we claim common law rights and copyright protection, we may reimburse you for your liability and reasonable costs in connection with defending our confidential information and other information in which we claim common law rights and copyright protection.

We will have the right at any time, on notice to you, to make additions to, deletions from, and changes in any item in which we claim common law copyright or registered copyright protection including the Operations Manual. You must adopt and use all additions, deletions, and changes as we direct, at your expense.

If you are not an individual, your shareholders, members, partners and corporate managers, as applicable, must sign the Personal Covenants attached to the Franchise Agreement as Exhibit B (“Personal Covenants”) requiring them to comply with the confidentiality provisions of the Franchise Agreement, refrain from engaging in competitive businesses, and refrain from soliciting our employees. We have the right to require your other employees who have access to our confidential information to sign a noncompetition, non-solicitation and/or nondisclosure agreement in the form(s) prescribed by us periodically. We have the right to take legal action against you if there has been an unauthorized use of our confidential information or trade secrets through you or your employees.

There is currently no litigation pending involving the copyrighted materials or confidential information. We do not know of any effective material determinations of the United States Copyright Office or any court regarding any of the copyrighted materials or confidential information. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials or confidential information.

We do not know of any superior rights or infringing uses that could materially affect your use of our confidential information of copyright materials. Customer Data collected, generated, provided or shared with you at POS System, social media or elsewhere is exclusively owned by Franchisor. You may use this data under a license and subject to rules regarding marketing and merchandizing stated in the Operations Manual.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

Ownership of a Store is not a passive investment or engagement. You must maintain direct responsibility over the Store; however, we do not require that you personally supervise the day-to-day operations of the Store. During operations hours, you must use reasonable efforts to ensure a Manager who has successfully completed the initial training program is managing your Store during most hours of operation when you are not present. The Managers must directly supervise and be responsible for the day-to-day management and proper operation of your Store, and the Managers may not assist in any business which competes with your Store. Offsite marketing activities, such as town-sponsored events, fairs, music and cultural events and other gatherings, are critical for the success of the Store. The Managers must invest their full time and attention and devote their best efforts to the on-premises management of the Store and offsite events. The Managers cannot have an interest in or business relationship with any of our business competitors. The Managers need not have an ownership interest in the franchisee. The Franchise Agreement requires you to use diligent efforts to advance the reputation of your Store, the Sunmed™ | Your CBD Store® System and its branded Sunmed Products and to develop and enhance consumer awareness of Sunmed brand Products.

We may require each of your owners holding at least a ten percent equity interest in the legal entity controlling the Store to personally guarantee your obligations to us under the Franchise Agreement. A spouse, not a party to the Franchise Agreement, is not required to sign a personal guarantee. However, if a

spouse holds at least a ten percent equity interest in the Franchisee legal entity, the spouse must personally guarantee its obligation to us under the Franchise Agreement Exhibit F (“Guaranty Agreement”). Exhibit E to the Franchise Agreement, “Franchisee Ownership Information” lists the owners of the Franchise and their percentages of ownership.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must conduct the business operated at your Store as required by the Franchise Agreement and the Operations Manual. You must offer and sell only those Authorized Products as such term is defined below) and services approved by us. Further, you must offer all goods and services that we designate as required for all franchisees. These required goods and services include herbal and nutritional supplements containing lawful CBD and/or “Cannabinoid” from industrial hemp and other products. We have the right to add additional authorized goods and services that you must offer. This means that we have the right to require you to carry the required inventory items that we dictate and that we determine are appropriate for Sunmed™ | Your CBD Store®. There are no limits on our right to make modifications to our approved Products, whether by a change in the Operations Manual or by another form of written directive.

You may not have or use, or permit the presence or use of, vending machines or any similar device or machine at the Store unless we consent in writing.

**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.**

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 2.1	Five years
b. Renewal or extension of the term	Section 2.2	If you meet the requirements, you can renew for up to three additional consecutive five-year terms; after that you will have no right to renew the Franchise Agreement.
c. Requirements for franchisee to renew or extend	Section 2.2	You must: provide written notice of election to renew; not be in Default of the Franchise Agreement or any other agreement relating to the Store; sign the then-current form of Franchise Agreement; pay a renewal fee; refurbish the Store, if required; complete any required retraining program; sign the current form of General Release in Exhibit J to this Disclosure Document; and maintain ownership or leasehold interest in the Store location or secure a suitable alternative. Terms of the then-current form of Franchise Agreement may differ materially from any

		and all of those contained in the Franchise Agreement attached to this Disclosure Document.
d. Termination by franchisee	Section 21.1	You can terminate only if we fail to cure a Default under the Franchise Agreement within 90 days (or 150 days in some instances) after you give us written notice of termination.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Sections 21.2 and 21.3	We can terminate only if you Default or if certain events (described in (g) and (h) below) occur (“Default”). In some instances, you will have an opportunity to cure the Default.
g. “Cause” defined – curable Defaults	Section 21.3	Failure to comply with our standards and procedures or any term of the Franchise Agreement not covered in “h” below, including: failure to submit required reports; failure to relocate; failure to comply with any of the terms and conditions of any other agreement entered into by you in connection with your Store; failure to maintain required insurance; and failure to restore Store to full operation if it is rendered inoperable by casualty; failure to operate Store Minimum Weekly Operating Hours; sale of unapproved/unauthorized Products. You have 30 days (or 60 days in some instances) after we give you written notice to cure the Default.
h. “Cause” defined – non-curable Defaults	Section 21.2	Insolvency; bankruptcy; liquidation; reorganization; general assignment for benefit of creditors; failure to pay us or any creditor, supplier or lessor of the Store any sums due after written notification; conviction of a felony or crime involving moral turpitude; operation of the Store as a safety hazard; unauthorized closing of the Store or failure to keep the Store open for more than five consecutive days; making of material misrepresentations; unauthorized transfer; failure to comply with non-competition and non-solicitation provisions; unauthorized use of any Mark or disclosure of confidential information; failure to comply with any applicable law; unauthorized seizures; failure to maintain possession of the Store premises; knowingly maintaining false books or records; denying

		us access to your books or records; failure to meet any quarterly Minimum Product Purchases requirements; understatement of fees by more than five percent; receipt of three Default notices within a 12 month period; or dissolution.
i. Franchisee's obligations on termination/non-renewal	Sections 20 and 22	Obligations include complete de-identification of Store; payment of amounts due; return confidential materials; cancel assumed name registration; transfer telephone and fax numbers per the Franchise Agreement and its Exhibit D, "Telephone Listing Agreement" and internet listings; no investment in competitive business; no solicitation of employees; follow any procedures in the Operations Manual related to discontinuing operations of the Store; and offer us the right to purchase the Store.
j. Assignment of contract by franchisor	Section 19.1	No restriction on our right to assign the Franchise Agreement.
k. "Transfer" by franchisee – defined	Section 19.2	Includes transfer of Franchise Agreement, any interest in Franchise Agreement, any assets of Store, or any equity interest in you if you are an entity or any equity interest in any owners of you if they are an entity.
l. Franchisor approval of transfer by franchisee	Sections 19.2 and 19.3	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 19.4	Transferee qualifies; transferee assuming obligations under Franchise Agreement and/or entering into new Franchise Agreement and any other agreements we require; terms and conditions of transfer are satisfactory to us; you are not in Default under the Franchise Agreement or any other agreement between you and us; sign the current form of General Release in Exhibit J to this Disclosure Document; fee paid; we decline to exercise our right of first refusal; and the Marks not being used in any advertisement for any prohibited transfer.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 23	We can match any offer for the transfer of your business or any ownership interest.
o. Franchisor's option to purchase franchisee's business	Section 22.2	Upon expiration or termination of the Franchise Agreement, you must offer us the right to purchase the Store.
p. Death or disability of franchisee	Section 19.3	Franchise must be assigned by the estate to an approved buyer.



q. Non-competition covenants during the term of the franchise	Sections 20.1, 20.2, 20.4 and 20.5	No involvement in competitive business and no solicitation of any employee of Sunmed™   Your CBD Store® or employee of ours.
r. Non-competition covenants after the franchise is terminated or expires	Sections 20.1, 20.2, 20.4 and 20.5	For two years, no involvement in competitive business located within a five-mile radius of any Sunmed™   Your CBD Store®, and within the Franchise Territory or a five-mile radius of the Store location, and no solicitation of any employee of ours or our affiliates. Competitive business includes any business operating or franchising a store or a CBD establishment (a) offering CBD and/or “Cannabinoid” or industrial hemp -derived products and (b) that derives more than 50% of its revenue from sales of herbal, dietary or nutritional supplements containing CBD and/or “Cannabinoid” or industrial hemp-derived products (other than another Sunmed™   Your CBD Store® operated by you under license from us).
s. Modification of the agreement	Sections 7, 8.1 and 40	Generally, no modifications unless agreed in writing. We may revise the Operations Manual and you must comply with each requirement.
t. Integration/merger clause	Section 40	Only the terms of the Franchise Agreement are binding (subject to state law); however, nothing in the Franchise Agreement shall disclaim or require you to waive reliance on any representation that we made in this Disclosure Document (including its exhibits and amendments).
u. Dispute resolution by arbitration or mediation	Section 31.2	Except for certain claims, disputes must be settled by arbitration. Arbitration must occur in the office of the American Arbitration Association closest to our principal executive office, which currently is in Florida.
v. Choice of forum	Sections 31.1 and 31.2	Litigation must be held in the federal or state court where our principal executive office is located (subject to state law); our principal executive office is currently in Florida. Arbitration must occur in the office of the American Arbitration Association closest to our principal executive office, which currently is in Florida.
w. Choice of law	Section 31.1	Florida law applies, except for federal law and with respect to covenants restricting competition which may be governed by the laws of the state in which the Store is located (subject to state law).

x. Personal Covenants	Section 20.4	If you are not an individual, your shareholders, members, partners and corporate managers, as applicable, must sign the Personal Covenants attached to the Franchise Agreement as Exhibit B (“Personal Covenants”) requiring them to comply with the confidentiality provisions of the Franchise Agreement, refrain from engaging in competitive businesses, and refrain from soliciting our employees. We have the right to require your other employees who have access to our confidential information to sign a noncompetition, non-solicitation and/or nondisclosure agreement in the form(s) prescribed by us periodically. We have the right to take legal action against you if there has been an unauthorized use of our confidential information or trade secrets through you or your employees.
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### THE MULTI-UNIT DEVELOPER RELATIONSHIP

Provision	Section in Multi-Unit Developer Agreement	Summary
a. Term of the Multi-Unit Development Agreement	Section 5	Expires at the end of the Development Timeline.
b. Renewal or extension of the term	Not applicable	Not applicable
c. Requirements for Developer to renew or extend	Not applicable	Not applicable
d. Termination by Developer	Not applicable	As allowed by state law.
e. Termination by Franchisor without cause	Not applicable	Not applicable
f. Termination by Franchisor with cause	Not applicable	Failure to complete opening of all Franchised Locations within the Development Timeline.
g. “Cause” defined – defaults which can be cured	Not applicable	Not applicable
h. “Cause” defined – defaults which cannot be cured	Not applicable	Failure to complete opening of all units within Development Timeline.
i. Developer’s obligations on termination/non-renewal	Not applicable	Not applicable

j. Assignment of contract by Franchisor	Not applicable	Not applicable
k. “Transfer” by Developer – definition	Not applicable	Not applicable
l. Franchisor’s approval of transfer by Developer	Not applicable	Not applicable
m. Conditions for Franchisor’s approval of transfer	Not applicable	Not applicable
n. Franchisor’s right of first refusal to acquire Developer’s business	Not applicable	Not applicable
o. Franchisor’s option to purchase Developer’s business	Not applicable	Not applicable
p. Developer’s death or disability	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable
s. Modification of the agreement	Not applicable	Not applicable
t. Integration/merger clause	Not applicable	Not applicable
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable
v. Choice of forum	Not applicable	Not applicable
w. Choice of law	Section 7	Florida law applies (subject to state law).

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in Exhibit E, State Specific Addenda attached to this Disclosure Document and attached to the Franchise Agreement, Exhibit G, “State Specific Addenda to the Franchise Agreement.”

## ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our franchise.

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Franchisor's management by contacting the Chief Business Development Officer, Your CBD Stores Franchising, LLC, 600 8th Avenue W., Suite 500, Palmetto, Florida 34221, (727) 235-0720, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

All year-end numbers appearing below are as of December 31, 2021, December 31, 2022, and December 31, 2023.

Table No. 1  
Systemwide Outlet Summary  
For years 2021/2022/2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	161	269	+108
	2022	269	298	+29
	2023	298	275	-23
Company-Owned	2021	1	0	-1
	2022	0	0	0
	2023	0	4	+4
Total Outlets	2021	162	269	+107
	2022	269	298	+29
	2023	298	279	-19

\* As of December 31, 2023, we had 80 Distributors and 38 wholesalers, none of which were franchised outlets.

Table No. 2  
Transfers of Outlets from Franchisees to New Owners (Other Than Franchisor)  
For years 2021/2022/2023

State	Year	Number of Transfers
Alabama	2021	0
	2022	1
	2023	0
Arizona	2021	5
	2022	1

	2023	1
California	2021	0
	2022	0
	2023	1
Connecticut	2021	0
	2022	2
	2023	1
Florida	2021	3
	2022	3
	2023	3
Iowa	2021	0
	2022	0
	2023	1
Louisiana	2021	0
	2022	1
	2023	1
New York	2021	3
	2022	1
	2023	0
Ohio	2021	0
	2022	1
	2023	0
Pennsylvania	2021	2
	2022	0
	2023	0
Tennessee	2021	0
	2022	0
	2023	1
Texas	2021	1
	2022	1
	2023	1
Virginia	2021	1
	2022	0
	2023	0
Total	2021	15
	2022	12
	2023	9

Table No. 3  
Status of Franchised Outlets  
For Years 2021/2022/2023

State	Year	Outlets at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alaska	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Alabama	2021	6	6	1	0	0	0	11
	2022	11	0	1	0	0	0	10
	2023	10	1	1	0	0	0	10
Arizona	2021	12	6	1	0	0	0	17
	2022	17	3	1	0	0	0	19
	2023	19	2	3	0	0	0	18
Arkansas	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	2	0	0	0	2
California	2021	0	0	0	0	0	0	0
	2022	0	20	0	0	0	0	20
	2023	20	4	5	0	0	0	19
Colorado	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Connecticut	2021	14	5	1	0	0	0	18
	2022	18	3	0	0	0	0	21
	2023	21	1	0	0	0	6	16

State	Year	Outlets at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Delaware	2021	0	1	0	0	0	0	1
	2022	1	2	0	0	0	0	3
	2023	3	1	0	0	0	0	4
Florida	2021	23	27	5	0	0	0	45
	2022	45	12	6	0	0	0	51
	2023	51	7	15	0	1	0	44
Georgia	2021	36	6	6	0	0	0	36
	2022	36	3	5	0	0	0	34
	2023	34	0	2	0	3	0	35
Hawaii	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	1	0	0	0	3
Illinois	2021	2	2	0	0	0	0	5
	2022	5	1	1	0	0	0	5
	2023	5	1	0	0	0	0	6
Indiana	2021	3	2	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Idaho	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Iowa	2021	3	7	0	0	0	0	10
	2022	10	1	0	0	0	0	11

State	Year	Outlets at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2023	11	2	1	0	0	0	12
Kansas	2021	0	2	0	0	0	0	2
	2022	2	0	2	0	0	0	0
	2023	0	0	0	0	0	0	0
Kentucky	2021	3	0	0	0	0	0	3
	2022	3	0	1	0	0	0	2
	2023	2	0	1	0	0	0	1
Louisiana	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	1	0	0	0	4
Massachusetts	2021	1	2	0	0	0	0	3
	2022	3	1	1	0	0	0	3
	2023	3	0	0	0	0	0	3
Michigan	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Minnesota	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Mississippi	2021	3	2	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	2	0	0	0	3
Montana	2021	0	0	0	0	0	0	0



State	Year	Outlets at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Nebraska	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Nevada	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
New Hampshire	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	3	3	1	0	0	0	5
	2022	5	0	1	0	0	0	4
	2023	4	1	0	0	0	0	5
New York	2021	6	15	1	0	0	0	20
	2022	20	4	6	0	0	0	18
	2023	18	1	5	0	0	0	14
North Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
North Dakota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	2	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Ohio	2021	6	8	0	0	0	0	14
	2022	14	1	3	0	0	0	12
	2023	12	1	3	0	0	0	10
Oregon	2021	0	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Pennsylvania	2021	1	7	0	0	0	0	8
	2022	8	1	0	0	0	0	9
	2023	9	1	1	0	0	0	9
Rhode Island	2021	1	1	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
South Carolina	2021	9	3	2	0	0	0	10
	2022	10	1	2	0	0	0	9
	2023	9	0	0	0	0	0	9
South Dakota	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Tennessee	2021	1	4	0	0	0	0	5
	2022	5	2	1	0	0	0	6
	2023	6	1	2	0	0	0	5
Texas	2021	10	6	1	0	0	0	14
	2022	14	4	3	0	0	0	15

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2023	15	1	1	0	0	0	15
Virginia	2021	3	4	0	0	0	0	8
	2022	8	1	1	0	0	0	8
	2023	8	1	3	0	0	0	6
Wisconsin	2021	0	1	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
Total*	2021	161	125	19	0	0	0	269
	2022	269	66	37	0	0	0	298
	2023	298	33	58	0	4	0	277

\*There are no area developers

Table No. 4  
Status of Company-Owned and Affiliate-Owned Outlets  
For years 2021/2022/2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2021	1	1	0	2	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	1	1
Georgia	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	3	0	0	0	3
Total	2021	1	1	0	2	0	0
	2022	0	0	0	0	0	0
	2023	0	3	0	0	1	4

Table No. 5  
Projected Sales and Openings  
For Fiscal Year 2024

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Alabama	1	0	0
Alaska	0	0	0
Arizona	1	0	0
Arkansas	0	0	0
California	1	2	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	1	0	0
Florida	1	4	12
Georgia	2	3	6
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Minnesota	0	0	0
Missouri	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New York	0	0	0
North Carolina	0	0	0
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Carolina	1	0	0
South Dakota	0	0	0
Tennessee	0	0	0
Texas	3	1	3
Utah	0	0	0

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Virginia	1	0	0
West Virginia	0	0	0
Wisconsin	0	0	0
Total	13	10	21

Attached to this Disclosure Document as Exhibit F, “List of Current Franchisees” are (i) the names, addresses, email addresses and telephone numbers of our franchisees who have Stores open and operating as of December 31, 2023, and (ii) the names, addresses, and telephone numbers of our franchisees who have executed Franchise Agreements but who have not opened a Store as of December 31, 2023.

The name, city and state, and the current business telephone number (or, if known, the last known home telephone number) of every franchisee who had a Store terminated, canceled, transferred, or not renewed by us in fiscal year 2023, who otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreement in fiscal year 2023, or who did not communicate with us within 10 weeks of the issuance date of this Disclosure Document are attached to this Disclosure Document as Exhibit G, “List of Franchisees Who Have Left the System.” If you buy this franchise, your contact information may be disclosed to other buyers when you leave the Sunmed™ | Your CBD Store® System.

During our last three fiscal years, none of our franchisees have signed confidentiality clauses restricting their ability to speak openly about their experience with the Sunmed™ | Your CBD Store® System.

There are currently no trademark-specific franchisee organizations associated with the Sunmed™ | Your CBD Store® System.

## ITEM 21 FINANCIAL STATEMENTS

Attached to this Document Disclosure as Exhibit H is our audited Balance Sheet, Statements of Operations and Statements of Cash Flows as of December 31, 2021, our audited Balance Sheet, Statements of Operations and Statements of Cash Flows as of December 31, 2022 and our audited Balance Sheet, Profit and Loss, and Statement of Cash Flows as of December 31, 2023, and our unaudited Balance Sheet and Profit and Loss Statement as of July 31, 2024 (“Financial Statements”).

## ITEM 22 CONTRACTS

The Franchise Agreement is attached as Exhibit C to this Disclosure Document. The following additional contracts or agreements are attached to the Franchise Agreement:

Exhibit	Agreement
A	Franchised Location, Franchise Territory and Franchise Fee
B	Personal Covenants
C	Intentionally Left Blank

D	Telephone Listing Agreement
E	Franchisee Ownership Information
F	Guaranty Agreement
G	State Specific Addenda of the Franchise Agreement
H	Collateral Assignment of Lease

Also attached to this Disclosure Document are Exhibit B - the Multi-Unit Development Agreement, Exhibit I - the Franchisee Patriot Act Statement, Exhibit J - the General Release, Exhibit K - the Secured Promissory Note and Exhibit L - State Effective Dates.

### **ITEM 23 RECEIPT**

Exhibit M, “Receipts” to this Disclosure Document are detachable Receipts acknowledging your receipt of this Disclosure Document. Please return one Receipt to us and retain the other for your records. If you are missing these Receipts, please contact us at the following address or telephone number:

Your CBD Stores Franchising, LLC  
Attn: Chief Business Development Officer  
600 8th Avenue W., Suite 500  
Palmetto, Florida 34221  
Telephone: (727) 235-0720

**EXHIBIT A**  
**STATE AGENCIES AND ADMINISTRATORS AND FRANCHISOR'S AGENTS FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

<p><b><u>CALIFORNIA</u></b>  California Department of Financial Protection and Innovation  Franchise Division  320 West 4th Street, Suite 750  Los Angeles, California 90013  (213) 576-7500 Toll Free (866) 275-2677  <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a>  Ask.DFPI@dfpi.ca.gov</p> <p>2101 Arena Blvd.  Sacramento, California 95834  (916) 445-7205</p> <p>1455 Frazee Road, Suite 315  San Diego, California 92108  (619) 525-4233</p> <p>One Sansome Street, Suite 600  San Francisco, California 94104  (415) 972-8559</p>	<p><b><u>CONNECTICUT</u></b>  State of Connecticut  Department of Banking  Securities Division  260 Constitution Plaza  Hartford, Connecticut 06103-1800  (860) 240-8230</p> <p>Agent: Banking Commissioner</p>
<p><b><u>HAWAII</u></b>  (state administrator)</p> <p>Commissioner of Securities  Department of Commerce and Consumer Affairs  Business Registration Division  335 Merchant Street, Room 203  Honolulu, Hawaii 96813  (808) 586-2722</p> <p>(agent for service of process)</p> <p>Commissioner of Securities  State of Hawaii  335 Merchant Street Room 203  Honolulu, Hawaii 96813  (808) 586-2722</p>	<p><b><u>ILLINOIS</u></b>  Franchise Bureau  Office of the Attorney General  500 South Second Street  Springfield, Illinois 62706  (217) 782-4465</p>

<p><b><u>INDIANA</u></b> (state administrator)</p> <p>Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681</p> <p>(agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531</p>	<p><b><u>MARYLAND</u></b> (state administrator)</p> <p>Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p> <p>(for service of process) Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p>
<p><b><u>MICHIGAN</u></b> (state administrator)</p> <p>Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1<sup>st</sup> Floor Lansing, Michigan 48931 (517) 335-7567</p> <p>(for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909</p>	<p><b><u>MINNESOTA</u></b> (state administrator)</p> <p>Minnesota Department of Commerce 85 7<sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1638</p> <p>(for service of process) Minnesota Commissioner of Commerce</p>
<p><b><u>NEW YORK</u></b> (state administrator)</p> <p>NYS Department of Law Investor Protection Bureau 28 Liberty Street 21st Floor New York, New York 10005 (212) 416-8222 Phone</p> <p>(for service of process) Attn: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue Albany, New York 12231-0001 (518) 473-2492</p>	<p><b><u>NORTH DAKOTA</u></b></p> <p>North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712</p> <p>(for service of process) Securities Division</p>



<p><b><u>OREGON</u></b></p> <p>Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387</p>	<p><b><u>RHODE ISLAND</u></b></p> <p>State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p>
<p><b><u>SOUTH DAKOTA</u></b></p> <p>Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>	<p><b><u>VIRGINIA</u></b></p> <p>State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051</p> <p>(for service of process) Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733</p>
<p><b><u>WASHINGTON</u></b> (state administrator)</p> <p>Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760</p> <p>(for service of process) Director of Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater Washington 98501 (360)902-8760</p>	<p><b><u>WISCONSIN</u></b> (state administrator)</p> <p>Division of Securities Department of Financial Institutions 201 W. Washington Ave., Suite 300 Madison, Wisconsin 53703 (608) 266-1064</p> <p>(for service of process) Administrator, Division of Securities Department of Financial Institutions 345 W. Washington Ave., 4<sup>th</sup> Floor Madison, Wisconsin 53703</p>

**EXHIBIT B**  
**MULTI-UNIT DEVELOPMENT AGREEMENT**  
**[SEE ATTACHED]**

## MULTI-UNIT DEVELOPMENT AGREEMENT ("Agreement")

This Agreement between Your CBD Stores Franchising, LLC, a Florida limited liability company ("YCBDS") with its principal office at 600 8th Avenue, West, Suite 500, Palmetto, Florida 34221, and \_\_\_\_\_, a \_\_\_\_\_ type of entity, formed in the state of \_\_\_\_\_, with its principal office at \_\_\_\_\_ ("Developer") (each a "Party" and collectively the "Parties") have agreed to \_\_\_\_\_, ("Effective Date") as follows:

### WHEREAS,

A. This Agreement is intended to set mutual terms or the grant of a non-exclusive right to develop and operate, within a geographic development area as defined below, at least three (3) or more **Sunmed™ | Your CBD Store®** Franchised Locations ("Franchised Location") set forth in the Development Schedule (below); and

B. YCBDS agrees to grant Developer such non-exclusive rights (and Developer agrees to develop and operate at least three (3) or more YCBDS Franchised Locations) subject to the terms and conditions contained in this Agreement; and

C. All capitalized terms not defined herein will have the meaning assigned to them in the Franchise Agreement ("Franchise Agreement") set forth in the corresponding Franchise Disclosure Document ("FDD").

**NOW, THEREFORE**, in consideration of the foregoing grant of rights, and the payment of the Geographic Development Area ("GDA") Fee (as defined below), the Parties hereby agree as follows:

1. **General** – Developer agrees to execute YCBDS' franchise agreement for each Franchised Location prior to executing the corresponding commercial lease/rent agreements Except for the development rights granted herein, this Agreement grants Developer no other additional rights and Developer acknowledges that any and all other rights are granted by the applicable franchise agreement. Developer also acknowledge that it has received a current copy of the FDD (which includes a current copy of the Franchise Agreement) and that nothing stated herein is deemed to amend or change the FDD or Franchise Agreement terms.
2. **Grant of Geographic Development Area Rights** –
  - a. **Grant:** YCBDS agrees to grant to Developer, and Developer hereby commits and agrees to accept a non-exclusive right to develop, open and operate three (3) Franchised Locations in the GDA set forth in Exhibit A within the timeline per Franchised Location set forth in the Development Schedule (see Section 5 below).
  - b. **Non-Exclusive:** Developer acknowledges that the non-exclusive development rights to the GDA granted pursuant to Section 2(a) allows YCBDS to (i) conduct business as usual as a franchisor and operator, (ii) to franchise, develop and open new Franchised Locations (owned by Franchisor or by third-parties) and (iii) maintain existing Franchised Locations in the GDA without authorization or consent from Developer.

- c. **Right to Match Third-Party Offer:** Notwithstanding Section 2(b), YCBDS will provide Developer a non-binding written notice sixty (60) calendar days prior to executing any agreement regarding the opening of a new Franchised Locations within the GDA in order to offer Developer an opportunity to match such opening of a potential Franchised Location at (or nearby) the location expressed in the written notice. YCBDS will not be bound to accept Developer's matching offer, however, YCBDS will grant Developer priority and preference over any third-party offer to place a Franchised Location within the GDA and within the area expressed in the written offer.
  - d. **Territory Rights for Franchised Locations:** The Parties agree that the Territory terms expressed and defined in Section 3 of the Franchise Agreement (including the three (3) mile radius) remain unmodified as set forth therein. Developer also acknowledges that with respect to the Territory, YCBDS retains all other rights, in particular the "Reservation of Rights" (as such Term is defined in Section 3.3 of the Franchise Agreement).
3. **GDA Description** – The GDA granted herein is the area identified and illustrated as such in Exhibit A. YCBDS reserves the right to make the final interpretation in the event that there is doubt or confusion as to the precise Franchised Location and the application of the GDA.
4. **GDA Fee** – Concurrent with the execution of this Agreement, Developer agrees to pay a non-refundable GDA Fee in the amount of forty-five thousand dollars (\$45,000) ("GDA Fee"). The GDA Fee is based upon all three (3) Franchised Locations Developer has committed to open and operate (e.g., Franchised Location sells Products supplied by YCBDS) under this Agreement. In the event that Developer meets the obligations set forth in this Agreement, the GDA Fee will be credited towards and fund the payment of the corresponding "Initial Franchise Fee" for each franchise agreement executed ("IFF"). As of the Effective Date of this Agreement, the corresponding IFF per Franchised Location is: twenty thousand dollars (\$20,000) (first operating Franchised Location), fifteen thousand dollars (\$15,000) (second operating Franchised Location); and ten thousand dollars (\$10,000) (third operating Franchised Location). The GDA Fee, or portions thereof, will be deemed fully earned by YCBDS and subject to if Developer (i) does not achieve the Development Schedule timeline set forth in Section 5 below or (ii) otherwise commits a Default under this Agreement or the corresponding franchise agreement. The forfeiture of the GDA Fee as set forth herein will cover administrative and other expenses YCBDS incurs, and for the development opportunities lost or deferred by YCBDS as a result of the rights YCBDS has granted to Developer under this Agreement.
5. **Development Schedule** – The cumulative timeline for the deployment, opening and operating of the three (3) Franchised Locations is twenty-four (24 months) from the date a commercial lease for the first and initial Franchised Location is executed. The timeline below represents the commitment of Developer to open and operate each of the three (3) Franchised Locations ("Development Schedule").

Franchised Location	Target Timeline
No.1	Lease execution is completed within four (4) months from the Effective Date of this Agreement.

No. 2	Within 24 months from lease execution for Franchised Location No. 1
No. 3	Within 24 months from lease execution for Franchised Location No. 1

**6. Signing of the Franchised Agreement** – Developer must sign a franchise agreement for each Franchised Location. Each Franchised Location will be located at a location that YCBDS must have approved. The franchise agreement for each Franchised Location will be then-current form of Franchise Agreement found in then-current FDD..

**7. Governing Law** – This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflict of law principles.

**IN WITNESS WHEREOF**, the undersigned have executed and delivered this Agreement as of the Effective Date written above.

**YCBDS**

**YOUR CBD STORES FRANCHISING, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**Developer**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## Exhibit A

### GDA

Franchisor hereby grants as GDA the area highlighted in green and identified below as “consists more specifically of the following parameters (any error in these boundary coordinates, the graphic mapping takes precedence):

- North Boundary –
- West Boundary –
- East Boundary –
- South Boundary –

[INSERT MAP]

**EXHIBIT C**  
**FRANCHISE AGREEMENT**  
**[SEE ATTACHED]**



**YOUR CBD STORES FRANCHISING, LLC**

**FRANCHISE AGREEMENT**



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**YOUR CBD STORES FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this “Agreement”) is made and entered into \_\_\_\_\_ (the “Effective Date”), by and between YOUR CBD STORES FRANCHISING, LLC, a Florida limited liability company (“Franchisor”) with its principal office at 600 8th Avenue W., Suite 500, Palmetto, Florida 34221, and \_\_\_\_\_, a \_\_\_\_\_, with (its principal office) (his/her residence) at \_\_\_\_\_ (“Franchisee”). Franchisor and Franchisee are herein referred to individually as a “Party” and collectively as the “Parties.”

**W I T N E S S E T H:**

WHEREAS, Franchisor at a substantial expenditure of time, effort and money has established a system of developing, opening, operating and promoting stores to the public specializing in offering herbal and nutritional supplements containing lawful CBD and/or “Cannabinoids” and other supplements deriving from industrial hemp and other products (“Products”), provided by our supplier, our affiliate, Sunflora, Inc., (“Sunflora<sup>®</sup>”) and related CBD store services under the names “Sunmed<sup>™</sup>” and/or “Your CBD Store<sup>®</sup>” (“CBD Stores” “Franchised Location,” Outlet(s) or “Store(s)”) (the “Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup> System” or “System”); and

WHEREAS, Franchisor has established a business model in which Franchisor strives to provide each franchisee with certain services without imposing separate additional charges for those services, with Franchisor’s costs largely being built into the price at which Franchisor sells its Products to its franchisees, and this means that Franchisee understands that Products prices charged by Franchisor at wholesale to Franchisee may increase as needed to cover Franchisor’s cost of providing services.

WHEREAS, the distinguishing features of the Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup> System, include, but are not limited to, the name “Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup>” and all such other trade names, trademarks, service marks, logos, emblems, insignia and signs developed for use with the Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup> System from time to time (collectively, the “Marks”); specially designed fixtures, equipment, facilities, containers, and other items used in serving and dispensing CBD products; Products, methods, procedures, recipes, distinctive CBD products and the formula and quality standards therefor; and instructional materials and training courses; all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor has acquired knowledge and experience in the composition, distribution, advertising and sale of CBD products by Stores using the Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup> System and with respect to the style of the facilities and signs used by said Stores and has successfully established a reputation, demand and goodwill for the Products sold by such Stores; and

WHEREAS, Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup> and the Products sold therein have a reputation for quality that has been acquired and is being maintained by requiring all franchisees of the Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup> System to maintain high standards of quality and service; and

WHEREAS, Franchisee recognizes the value and benefits to be derived from utilizing the Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup> System and being associated with Franchisor, the Marks and other distinctive features of the Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup> System, and now desires to obtain a franchise from Franchisor to use the Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup> System and to operate a Sunmed<sup>™</sup> | Your CBD Store<sup>®</sup> at an approved

location, and Franchisor is willing to grant Franchisee the right to operate a Sunmed™ | Your CBD Store® all subject to the terms and conditions hereinafter set forth. Franchisee's state may also have laws that require special disclosures or amendments be made to the Agreement. Review Exhibit G, State Specific Addenda of the Franchise Agreement, attached hereto.

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter set forth, it is mutually understood, agreed and covenanted as follows:

## 1. GRANT OF FRANCHISE

During the term of this Agreement, Franchisor hereby grants to Franchisee the non-exclusive right and license, and Franchisee undertakes the obligation, to develop and operate one or more a Stores (as defined above in the Preamble) and to use solely in connection therewith, the Marks and the Sunmed™ | Your CBD Store® System in accordance with the terms and conditions of this Agreement only at the Franchised Location, (as defined above in the Preamble). Franchisee agrees to use the Marks and Sunmed™ | Your CBD Store® System, as they are changed, improved and further developed by Franchisor from time to time. Unless otherwise agreed to by Franchisor, Franchisee has four (4) months from the Effective Date to complete the initial training as required by Section 14.1 and to commence operation of the Store. Franchisee must obtain Franchisor's written approval before commencing operation of the Store.

## 2. TERM AND RENEWAL

2.1. Initial Term. Unless terminated earlier in accordance with the terms and conditions set forth herein, this Agreement and the franchise granted hereunder shall have an initial term of five (5) years commencing as of the Effective Date (the "Initial Term").

2.2. Renewal. Upon the expiration of the Initial Term, Franchisee shall have the right to renew the franchise granted hereunder for up to three (3) additional five (5) year periods provided that all of the following conditions are met:

(i) Franchisee gives Franchisor written notice of its election to renew the franchise not less than six (6) months before the expiration of the Initial Term;

(ii) Franchisee is not, when notice is given, and does not become before the expiration of the Initial Term, in Default (as such term is defined in Section 21.5) of any provision of this Agreement or any other agreement between Franchisee and Franchisor or its subsidiaries or affiliates or with any other creditor or supplier of the Store or lessor or sublessor of the Franchised Location, and Franchisee shall have fully and faithfully performed all of its obligations under this Agreement and all such other agreements throughout their terms;

(iii) Franchisee shall execute, at Franchisor's option, Franchisor's then-current form of Franchise Agreement, which Franchise Agreement shall supersede in all respects the terms and conditions of this Agreement and may contain terms and conditions substantially different from those set forth herein, including, without limitation, an increase in Royalty Fees and Advertising Fund Fees (as defined below); provided, however, the renewal Franchise Agreement shall not provide for any additional renewal rights;

(iv) Franchisee shall pay a renewal fee equal to fifty percent (50%) of the then-current Initial Franchise Fee (as defined below) charged by Franchisor (this fee may be waived at the sole discretion of Franchisor based on Franchisee's past performance in terms of sales and other factors, and Franchisee's compliance with this Agreement);

(v) Franchisee shall complete, at its own expense and to Franchisor's satisfaction, all maintenance, refurbishing, renovation, modernizing and remodeling of the Store as Franchisor shall reasonably require so as to reflect the current image and standards of Sunmed™ | Your CBD Store®;

(vi) Franchisee shall be current in the payment of all obligations to Franchisor and to any of its affiliates and subsidiaries as well as lessors, vendors and suppliers of the Store;

(vii) Before renewal, Franchisee and/or Franchisee's supervisory and operational manager(s) shall at Franchisee's expense, attend and successfully complete to Franchisor's reasonable satisfaction any retraining program Franchisor may require;

(viii) Franchisee and its owners execute a general release, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor, including any affiliates or subsidiaries, and its and their officers, directors, shareholders, managers, members, partners, employees and agents; and

(ix) Franchisee provides Franchisor with evidence that Franchisee has the right to remain in possession of the Franchised Location or to secure and develop a suitable alternative location acceptable to Franchisor for the renewal term.

### **3. FRANCHISED LOCATION AND TERRITORY**

3.1. Franchised Location. The rights granted to Franchisee hereunder shall be non-exclusive and shall be restricted to the operation of a single Sunmed™ | Your CBD Store® to be located at the address and location set forth on Exhibit A, Franchise Location, Franchise Territory and Initial Franchise Fee, attached hereto. During the term of this Agreement, the Franchised Location shall be used exclusively to operate a Store. In connection with the execution of any lease or sublease for the Franchised Location, Franchisee must execute, and cause the lessor and/or sublessor of the Franchised Location to execute, the Collateral Assignment of Lease attached hereto as Exhibit H, in addition to complying with any other obligations and conditions contained herein relating to the lease or sublease of the Franchised Location and the development and construction of the Store. The rights granted to Franchisee are for the specific Franchised Location and cannot be transferred to any other location, except with Franchisor's prior written approval. If Franchisee does not commence operation of the Store within four (4) months of the Agreement Effective Date, Franchisor may terminate the Agreement.

(i) Franchisee is responsible for locating proposed locations for a Sunmed™ | Your CBD Store® to be established hereunder. Franchisor, in its sole discretion, may counsel and offer advice to Franchisee, or suggest a third-party real estate advisor to assist Franchisee with respect to location selection; however, in no event shall Franchisor be liable to Franchisee in connection with providing advice or any such assistance. Upon selection of a proposed location for a Store, Franchisee shall promptly submit to Franchisor such location, demographic and other data and information about the proposed location as reasonably requested by Franchisor, utilizing such forms as may be required by Franchisor, and a copy of any lease, sublease or purchase agreement to be entered into in connection with the acquisition of such location. Franchisor shall either accept or reject the proposed location utilizing its then-current location selection policies and procedures. As a condition for accepting a proposed location to be leased or subleased, Franchisee must sign, and cause the lessor or sublessor of the proposed location, to sign the Collateral Assignment of Lease. In addition, Franchisee acknowledges that Franchisor's acceptance of a proposed location may be conditioned upon Franchisee meeting certain other requirements (including, without limitation, the negotiation of additional terms and conditions satisfactory to Franchisor to any lease, sublease or purchase agreement for the proposed location), and if Franchisee does not, or is unable to meet such requirements within a reasonable time, the location will be deemed rejected. To be accepted, any

acceptance of a proposed location by Franchisor must be in writing. Franchisor may reject any proposed location for any reason in its sole discretion, in which event Franchisee may not develop a store at the proposed location, but must locate another proposed location for the Store and submit it in accordance with this Section 3.1.

(ii) Upon Franchisor's written acceptance of a proposed location, Franchisee shall promptly enter into the approved lease, sublease or purchase agreement for the location and obtain all necessary zoning, building and other governmental or regulatory approvals or permits required for the establishment of the Store. Franchisor may provide Franchisee with a set of standard architectural plans and specifications for a prototype Sunmed™ | Your CBD Store®. Franchisee must employ a qualified and licensed general contractor, who is reputable and experienced building units of similar retail concepts, to supervise, delegate and/or perform (i) the construction and development of the Store, (ii) the completion of all improvements, (iii) the outfitting of the Store with furnishings, fixtures and equipment, and (iv) all other services that are designated by Franchisor to be performed by such general contractor in connection with constructing the Store ("the General Contractor"). Franchisor shall have the right, but not the obligation, to designate one or a list of approved General Contractors for Franchisee to employ in the construction of the Store. When applicable, particularly when the Franchised Location is a freestanding structure, or an architectural design is required by norms or regulations, Franchisor shall also have the right to designate one or more suppliers of design services or architecture services (an "Architectural Firm") to supply such services to the System. Franchisee shall employ the Architectural Firm to furnish to Franchisor, for Franchisor's written acceptance, a proposed preliminary site and construction plans (adopted from any prototype plans provided by Franchisor) for the Store which, if accepted, shall not be modified, altered or changed without Franchisor's written consent.

(iii) Franchisee shall furnish Franchisor with such information relating to the construction of the Store and development of the location as Franchisor may from time to time request, which may include copies of all commitments and plans for construction and financing, the contact name, address and telephone number for any lenders and contractors, and a copy of any construction or financing arrangements. Franchisee shall promptly commence construction of the Sunmed™ | Your CBD Store® in accordance with the accepted site and construction plans and specifications. Franchisor and its agents have the right to inspect the construction site at any reasonable time without prior notice. Franchisee shall correct, upon Franchisor's request, and at Franchisee's expense, any deviation from any accepted site or construction plans or specifications.

3.2. Territorial Protection. Franchisor will not establish for itself or grant a franchise to any other party to establish a Store within (i) a radius not to exceed three (3) miles of Franchisee's Store(s), (ii) or as specified on Exhibit A attached hereto, which, contingent on population density or other factors, may be a smaller radius than three (3) miles (the "Franchise Territory") or which may be designated in a manner other than a radius, such as description of the Franchise Territory boundaries. In the event of any conflict, the territory specified on Exhibit A shall govern. The proposed grant of a Franchise Territory is subject to the prior approval by Franchisor in accordance with Section 3.1(i) above; Franchisor shall either accept or reject the proposed location utilizing its then-current location selection policies and procedures and using its commercially reasonable best judgment. Notwithstanding anything herein to the contrary, in the event any disagreement arises regarding the area comprising the Franchise Territory, then Franchisor's decision as to the definition of the Franchise Territory shall be final and binding. Except as expressly provided in the first sentence of this Section 3.2, Franchisee acknowledges that the franchise granted under this Agreement is non-exclusive and Franchisee has no territorial protection and Franchisee has no right to exclude, control or impose conditions on the location or development under or pursuant to other Marks, or on any sales or distribution of Products under the Marks or other business activities of Franchisor or any other party licensed to use the Marks as set forth in Section 3.3.

3.3. Reservation of Rights. Franchisor retains the right, in its sole discretion, to:

(i) Establish and operate, and grant to other franchisees or licensees the right to establish and operate, a Sunmed™ | Your CBD Store® or any other business using the Marks, the Sunmed™ | Your CBD Store® System or any variation of the Marks and the Sunmed™ | Your CBD Store® System, in any location outside the Franchise Territory, on any terms and conditions that Franchisor deems appropriate;

(ii) Develop, use and franchise anywhere (including within the Franchise Territory or in close proximity to the Store licensed hereunder) the rights to any trade names, trademarks, service marks, commercial symbols, emblems, signs, slogans, insignia, patents or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the Sunmed™ | Your CBD Store® System, without granting Franchisee any rights therein;

(iii) Offer, ship, sell and provide Products or services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the Franchise Territory through any distribution channel or method, including grocery stores, convenience stores, internet (or any other existing or future form of electronic commerce, including social and digital media), and delivery services, irrespective of the proximity to the Store without compensation to Franchisee; provided, however, that any such sales will not be made from a Sunmed™ | Your CBD Store® Franchises at destination locations which may be within the Franchise Territory, including but not limited to airports, stadiums, higher education institutions, hospitals, malls, vending machines, or kiosks at any such facility;

(iv) Offer to convert a Distributor operating as of the Effective Date hereof to a Franchisee located within the Franchise Territory; and

(v) Engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement.

4. **INITIAL FRANCHISE FEE; OPENING INVENTORY PURCHASE; REQUIRED MINIMUM PRODUCT PURCHASES**

4.1 Initial Franchise Fee. Upon the execution of this Agreement, Franchisee shall pay to Franchisor an Initial Franchise Fee in an amount set forth on Exhibit A (the “Initial Franchise Fee”). Franchisee acknowledges and agrees that the Initial Franchise Fee is paid as consideration for Franchisor granting Franchisee the right to develop, open and operate the Store using the Marks and the Sunmed™ | Your CBD Store® System, having made available and providing resources for Franchisee’s training and that the Initial Franchise Fee is fully earned by Franchisor at the time this Agreement is executed. The Initial Franchise Fee shall not be refundable for any reason.

4.2 Opening Inventory Purchase. Franchisee must spend on Opening Inventory at least twenty thousand four hundred dollars (\$20,400) and up to twenty-five thousand five hundred dollars (\$25,500) at wholesale price, contingent on the types of Products permitted by applicable state law. This is the minimum inventory of products Franchisor requires for Franchisee to open a Sunmed™ | Your CBD Store® (“Opening Inventory”).

4.3 Minimum Product Purchases. Franchisee must purchase a minimum sum of Products from Sunflora or whatever other vendor Franchisor may designate as a supplier within each calendar quarter (“Minimum Product Purchases”). The amount of the Minimum Product Purchase is twelve thousand dollars



(\$12,000) per calendar quarter (which said amount is solely based on the wholesale cost of Products purchased by Franchisee on a net basis during such period). Taxes, or any discounts, rebates, shipping costs, credits or refunds do not count towards the satisfaction of Minimum Product Purchases. Franchisor reserves the right to adjust annually the Minimum Product Purchases to account for inflation. Failure to meet Minimum Product Purchases requirements represents a Default and without a cure grounds for termination of this Agreement as set forth Section 21.3(vii). The requirement for Minimum Product Purchases shall not apply for the first ninety (90) days from the date of Franchisee's Store opening and enforcement thereof shall apply on the ensuing full calendar quarter upon conclusion of the ninety (90) day period.

## **5. ROYALTY FEE; METHOD OF PAYMENT; LATE PAYMENT**

5.1 Royalty Fee. In addition to all other amounts required to be paid hereunder, during the term hereof, Franchisee agrees to pay to Franchisor for the rights granted hereunder a royalty fee equal to 2% (two percent) of the wholesale cost of Products purchased by Franchisee from Sunflora and its approved suppliers. The Royalty Fee accrues on a per Product purchase order basis to be paid along with any payment due for the purchase of Products, (the "Royalty Fee").

5.2 Definition of Gross Sales. "Gross Sales" shall mean the amount of sales of all Products and services sold in, on, about or from the Store, together with any other revenues derived from the operation of the Store, whether by Franchisee or by any other person, whether or not in accordance with the terms hereof, and whether for cash or on a charge, credit, barter or time basis, including, but not limited to, all such sales and services (i) where orders originate and/or are accepted by Franchisee in the Store but delivery or performance thereof is made from or at any place other than the Store or (ii) pursuant to telephone or other similar orders received or filled at or in the Store. There shall be deducted from Gross Sales: (a) the amount of refunds, allowances or discounts to customers (including coupon sales) up to fifteen percent (15%) of the Gross Sales, provided the related sales have previously been included in Gross Sales; and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority.

5.3 Automated Bank Draft. Franchisee understands and agrees that Franchisor reserves the right and requires, in its sole discretion, that all Royalty Fees, Technology Fees, Advertising Fund Fees and Advertising Cooperative Contribution (as defined below) and other fees or contributions required to be paid to Franchisor or any Advertising Cooperative hereunder must be paid by automated bank draft, credit card or other reasonable means necessary to ensure payment of such fees are received by Franchisor or the appropriate Advertising Cooperative. Franchisee agrees to comply with Franchisor's payment instructions.

5.4 Late Payments and Insufficient Funds. All overdue payments for all Royalty Fees, and other fees (or any payment obligation) required to be paid or any overdue reimbursement amount due to Franchisor, under this Agreement shall bear interest from the date due at the rate specified by Franchisor from time to time, up to the highest rate permitted by the law, but in no event shall such rate exceed eighteen percent (18%) per annum. Interest shall accrue on all late payments regardless of whether Franchisor exercises its right to terminate this Agreement as provided for herein. In addition to its right to charge interest as provided herein, Franchisor may charge Franchisee a one hundred dollar (\$100) late payment fee for all such overdue payments and a one hundred dollar (\$100) insufficient funds fee for each check, ACH, electronic payment or automated bank draft payment, or other payment method that is not honored by Franchisee's financial institution (except that the fees shall not exceed those allowed by state law in Franchisee's state). Franchisee acknowledges that Franchisor has the right to set-off amounts Franchisee owes Franchisor against any amounts Franchisor may owe Franchisee. Franchisee also acknowledges that

ACH or any other electronic payment privileges may be revoked for insufficient fund activity and Franchisor reserves the right collect any fees accrued as a result of such fund insufficiency.

5.5 Application of Payments. Notwithstanding designation by Franchisee to the contrary, all payments made by Franchisee hereunder will be first applied by Franchisor at its discretion to any of Franchisee's past due indebtedness.

## 6 RECORDS, REPORTS AND AUDITS

6.1 Bookkeeping and Recordkeeping. Franchisee agrees to establish a bookkeeping and recordkeeping system conforming to the requirements prescribed from time to time by Franchisor, relating, without limitation, to the use and retention of daily sales slips, coupons, purchase orders, store credits, rebates, purchase invoices, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, payroll records, journals, and general ledgers. In establishing and maintaining Franchisee's bookkeeping and recordkeeping system, Franchisee shall use all form documents established by Franchisor in the Operations Manual or otherwise as provided by Franchisor. Franchisee acknowledges and agrees that if Franchisor is required or permitted by statute, rule, regulation or any other legal requirement to disclose any information regarding Franchisee or the operation of the Store, including, without limitation, earnings or other financial information, Franchisor shall be entitled to disclose such information. In addition, Franchisee hereby expressly permits Franchisor to disclose any such information to potential purchasers (and their employees, agents, and representatives) of Franchisor in connection with the sale or transfer of any equity interests or assets of Franchisor or any merger, reorganization or similar restructuring of Franchisor.

6.2 Reporting. Franchisee must provide Franchisor with those financial reports required by Franchisor from time to time. All such reports shall be prepared (i) using any form documents established by Franchisor as set forth in the Operations Manual or otherwise as provided by Franchisor and (ii) in accordance with the generally accepted accounting principles of the United States, to the extent applicable. Franchisee's current reporting obligations include the following:

(i) A statement of relevant Gross Sales in the form required by Franchisor to be delivered monthly by the fifth (5th) day of the following month;

(ii) A monthly unaudited balance sheet and profit and loss statement in a form satisfactory to Franchisor covering Franchisee's business for the prior month and fiscal year to date, all of which shall be certified by Franchisee as true and correct and delivered to Franchisor no later than the twenty-first (21st) day of each month;

(iii) Annual financial statements compiled or reviewed by an independent certified public accountant in a form satisfactory to Franchisor, which shall include a statement of income and retained earnings, a statement of cash flows, and a balance sheet of Franchisee, all for the fiscal year then ended. If Franchisee does not, in the ordinary course, obtain financial statements compiled or reviewed by an independent certified public accountant, then Franchisee may provide internally prepared financial statements which shall be certified as true and correct by Franchisee or Franchisee's principal executive officer or chief financial officer if Franchisee is a partnership, corporation or limited liability company. Franchisor shall have the right at any time to require audited annual statements to be provided to it, at Franchisee's expense;

(iv) An annual copy of Franchisee's signed 1120 or 1120S tax form (including all supporting schedules) as filed with the Internal Revenue Service (or any forms which take the place of those

forms), and all other federal, state and local sales and use and income tax reports Franchisee is required to file, all to be delivered within thirty (30) days after filing;

(v) A statement of local advertising expenditures made pursuant to Section 11.3 below for each calendar quarter and fiscal year to date, in a form satisfactory to Franchisor, along with invoices documenting such expenditures (if required by Franchisor), to be delivered within fifteen (15) days after the end of each calendar quarter;

(vi) A statement of Cooperative Contribution expenditures made pursuant to Section 11.4 below for each fiscal year to date, in a form satisfactory to Franchisor, along with invoices documenting such expenditures (if required by Franchisor), to be delivered within fifteen (15) days after the end of each year;

(vii) Insurance certificates upon the annual renewal of the policies and all health and safety inspection reports, such certificates name Franchisor as an additional named insured; and

(viii) Any other data, information and supporting records reasonably requested by Franchisor, including account login and password information for any delivery service applications, social media sites or other electronic media.

All reports or other information required to be submitted under this Section 6.2 shall be submitted to the attention of Franchisor's franchise department. If any of the reports or other information required to be given to Franchisor in accordance with this Section are not received by Franchisor by the required deadline, Franchisor may charge Franchisee a late submission fee equal to one hundred dollar (\$100) per each report outstanding and undelivered by the required deadline.

6.3 Audit. Franchisee shall allow representatives of Franchisor to inspect Franchisee's books and records at all reasonable times in order to verify Gross Sales that Franchisee reports as well as to verify Franchisee's advertising expenditures required by Section 11.3 below and any other matters relating to this Agreement and the operation of the Store. Franchisor may require Franchisee to submit to Franchisor, or Franchisor's representatives, copies of Franchisee's books and accounting and/or sales records for any offsite inspection that Franchisor or Franchisor's representatives conduct to audit the Store. All inspections shall be at the expense of Franchisor; provided, however, if the inspection results in a discovery of a discrepancy in the Gross Sales reported by Franchisee of five percent (5%) or more, then Franchisee shall pay or reimburse Franchisor for any and all reasonable expenses incurred by Franchisor in connection with the inspection, including, but not limited to, attorneys' and accounting fees and travel expenses, room and board and compensation of Franchisor's employees.

## **7 OPERATIONS MANUAL**

During the term of this Agreement, Franchisor will loan to Franchisee one copy of, or provide Franchisee with electronic access to, Franchisor's confidential operations policies (the "Operations Manual"), which may consist of printed manuals, computerized documents or software, information provided on the internet or an extranet, audiotapes, videotapes, or any other medium Franchisor adopts periodically for use with the Sunmed™ | Your CBD Store® System and designates as part of the Operations Manual. The Operations Manual will contain information and requirements concerning the standards and specifications of the Sunmed™ | Your CBD Store® System, the development and operation of the Store and any other instruction and advice Franchisor may periodically provide to its Franchisees. Franchisor may update and change the Operations Manual periodically to reflect changes in the Sunmed™ | Your CBD Store® System and the operating requirements applicable to Sunmed™ | Your CBD Store®, and Franchisee expressly agrees to

comply with each requirement within such reasonable time as Franchisor may require, or if no time is specified, within thirty (30) days after receiving notification of the requirement. Franchisee shall at all times ensure that its copy of the Operations Manual and any other confidential materials supplied by Franchisor to Franchisee are kept current and up to date. Franchisee must keep any printed Operations Manual in a secure location at the Store, and must restrict employee access to the Operations Manual on a need to know basis, and take reasonable steps to prevent unauthorized disclosure or copying of any information in any printed or computerized Operations Manual. If Franchisor and Franchisee have any disagreement about the most current contents of the Operations Manual, Franchisor's master copy of the Operations Manual will control. Upon the expiration or termination of this Agreement for any reason, Franchisee must return all copies of the Operations Manual to Franchisor, and upon Franchisor's request, certify to Franchisor that Franchisee has not kept any copies in any medium. The Operations Manual is confidential, copyrighted and Franchisor's exclusive property.

## **8        MODIFICATION AND IMPROVEMENTS TO THE SUNMED™ | YOUR CBD STORE® SYSTEM**

8.1        Modification by Franchisor. Franchisee recognizes and agrees that from time to time hereafter, Franchisor may change, modify or improve the Sunmed™ | Your CBD Store® System, including, without limitation, modifications to the Operations Manual, the menu and format, the processes and systems to support the business, the Products offered for sale, the required equipment, the signage, the presentation and usage of the Marks, and the adoption and use of new, modified or substituted Marks or other proprietary materials. Franchisee agrees to accept, use and/or display for the purposes of this Agreement any such changes, modifications or improvements to the Sunmed™ | Your CBD Store® System, including, without limitation the adoption of new, modified or substituted Marks, as if they were part of the Sunmed™ | Your CBD Store® System as of the Effective Date, and Franchisee agrees to make such expenditures as such changes, modifications or improvements to the Sunmed™ | Your CBD Store® System may require. For purposes of this Agreement, all references to the Sunmed™ | Your CBD Store® System shall include such future changes, modifications and improvements.

8.2        Modification by Franchisee. If Franchisee develops any new modification, concept, process, improvement or slogan in the operation or promotion of the Store or to the Sunmed™ | Your CBD Store® System, the same shall be deemed a work made for hire, and Franchisee shall promptly notify Franchisor of, and provide Franchisor with all necessary information, regarding such modification, concept, process, improvement or slogan, without compensation to Franchisee. Franchisee acknowledges that any such modification, concept, process, improvement or slogan shall become Franchisor's sole and exclusive property and that Franchisor may use or allow other franchisees to use the same in connection with the Sunmed™ | Your CBD Store® System or the operation of Sunmed™ | Your CBD Store®, without compensation to Franchisee.

## **9        OBLIGATIONS OF FRANCHISEE**

Franchisee recognizes the mutual benefit to Franchisee, Franchisor and other franchisees of the Sunmed™ | Your CBD Store® System of the uniformity of the appearance, services, Products and advertising of the Sunmed™ | Your CBD Store® System and acknowledges and agrees that such uniformities are necessary for the successful operation of a Sunmed™ | Your CBD Store®. Franchisee also acknowledges and agrees that Products and services sold under the Marks and at Sunmed™ | Your CBD Store® have a reputation for excellence. This reputation has been developed and maintained by Franchisor, and Franchisee acknowledges and agrees that it is of the utmost importance to Franchisor, Franchisee, and all other franchisees of the Sunmed™ | Your CBD Store® System that such reputation be maintained. To this end, Franchisee covenants and warrants with respect to the operation of the Store that Franchisee and its

employees and agents will comply with all of the requirements of the Sunmed™ | Your CBD Store® System, terms and conditions expressed herein, and in the Operations Manual and will throughout the term of this Agreement:

(i) Operate the Store (this means that the Store can conduct sales at its premises, and has adequate staff and inventory to merchandize and/or market Products and Services), a minimum of forty-five (45) hours per week, over a seven-day week (including weekends and certain holidays to accommodate attending certain community events) (the “Minimum Weekly Operating Hours”) and prepare and sell all Products and services sold therein in accordance with the specifications, standards, business practices and policies of Franchisor in effect or hereafter promulgated, and comply with all requirements of Franchisor, the Sunmed™ | Your CBD Store® System and the Operations Manual as they are now or hereafter established, including, without limitation, any health, sanitation and cleanliness standards and specifications. Franchisee acknowledges and agrees that all Products sold in the Sunmed™ | Your CBD Store® must be purchased from Sunflora, Franchisor or a supplier expressly approved by Franchisor in writing and that this is critical to the success of the System because of the reputation for quality Products which the System has established. Franchisor and its duly authorized representatives shall have the right, if they so elect, at all reasonable times, to enter and inspect the Store to ensure that Franchisee is complying with such specifications, operating in accordance with the Operations Manual, standards, business practices, policies and requirements and to test any and all equipment, systems, products and ingredients used in connection with the operation of the Store and to ensure that no unauthorized third-party products are made available. If Franchisee in any way shall fail to maintain the standards of quality for the Products and services as established by Franchisor from time to time, Franchisor shall notify Franchisee in writing of the failure and give Franchisee ten (10) days in which to cure such failure. If Franchisee fails to cure such failure within such ten (10) day period, Franchisor shall, in addition to any other remedy available to it, have the right to assign to the Store such persons as it deems necessary for the training of Franchisee’s employees to ensure that the standards of quality for the Products and services are maintained. Franchisee shall reimburse Franchisor for all costs associated with providing such personnel, including costs of transportation, meals, lodging, salaries, wages and other compensation (including fringe benefits). All other remedies available to Franchisor under this Agreement are reserved.

(ii) Maintain at all times, at its expense, the Store and its machinery, equipment, fixtures, furnishings, furniture, décor, premises, parking areas, landscape areas, if any, and interior and exterior signs in an excellent, clean, attractive and safe condition in conformity with the Operations Manual and Franchisor’s high standards and public image. Franchisee shall promptly make all repairs and replacements thereto as may be required to keep the Store in the highest degree of sanitation, repair and condition and to maintain maximum efficiency and productivity. However, Franchisee shall not undertake any alterations or additions (but may perform maintenance and make repairs) to the buildings, equipment, premises or parking areas associated with the Store without the prior written approval of Franchisor. If Franchisor changes its image or standards of operation with respect to the Store, Franchisee expressly agrees to comply with each change within such reasonable time as Franchisor may require, or if no time is specified, within thirty (30) days after receiving notification of the change. Franchisee shall also maintain maintenance contracts and/or service contracts on all equipment and machinery designated by Franchisor and Franchisor shall have the right to designate the vendor(s) for such contracts and the requirements for the contracts.

(iii) Comply with all applicable laws, rules, ordinances and regulations that affect or otherwise concern the Store or the Franchised Location, including, without limitation, zoning, disability access, signage, fire and safety, fictitious name registrations, sales tax registration, compliance with local and state laws and ordinances relating to the sale of any Products, and health and sanitation. Franchisee will be solely responsible for obtaining any and all licenses and permits required to operate the Store.

Franchisee must keep copies of all health, fire, building occupancy and similar inspection reports on file and available for Franchisor to review. Franchisee must immediately forward to Franchisor any inspection reports or correspondence stating that Franchisee is not in compliance with any such laws, rules, ordinances and regulations, including any reports or correspondence associated with the sale of Products. Franchisee will also comply specifically with the Americans with Disabilities Act requirements in the construction and operation of Franchisee's Store. Franchisee acknowledges that while Franchisor may offer guidance and advice regarding compliance with specific laws, Franchisee is solely and entirely responsible for all such legal compliance, including responsibility for seeking advice from a qualified attorney in Franchisee's jurisdiction familiar with such matters; Franchisee shall indemnify and hold harmless Franchisor from Franchisee's breach or claimed breach of any such laws, as more fully set forth in Section 18.1 of this Agreement.

(iv) Maintain sufficient inventories and employ sufficient employees to operate the Store at its maximum capacity and efficiency at such hours or days as Franchisor shall designate or approve in the Operations Manual or otherwise as provided by Franchisor, and operate the Store for such hours or days so designated or approved by Franchisor.

(v) Require all employees of the Store to wear uniforms and abide by the dress guidelines conforming to the specifications and standards Franchisor may from time to time designate in the Operations Manual or otherwise provided by Franchisor.

(vi) Require all employees of the Store to conduct themselves at all times in a competent and courteous manner and use best efforts to ensure that its employees maintain a neat and clean appearance and render competent, sober and courteous service to patrons of the Store. Franchisor shall have no control over Franchisee's employees, including, without limitation, work hours, wages, hiring or firing. Further, inform employees of the Store that they are employees only of Franchisee, and not of Franchisor, including, if so required by Franchisor, obtain a written acknowledgement to that effect by employees and that Franchisor is not a joint or co-employer with Franchisor.

(vii) Use only those ingredients, Products, supplies, furnishings and equipment that (a) conform to the standards and specifications designated by Franchisor in the Operations Manual or otherwise provided by Franchisor, and (b) are purchased from suppliers designated or approved in writing by Franchisor. Franchisor may designate at any time and for any reason, a single or multiple suppliers for ingredients, products, supplies, furnishings and equipment and require Franchisee to purchase exclusively from such designated supplier or suppliers, which exclusive designated supplier(s) may be Franchisor or an affiliate of Franchisor. If Franchisor designates itself or any affiliate, such as Sunflora as a supplier, Franchisor has the right to earn a profit on any items it supplies. Franchisor and its affiliates may receive payments, discounts or other consideration from suppliers in consideration of such suppliers' dealings with Franchisee and/or the System of Sunmed™ | Your CBD Store® franchisees, and may use all amounts received by it without restriction. Franchisor is not required to give Franchisee an accounting of supplier payments or to share the benefit of supplier payments with Franchisee or other Sunmed™ | Your CBD Store® franchisees.

(viii) If Franchisee desires to purchase any ingredients, Products, supplies, furnishings and equipment from suppliers other than those previously approved by Franchisor and such items have not been designated by Franchisor to be exclusively supplied by a designated supplier(s), Franchisee shall first submit to Franchisor a written request for authorization to purchase such items, together with such information and samples as Franchisor may require. Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and/or suppliers' facilities, and that samples from the proposed suppliers, or of the proposed items, be delivered for evaluation and testing either to Franchisor

or to an independent testing facility designated by Franchisor. Permission for such inspections shall be a condition of the initial and continuing approval of such supplier, manufacturer or third-party distributor. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. Franchisor shall, within ninety (90) days after its receipt of such request and completion of such evaluation and testing (if required by Franchisor), notify Franchisee in writing of its approval or disapproval. Franchisor may deny such approval for any reason, including its determination to limit the number of approved suppliers. The provisions above shall only apply if Franchisor has not designated a supplier or suppliers.

(ix) Prominently display at the Store and the Franchised Location signs using the name “Sunmed™ | Your CBD Store®” and/or other signs approved by Franchisor, of such nature, form, color, number, location and size, and containing such material as Franchisor may from time to time reasonably direct or approve in writing; and not display in the Store or on the Franchised Location or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects. Franchisor or its authorized representatives may at any time during normal business hours enter the Store or the Franchised Location and remove any objectionable signs or advertising media.

(x) Use Franchisee’s best and continuing efforts to fully promote and develop the Store and use the Franchised Location only for the purposes designated in this Agreement and avoid any activities that would conflict or interfere with or be detrimental to such purposes.

(xi) Sell only those Products and services from the Store specified by Franchisor from time to time in the Operations Manual or otherwise provided by Franchisor, and refrain from maintaining or using vending machines or entertainment devices not included in the Sunmed™ | Your CBD Store® System, unless approved in writing by Franchisor.

(xii) Refrain from deviating from the formulas, specifications of materials and ingredients of Products as specified by Franchisor, without the prior written consent of Franchisor, and adhere to the Product list and all changes, alterations, additions and subtractions thereof, thereto or therefrom as specified by Franchisor from time to time and follow all specifications of Franchisor as to the uniformity of Products and weight, quality and quantity of Products served and sold, and serve and sell only such Products as are designated by Franchisor. *Franchisee shall not sell any third-party products or any other merchandise of any kind without the prior written approval of Franchisor.*

(xiii) Make no physical changes from blueprint specifications or approved remodeling plans in connection with the premises constituting the Store on the Franchised Location, or the design thereof, or any of the materials used therein, or their colors, without the express written approval of Franchisor, except that Franchisee will, upon request of the Franchisor, make such reasonable alterations to the Store or premises as may be necessary to conform to the then-current marketing and operating standards and specifications of Sunmed™ | Your CBD Store®. Franchisee will paint the Store (interior or exterior) at such intervals as Franchisor may reasonably determine to be advisable, which determination shall in no event be more than once in any calendar year, using paints which will be in accordance with specifications given by Franchisor.

(xiv) Use reasonable commercial efforts to ensure that an individual who has completed the initial training program described in Section 14.1 below is at the Store at all times during normal business hours as established by Franchisor from time to time.

(xv) Participate in all national, regional or local advertising and promotional activities Franchisor requires. Franchisee understands that Franchisor implements promotions such as discount

coupons, certificates, frequent customer cards, special promotions, gift cards and other activities intended to enhance customer awareness and build traffic at Sunmed™ | Your CBD Store® on a national, regional or local level. Franchisor may establish procedures and regulations related to these promotions in the Operations Manual and Franchisee agrees to honor and participate in these programs in accordance with such procedures and regulations specified by Franchisor in the Operations Manual or otherwise provided in writing. Franchisee understands that its participation in these programs is essential to its success and that its participation may entail some cost to Franchisee. Franchisee agrees that Franchisor has no obligation to reimburse Franchisee for any costs it incurs due to its mandatory participation in these special promotional programs.

(xvi) Without limiting any of Franchisee's other obligations under this Agreement, at the request of Franchisor, but not more often than once every five (5) years, unless sooner required by Franchisee's lease, Franchisee shall refurbish the premises of the Store at its expense, to conform to the Store, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for new Stores ("Refurbishments"). Refurbishments may include structural changes, installation of new equipment and signs, remodeling, redecoration and modifications to existing improvements. Refurbishments are intended to be large-scale re-equipping, refurbishing and remodeling of the Store, and nothing contained in this Subsection of this Agreement will limit Franchisee's other obligations under this Agreement or the Operations Manual.

(xvii) Become a member of any purchasing and/or distribution cooperative(s)/association(s)/program(s) designated by Franchisor and/or established by Franchisor for the Sunmed™ | Your CBD Store® System, remain a member in good standing thereof throughout the term of this Agreement and pay all membership fees or fees on purchases that are assessed by such purchasing and/or distribution cooperative(s)/association(s)/program(s).

(xviii) As required by Franchisor, maintain a contract(s) with, or participate in any Franchisor contract(s), with any third-party(ies) offering customer service, shopper experience, product safety or other service programs designed to audit, survey, evaluate or inspect business operations. Franchisee understands that Franchisor has the right to specify the third-party(ies) and the required level of participation in such programs and Franchisee will bear the cost.

(xix) Strictly observe Franchisor's compliance norms and rules related to Food and Drug Administration ("FDA"), Federal Trade Commission ("FTC"), United States Department of Agriculture ("USDA") and state health regulations. Additional rules may be set forth in the Operations Manual, and other directives may be disseminated via Franchisor communications or notices. Franchisee shall refrain, regarding all Products, from (i) making medical or any other form of health claims, (ii) issuing diagnosis or health advice, (iii) issuing endorsements, guarantees or promises regarding any particular intended use thereto or as to the safety, reliability, durability and performance thereof; or (iii) the use of certain prohibited terms, expressions, words and phrases ("Prohibited Statements") further described in the Operations Manual. Franchisor reserves the right to cease supplying Franchisee any Products that to the discretion of Franchisor are not permitted for sale at Franchisee's Store(s) due to local, State or Federal regulations. Franchisor will use reasonable commercial efforts to alert Franchisee of any supply stoppages. However, Franchisor cannot guarantee the continued and/or uninterrupted supply of Products at all times.

(xx) Notify Franchisor in writing within five (5) days after the commencement of (a) any action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Franchisee or the franchised System; or (b) any notice of violation of any law, ordinance or regulation relating to health, sanitation or the sale of Products at the Franchised Location.



(xxi) Immediately notify Franchisor of any store location changes, and of the change of residence or other address of any equity owner in Franchisee (if Franchisee is not one (1) or more individuals).

## 10 POS SYSTEM, DIGITAL PLATFORM SYSTEM AND WEBSITE

10.1 Point of Sale System. Franchisee, at its expense, must purchase and use a computerized cash collection and data processing system (the “POS System”) designated by Franchisor. Franchisee must purchase a POS System from one (1) or more suppliers that Franchisor designates. Currently, Franchisor uses a proprietary POS System which includes an application run on an iPad, and including credit card readers, cash drawer, Bluetooth® scanner and optional receipt printer, but Franchisor reserves the right to change these requirements. Franchisee must enter all sales activities and other information, conducted and processed at the Store and all other pertinent transactions Franchisor requires in the POS System and agrees to use exclusively the POS System for all sales, payments (cash or credit) activities and other transactions conducted at the Store. Franchisor’s POS System requirements specify each Store must have one POS System terminal, and for special sales events, the event register processor (at a monthly charge). Franchisor may periodically require Franchisee, at its expense, to upgrade or update the POS System to remain in compliance with the standards and specifications required by Franchisor. Franchisee, at its expense, must maintain the POS System in good working order and connected to any telephone system or computer network that Franchisor requires, as well as to maintain support and service contracts with a vendor that Franchisor specifies. Franchisor may require Franchisee, at its expense, to configure and connect the POS System to Franchisor’s systems to provide Franchisor with continuous real-time access to all information and data stored on the POS System. Franchisee is required to pay Franchisor or its designated third-parties reasonable fees to support and upgrade the POS System. In addition to the POS System, Franchisee, at its expense, must equip the Store with the computer hardware and software that Franchisor specifies periodically and maintain access to the internet or other computer network(s) that Franchisor specifies. In addition, Franchisee, at its expense, must also apply for and maintain other credit card, debit card or other non-cash payment systems that Franchisor periodically requires. Franchisor may require Franchisee to maintain support service contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS System, computer hardware and software, and credit card, debit card or other non-cash payment systems. Franchisor shall have the right to designate the vendor(s) for such support service contracts and maintenance service contracts. Franchisee is bound to cover the cost of the Digital Platform Fee then in effect to cover some of the expenses associated with tools and applications pertinent to and in support of the POS system, marketing, Google Business and other items.

10.1.1 Customer Data Rights. Customer Data means any data or information associated with, provided by or uploaded by a customer (or prospective customer) with respect to the marketing, advertising, merchandizing and sale of Franchisor’s Products (at POS, online or elsewhere), including customer information collected by Franchisee as a result of any marketing or advertising efforts (“Customer Data”). Customer Data also includes any customer information, including reviews, feedback and other comments offered to or received by Franchisee through social media or digital marketing, including, for instance, but not limited to, Google® reviews, Facebook®, and Instagram® comments.

10.1.2 Ownership of Customer Data. As between Franchisor and Franchisee, Franchisor owns exclusive vested rights to all Customer Data, which grant Franchisor sole rights to use, own and monetize Customer Data. In the event applicable law in any form whatsoever limits, amends or precludes the right expressed herein, Franchisee shall agree to terms and conditions that ensure Franchisor’s rights are adequately conveyed and vested on Franchisor in accordance with said applicable law so that Franchisor is vested with exclusive rights of ownership regarding Customer Data.

10.1.3 Permitted Use of Customer Data. Notwithstanding the other provisions of this Agreement, Franchisor shall also have a non-exclusive, fully paid, royalty-free, transferable, perpetual, irrevocable worldwide, right and license to use, access, make, have made, use, copy, distribute, maintain, modify, enhance, create derivative works of, aggregate, and re-purpose Customer Data for the purposes (including commercial purposes) of analyzing activity, modeling, industry benchmarking, marketing, developing industry expertise and making Products and service improvements. In any such use of Customer Data, Franchisor will use reasonable commercial efforts to aggregate and anonymize said information. Otherwise, Franchisee will be solely responsible for complying with applicable laws regarding opt-in/out requirements and other privacy obligations.

10.1.4 License of Customer Data. Franchisor grants Franchisee a non-exclusive, non-sublicensable, non-transferable (unless previously approved in writing by Franchisor), royalty-free license to access, store, transmit, and otherwise make use of Customer Data, as directed by Franchisor or as necessary to market and sale the Products (in strict accordance with Franchisor rules and norms regarding marketing and advertising), and to otherwise fulfill its obligations under and in accordance with this Agreement. Under no circumstances shall Franchisee have any rights beyond its Territory to market itself or Products online or electronically, including artificially increasing its SEO beyond a reasonable geofencing.

10.2 Website. Franchisor currently operates a website, portals and social media channels related to the Sunmed™ | Your CBD Store® System at [www.getsunmed.com](http://www.getsunmed.com) (our “Website”). Franchisor has exclusive proprietary rights regarding this Website, social media channels and any other online portals, and any successors, derivatives, and other URL’s that are created in support of Franchisor’s business and establishing a direct connection to the System. Franchisee is only allowed to use the Website for marketing, advertising, media exposure and any other online activities authorized by Franchisor. Franchisee will be permitted to upload content onto select platforms such as Facebook® or Google® through resources and tools provided for by Franchisor, and in accordance with its policies and guidelines solely to promote Franchisor’s Products and provide customers information related to the Store, including address and maps that lead and guide customers to Franchisor’s Website, and in particular to the ordering portal for Franchisor. Franchisee may only upload content onto those designated sites or platforms through the tools provided by Franchisor and in accordance with terms of this Agreement and any guidelines, directives or specifications issued by Franchisor. Franchisee may not upload, publish, display, or otherwise include or use any content (including graphics, pictures, URL links) on any other medium or platform without receiving Franchisor’s written approval and in accordance with Franchisor’s standards and requirements then in effect. Franchisor may, at any time, modify, alter, suspend or cease to make the Website and/or other platforms available to Franchisee, customers or the public. All e-commerce transactions must be processed through the Website and/or Franchisor ordering portal. Subject to the terms of this Agreement and Operations Manual, Franchisor does not allow the use of Franchisor’s Marks on any other third-party webpage, subpage, hyperlink, URL portals accessing the Website, sub-domains, social media links, hashtags and other online features that are associated with or interface with the Website or the Marks. Upon the termination or expiration of this Agreement for any reason or a Default, as such term is defined under this Agreement (Section 21.5), for any reason, Franchisee may not upload content onto, or otherwise use Franchisor’s Website, ordering portals, systems, or its Marks.

Franchisor’s review and approval of Franchisee’s submitted content shall not be construed as Franchisor’s approval, recommendation or endorsement of Franchisee or a representation or warranty by Franchisor that such content is accurate, complete, truthful or correct. Franchisee acknowledges and understands that the registration for the Website domain name is and shall be maintained exclusively in the name of Franchisor or its designee. Franchisee acknowledges Franchisor’s or its designee’s exclusive right, title and interest in and to the domain name for the Website and further acknowledges that nothing herein shall give it any

right, title or interest in such domain name. Franchisee will not, at any time, challenge Franchisor's or its designee's ownership of the Website domain name, challenge the validity of the Website domain name, or impair any right, title or interest of Franchisor or its designee in the Website domain name. Franchisee will assist Franchisor in preserving and protecting Franchisor's or its designee's rights in and to the Website domain name. All contents found in Franchisor's Website, or any other site (web, social, virtual or digital) shall belong to and be the exclusive property of Franchisor.

10.3 Social Media and Digital Marketing. All active social media accounts and platforms and digital marketing material associated with the Franchise (and in particular the Store) must grant Franchisor administrative and management (access) rights and privileges. In addition, any and all use of social media by Franchisee, along with all digital marketing is subject to Franchisor's prior approval, in accordance with Section 11.5 below, which approval may be denied in Franchisor's sole discretion. At all times Franchisee, when deploying operating, hosting, and creating social media and digital marketing content, must comply with the Operations Manual. Furthermore, Franchisee shall not host, operate, establish, maintain, launch, or link to, any website, social media page, hashtag, virtual site or any other content related medium using or making reference to Sunmed™ | Your CBD Store®, SUNMED™ or GETSUNMED™, any other Marks, or any Products; or conduct any sale of any Products associated with this Agreement without the express prior written approval of Franchisor.

10.4 E-Commerce, Ordering and Checkout/Payment Portal. All online orders, check out instructions, payment protocols, e-commerce requirements must be referred to, forwarded, conducted and hosted exclusively by Franchisor's website and POS System designated explicitly identified in the Operations Manual or by written periodical communications. Franchisee is not permitted to host, operate or enable (or refer to) any online medium (subpage, website or social media,) which contains, uses, directs to, hosts or incorporates ordering portal, checkout or payment procedures that are not designated by Franchisor. Should a Store or Franchisee opt to host, use or operate an ordering portal, check out platform or payment application other than those designated by Franchisor, such action or omission to comply with the requirements expressed herein will be deemed a Default. Franchisor is in the process of implementing a customer royalty program (and its operational system). Upon implementation, Franchisee is bound to participate in usch program and issue payment on estimated licensing and service costs pertinent to such royalty program (estimated not to exceed \$800.00 annually).

Franchisee further acknowledges and agrees that Franchisor may, at any time in its sole discretion, cease to make any portion of its Website, social media or portals devoted to Franchisee's Store available to Franchisee or the public, or to cancel, suspend or block any social media or digital marketing outlets. Franchisee agrees that Franchisor shall have no liability for failing to make the Website available to Franchisee or the public. ADDITIONALLY, TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISOR HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND PERFORMANCE OF THE WEBSITE AND ANY PORTAL, SUBPAGE, DESIGNATED SOCIAL MEDIA AND DIGITAL MARKETING CHANNELS, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NONINFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISOR SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFIT OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF THE WEBSITE OR SUBPAGE FOR ANY REASON. Upon the termination or expiration of this Agreement for any reason or Franchisee's Default under this Agreement for any reason, all right of Franchisee to upload content onto, or otherwise use, the Website shall immediately cease and Franchisor

may cease to make the Website, portal, social media and other electronic functionalities available to Franchisee.

## 11 ADVERTISING

11.1 Grand Opening. Franchisee, at its sole expense, must develop and implement a grand opening (“Grand Opening”) promotion approved by Franchisor to introduce or (if Franchisee is purchasing an existing Store) to re-introduce the Store to the public no less than forty-five (45) days after opening and no greater than sixty (60) days after opening or within thirty (30) days after the transfer of the Store (if Franchisee is purchasing an existing Store). Franchisee is required to spend a minimum of fifteen thousand dollars (\$15,000) to twenty thousand dollars (\$20,000) for the Grand Opening promotion. To the extent Franchisor has developed or approved marketing or advertising programs and materials for the Store’s Grand Opening, Franchisee must use such programs and materials. Franchisor will provide guidance and assist Franchisee to create a Grand Opening plan for Franchisee’s Store. Ninety (90) days following the Grand Opening of Franchisee’s Store and submission of all of Franchisee’s Grand Opening expense receipts to Franchisor, Franchisee will be eligible to receive Rebates applicable to Product wholesale purchases as follows: (i) Grand Opening related incurred costs between fifteen thousand dollars (\$15,000) to nineteen thousand nine hundred ninety-nine dollars (\$19,999.99) are eligible to receive a two thousand five-hundred dollar (\$2,500) Product Rebate; (ii) or, Grand Opening related incurred costs equal to or above twenty thousand dollars (\$20,000) are eligible to receive a five thousand dollar (\$5,000) Product Rebate. FRANCHISEE UNDERSTANDS AND AGREES THAT THE MANDATORY GRAND OPENING PROCESS IS AN INTEGRAL PART OF STARTING THE FRANCHISED LOCATION AND THAT FRANCHISEE MUST THEREFORE FAITHFULLY FOLLOW FRANCHISOR’S INSTRUCTIONS IN THIS REGARD.

11.2 Advertising Fund. Franchisor, as of the Effective Date, collects no Advertising Fund Fee (as defined below) from its new franchisees, as it has been suspended for new franchisees, but Franchisor reserves the right to implement said fee upon thirty (30) days’ written notice to Franchisee. Franchisor may continue to collect an Advertising Fund Fee from certain existing “legacy” franchisees under prior contractual arrangements (since sometime in 2021). If Franchisor does implement an Advertising Fund Fee requirement for its new franchisees, in addition to all other amounts required to be paid hereunder, during the term hereof, Franchisee must pay to Franchisor, or such other entity designated by Franchisor, an amount based upon wholesale Products purchases from Sunflora to be designated by Franchisor from time to time, in its sole discretion, provided such amount shall not exceed three percent (3%) of wholesale Products purchases (the “Advertising Fund Fee”), which amount shall be used by the Advertising Fund (as defined below). The Advertising Fund Fee shall thereafter be the same for all Sunmed™ | Your CBD Store® franchisees. If and when instituted for Franchisor’s new franchisees, payment of the Advertising Fund Fee accrues on a per Product purchase order basis to be paid along with any payment due for the purchase of Products. Wholesale Products purchases includes all Products purchased by Franchisee from Sunflora or an approved Products supplier.

The Advertising Fund Fee will be expended for the benefit of Franchisor, Franchisee and all other franchisees or users of the Sunmed™ | Your CBD Store® System for the production or purchase of such radio, television, internet, print and/or other advertising materials or services as Franchisor deems necessary or appropriate, in its sole discretion, on a national, regional or local basis (the “Advertising Fund”). The expenditure of such funds for advertising is to be under the control of, and in the discretion of, Franchisor at all times, or such other entities designated by Franchisor. Franchisee understands and acknowledges that the Advertising Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of Sunmed™ | Your CBD Store® for the benefit of all Sunmed™ | Your CBD Stores® and that Franchisor undertakes no obligation to ensure that the Advertising Fund benefits each Sunmed™ | Your

CBD Store® in proportion to its respective contributions. Franchisor agrees that all funds contributed to the Advertising Fund may be used to meet any and all costs (including, without limitation, reasonable salaries and overhead incurred by Franchisor) of maintaining, administering, directing and preparing national, regional or local advertising materials, programs and public relations activities including, without limitation, the costs of preparing and conducting television, radio, magazine, billboard, newspaper, direct response literature, direct mailings, brochures, collateral advertising material, implementing websites for Franchisor and/or its franchises, surveys of advertising effectiveness and other media programs and activities, employing advertising agencies to assist therewith and providing promotional brochures, decals and other marketing materials.

The Advertising Fund, if re-instituted for Franchisor's new franchisees, shall not require a separate banking account, but shall be accounted for separately from Franchisor's other funds and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration or direction of the Advertising Fund and its marketing programs as determined in Franchisor's broad and sole discretion. A financial accounting of the operations of the Advertising Fund shall be prepared annually and shall be made available to Franchisees upon request. Franchisor may spend in any fiscal year more or less than the aggregate contribution of all Sunmed™ | Your CBD Store® to the Advertising Fund in that year (however, Franchisor reserves the right to toll the spending of the Advertising Fund for a period not to exceed twenty-four (24) months from the date any given fund is collected on a rolling basis); the Advertising Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. Any lender loaning money to the Advertising Fund shall receive interest at a reasonable rate. Franchisor may cause the Advertising Fund to be operated through a separate legal entity; Franchisor is not acting as a trustee or fiduciary with respect to the Advertising Fund. Franchisor may reduce contributions of franchisees to the Advertising Fund and upon notice to Franchisee, reduce the Advertising Fund's operation or terminate the Advertising Fund and distribute unspent monies to those contributing franchisees in proportion to their past contributions.

11.3 Local Advertising. Franchisee agrees that, in addition to the payment of the Advertising Fee (when and if instituted), and any amounts required under Section 11.1 hereof it will spend a reasonable amount each calendar quarter for local market advertising but in no event less than three percent (3%) of Gross Sales of the Store per calendar quarter. Amounts paid to an Advertising Cooperative shall be credited against payments Franchisee is otherwise required to make for local advertising. The amount of advertising funds expended by Franchisee for individual local market advertising shall be determined by Franchisee, subject to the foregoing minimum requirement. Local advertising expenditures shall not include incentive programs, including, without limitation, costs of honoring coupons, Products costs incurred in honoring sales promotions, salaries, contributions, donations, press parties, in-store fixtures or equipment, yellow page advertising and exterior or interior signage. If Franchisee fails to make advertising expenditures in accordance with this Section, Franchisor shall have the right to spend an amount not to exceed three percent (3%) of the Gross Sales of the Store on local advertising on behalf of Franchisee, and Franchisee must reimburse Franchisor for such expenses. Failure to comply with this Section shall be deemed a Default of this Agreement.

11.4 Advertising Cooperatives. In connection with the Store and any and all other Sunmed™ | Your CBD Store® owned or operated by Franchisee, Franchisee shall participate, if required by Franchisor, in any local, regional or national cooperative advertising group, consisting of other franchisees of Sunmed™ | Your CBD Store® when and if any such groups are created (each, an "Advertising Cooperative"). The particular Advertising Cooperative(s) in which Franchisee may be required to participate shall be designated by Franchisor in its sole discretion). Franchisee's payments to any Advertising Cooperative shall be determined by Franchisee and those other franchisees of the Sunmed™ |

Your CBD Store® System and/or Franchisor, as the case may be, who are participants in such Advertising Cooperative as set forth in the by-laws of that Advertising Cooperative or membership, dues, participation or other payment agreements of such Advertising Cooperative. Franchisee, however, may not be required to spend more than three percent (3%) of Gross Sales of the Store per annum in connection with any Advertising Cooperative. Amounts paid to an Advertising Cooperative shall be credited against payments Franchisee is otherwise required to make for local advertising as required by Section 11.3 above. Any payments to an Advertising Cooperative shall be in addition to the amounts required to be paid or spent under Sections 11.1 and 11.2 hereof (“Cooperative Contribution”). Franchisee shall enter into such formal agreements with such other franchisees of the Sunmed™ | Your CBD Store® System and/or Franchisor, as the case may be, as shall be necessary or appropriate to accomplish the foregoing and Franchisee shall abide by such formal agreements and decisions that the Advertising Cooperative is authorized by Franchisor to make related to advertising and marketing in the area covered by the Advertising Cooperative. If Franchisee becomes delinquent in its dues or other payments to the Advertising Cooperative or fails to abide by any formal agreements or authorized decisions of the Advertising Cooperative, such delinquency or failure shall be deemed a failure to participate in the Advertising Cooperative and a Default of this Agreement; in addition, Franchisor may (i) draft Franchisee’s bank account via electronic funds transfer or otherwise, and/or (ii) reduce, adjust or withhold any credits, rebates or other moneys due to Franchisee in order to offset any outstanding and unpaid Cooperative Contributions, in order to collect funds due from on behalf of Franchisee to the Advertising Cooperative to which Franchisee has been assigned. Franchisor may upon thirty (30) days’ written notice to Franchisee suspend or terminate an Advertising Cooperative’s program or operations. As a member, officer or director of an Advertising Cooperative, at the request of Franchisor, Franchisee shall provide to Franchisor all information requested by Franchisor related to such Advertising Cooperative and Franchisee shall have the obligation to provide such information within ten (10) days after Franchisor’s request to Franchisee.

11.5 Approval of Advertising. Any and all advertising and marketing materials, including local marketing (whether developed in connection with an Advertising Cooperative or otherwise) not prepared or previously approved by Franchisor shall be submitted to Franchisor at least two (2) calendar weeks before any publication or run date for approval, which may be arbitrarily withheld. Franchisor may grant or withhold its approval, in its sole discretion. Franchisor will provide Franchisee with written notification of its approval or disapproval within a reasonable time. In the event Franchisor does not notify Franchisee of its approval or disapproval within ten (10) days of Franchisor’s receipt of the materials, the materials shall be deemed approved. Notwithstanding anything stated herein to the contrary, Franchisee agrees to discontinue the use of any previously approved (or disapproved) advertising within five (5) days of Franchisee’s receipt of Franchisor’s request to do so. Franchisee shall monitor and control its employees so they make no social media postings using the Marks without obtaining Franchisor’s prior written approval. Franchisee understands and agrees that franchisee’s compliance with Franchisor’s social media policies and controls is essential to maintenance of the Sunmed™ | Your CBD Store® brand. Without limiting the generality of the foregoing, Franchisee, without the express prior written approval of Franchisor, shall not operate, or permit to be operated on its behalf, any internet, world wide website, or subpage, or any social media or digital marketing which incorporates any of the Marks or otherwise promotes the Store. All advertising and promotion by Franchisee must be factually accurate and shall not detrimentally affect the Marks or the Sunmed™ | Your CBD Store® System, as determined in Franchisor’s sole discretion.

No digital marketing, or social media advertising or promotion by Franchisee shall be conducted on or through the internet/world wide web or other electronic transmission via computer without express prior written approval by Franchisor, including all social media sites. Franchisee is prohibited from placing into, encroaching and targeting other Franchisee’s territories using foot traffic, direct and fixed media advertising such as billboards, flyers, coupons, posters and signs; and print media such as local newspapers and

publications. Franchisee shall limit its digital marketing, online and social media advertising to its Franchisee Territory and must avoid targeting or deploying marketing and ads with a state, regional or nationwide coverage. Franchisee will be responsible for providing proof that its geofence limitations, SEO and other similar search engine and data distributions are primarily intended to target its Franchise Territory.

11.6 Online Sales Direct to Customer and Product Rebates. To incentivize Stores to continue improving customer acquisition activities, increase customer retention, and encourage marketing initiatives, Franchisor will issue Product Rebates for online sales to eligible Stores under the terms expressed in this Section. Franchisees are automatically enrolled to receive Product Rebates if eligible as set forth in the Section below, and no added fee from Franchisor is due (“Product Rebates”).

11.6.1 Eligibility:

Franchisee is in good standing under this Agreement, including for instance, meeting the Minimum Product Purchases thresholds and in compliance with Franchisor’s rules and Operating Manual including restrictions of no offering of or sale of third-party products or other rules promulgated by Franchisor in writing/electronic communication, and the Store operates in accordance with our POS System requirements and accessibility as set forth in Section 10.

11.6.2 Product Rebates:

Online sales purchased and processed exclusively through [www.getsunmed.com](http://www.getsunmed.com) by customers will generate Product Rebates for the benefit of eligible Stores when an online customer:

a) registers online and selects a particular Store as their preferred Store, or a Store registers a customer (“Preferred Store”), any online sales placed and completed by this customer (including subsequent orders placed), notwithstanding the shipping destination, will be attributed to the Preferred Store; or

b) places an online order after having made a purchase in a Store and does not select a “Home Store” when purchasing online. The Store where the customer made a prior purchase is deemed his or her “Preferred Store” and any online sales placed and completed by this customer (including subsequent orders placed) notwithstanding the shipping destination, will be attributed to the Preferred Store (until or unless the customer selects a different Store as its Preferred Store); or

c) places an online order but opts not to select a Store (and has not been registered by a Store), and the shipping destination is located within a twenty (20) mile radius of a Store, then this Store will be deemed the designated Preferred Store for the purpose of attributing Product Rebates for that particular order. In the event one or more Stores are located within the above radius, the closest store will be eligible to receive a Product Rebate.

d) In the event of any dispute about which Store shall be deemed the Preferred Store, Franchisor shall decide that in its sole discretion.

Not all online sales may result in Product Rebates. For instance, customers may opt not to register a Store (or the customer has not been registered by a Store), and no Store is located within a twenty (20) mile radius of the shipping destination, then no Product Rebate is due to any Store. Franchisor will not be responsible for systems errors regarding the proximity of a shipping destination to a Store.

### 11.6.3 Rebate Calculation:

Eligible Stores that meet the above-mentioned criteria will receive in the form of a Product Rebate, fifty percent (50%) of the net amount of a completed sale transaction. Net amount means the total amount of the sale minus any fees, shipping cost, sales tax and discounts and reductions, online marketing costs (see below) and other tariffs. For instance, to calculate a Rebate of fifty percent (50%) of the total net amount of the sale, first, all deductions, fees, and shipping costs are subtracted from the gross sale amount, and the resulting amount is multiplied by 0.5. So if the total gross sale amount was \$110, and taxes, shipping cost and fees equaled \$10, the Product Rebate due would be \$50 (i.e.,  $\$100 \times 0.5 = \$50$ ). Online marketing and operating cost(s) refers to Franchisor's estimated expense(s) incurred in connection to selecting, facilitating, deploying and improving online procedures, tools, advertising, and marketing revenues during any given calendar year. This online marketing deduction will come into effect during the 2025 calendar year and thereafter. Franchisor reserves the right to modify the total percentage amount generating the Product Rebate.

### 11.6.4 Refunds and Returns:

In the event of a refund or return of a Product, any Product Rebate(s) issued in connection with such refund or return will be deducted from then-current or future Product Rebates accrued and due to the Store.

### 11.6.5 Right to offset:

Franchisor reserves the right to deduct and apply any Product Rebates accrued and due to a Store pertinent to online sales as described herein to offset any amounts outstanding and owed by the Store (or its controlling Franchisee) to Franchisor under the Franchise Agreement, or in connection with that Store's Product purchase(s), or any other debt or amount due by the Store to Franchisee or its affiliates. No prior written notice is required to implement an offset of any amounts due.

### 11.6.6 Suspension, Cancellation and Modification:

Franchisor reserves the right to suspend or cancel the offering of Product Rebates as described in this Section without prior notice and for any reason. Franchisor also reserves the right to modify the credit percentage generated by sales upon notice to the Stores. If Franchisee is in Default, as defined in this Agreement, it may forfeit, at Franchisor's discretion, any accrued Product Rebates and/or be subject to a suspension of eligibility while curing the Default (if such cure is afforded by means of this Agreement). No Product Rebate will generate while Franchisee is in Default or suspended. Should Franchisor terminate or modify these Product Rebate terms, Franchisee shall be still entitled to receive any Product Rebates accrued prior to the effective date of any termination or change thereto.

### 11.6.7 Errors and Adjustments:

Final determination of the Rebate calculation using the methodology expressed will be decided and based on the plain reading of this Section only. Any claim for Product Rebates, including adjustments due to an alleged miscalculation, omission or errors, must be brought to the attention of Franchisor's accounting department, in writing, within one-hundred and eighty (180) calendar days from the date the Product Rebate accrued or should have accrued to the benefit of Franchisee. Once this period expires, no claims or disputes will be considered and any Rebate issuance (or any omission thereof) will be



deemed final and no further adjustment will be made. Product Rebates must be tracked and reviewed through the franchise ordering portal.

#### 11.6.8 Miscellaneous:

A Product Rebate is redeemable only towards the purchase of Products at the then-standard wholesale pricing set by Franchisor (or its affiliate Sunflora). Only online sales to individual customers (no wholesale or corporate sales) qualify for Product Rebates. Product Rebates due thereunder cannot be transferred, traded, bartered, conveyed, exchanged, used as security or collateral, or sold to any other third-party (person or entity) (including other Franchisees). Product Rebates have no cash, intrinsic or trade in value, and are only redeemable against Product purchases directly sold by Franchisor and its affiliates to Franchisee. Franchisees controlling multiple Stores can use Rebates for the purchase of Products for any Store under the control or ownership of that Franchisee. Under no circumstances shall a Product Rebate be construed as a commission, salary or wages earned or due. Franchisees that convey or sell a full interest in a Store, forfeit any accrued Product Rebates.

### 12 COUNSELING AND ADVISORY SERVICES AND AT LOCATION ASSISTANCE

During the term of this Agreement, Franchisor may, in its sole discretion, upon the request of Franchisee, furnish counseling and advisory services to Franchisee with respect to the opening and operation of the Store, including consultation and advice regarding the following: (i) equipment selection and layout; (ii) employee selection and training; (iii) advertising and promotion; (iv) Products formulas and specifications; (v) bookkeeping and accounting; (vi) purchasing and inventory control; (vii) operational problems and procedures; (viii) periodic inspections; and (ix) new developments and improvements to the Sunmed™ | Your CBD Store® System. These counseling and advisory services shall occur at Franchisor's offices or via telephone or e-mail. Franchisor shall provide such assistance at no expense to Franchisee; provided, however, Franchisor reserves the right, in its sole discretion, to charge Franchisee a reasonable fee for unusual, extensive or extraordinary assistance requested by Franchisee and/or require Franchisee to reimburse Franchisor for expenses incurred by it in connection with providing such counseling and advisory services. In addition, if requested by Franchisee and Franchisor's personnel are available, Franchisor may provide on site assistance and training at the Store, however, Franchisor reserves the right to charge a reasonable fee for this on site assistance plus expenses and costs incurred by Franchisor in rendering such assistance. In no event shall Franchisor be liable to Franchisee in connection with providing or failing to provide such services.

### 13 OPENING ASSISTANCE

Before opening the Store, Franchisee shall comply with (i) all of Franchisor's pre-opening, development, construction and training requirements and checklists, and (ii) all other opening requirements set forth in this Agreement, the Operations Manual and/or elsewhere in writing by Franchisor ("Opening Requirements"). Upon satisfactory completion of the Opening Requirements, Franchisor shall provide Franchisee with an opening person(s) to assist in the opening of the Store and the training of Franchisee's management employees, which may be performed at the Store or remotely via internet or telephone. Franchisor shall provide any opening person(s) at no charge to Franchisee; provided, however, Franchisor reserves the right, in its sole discretion, to charge Franchisee for extraordinary travel and living expenses incurred by any opening person(s) in connection with providing opening assistance. In the event Franchisee needs and requests additional opening assistance from Franchisor's personnel, and Franchisor approves that request, Franchisee will pay all costs and expenses of such personnel, for as long as any such additional personnel assist at the Store. The costs and expenses associated with this assistance include, but are not limited to, wages, salary, transportation, meals, lodging and fringe benefits. All personnel provided under

this Section shall be selected by Franchisor and is subject to change or removal by Franchisor in its sole discretion. Franchisee must obtain written approval by Franchisor before opening the Store. Franchisor shall have no obligation to approve the opening of the Store if (a) Franchisee has not satisfied, as determined by Franchisor, all the Opening Requirements and other requirements under this Agreement, or (b) Franchisee or any of its affiliates are in Default under any agreement with Franchisor.

## 14 TRAINING

14.1 Initial Training. Prior to the initial opening of the Store, the Store must have at least one (1) Franchisee owner (that being an individual who is Franchisee, is one (1) of two (2) or more partners constituting Franchisee or who owns equity in Franchisee) that (i) is designated by Franchisee to assume primary responsibility for managing the Store and (ii) will devote full time and best efforts to the management and operation of the Store (the “Managers”). Franchisee will inform Franchisor in writing as to the identity of the Managers, including all additions to and successors. As and when required by Franchisor, the Managers, and in particular at least one (1) Franchisee owner, must attend and successfully complete to the satisfaction of Franchisor an initial training program specified by Franchisor or a comparable training program approved in advance by Franchisor in its sole discretion. Each Manager, including at least one (1) Franchisee owner, required to complete the initial training program must successfully complete it before the Store may open for business. No fee will be charged by Franchisor for the participation of up to three (3) Managers in the training program, however, Franchisee shall be responsible for the costs and expenses (such as transportation, lodging, meals and compensation) of each person who attends the training. Training is expected to be held at Franchisor’s Palmetto, Florida location, but Franchisor reserves the right to change the location. In the event that a Manager ceases active employment at the Store, Franchisee must notify Franchisor within five (5) days of cessation of the Manager’s employment at the Store and enroll a qualified replacement in the initial training program within thirty (30) days of cessation of such Manager’s employment, with Franchisee paying an additional training fee not to exceed \$400 per person and occurrence. Franchisor, in its sole discretion, reserves the right to waive all or a portion of the training program required under this Section. In the event of a sale, transfer, assumption, or conveyance of an existing Store to a new Franchisee, the new Franchisee must attend training as specified herein.

14.2 Training of Employees. Franchisee shall implement a training program approved by Franchisor for employees of the Store and shall be responsible for the proper training of its employees. Franchisee agrees not to employ any person who fails or refuses to complete Franchisee’s training program or is unqualified to perform his or her duties at the Store in accordance with the requirements established for the operation of a Sunmed™ | Your CBD Store®.

14.3 Additional Training. Franchisee and its Managers and employees shall attend and conduct such additional training programs as Franchisor may from time to time reasonably require relating to the operation of the Store and the Products. Franchisee also may be required to purchase training films or other instructional materials as specified by Franchisor from time to time in the Operations Manual or otherwise as provided by Franchisor.

14.4 Conferences. Franchisor may require Franchisee and/or one (1) or more of the operating Managers of the Store to attend conferences which may be offered by Franchisor from time to time. Franchisee will be responsible for the travel and living expenses of such persons, and Franchisor may charge a reasonable fee sufficient to cover the costs and expenses of such conferences.

14.5 Requirements to Attend Training. All individuals participating in training programs offered by Franchisor must (i) behave in a professional, non-disruptive, non-harassing and non-

discriminatory manner during training, (ii) not be under the influence of any stimulant during training, and (iii) satisfy any other training prerequisites set forth in the Operations Manual or otherwise as provided by Franchisor. Franchisor has a right to terminate training for any individual that, in Franchisor's judgment, does not satisfy the requirements in this Section and Franchisee must immediately designate a replacement.

## 15 TRADEMARKS

15.1 Ownership of the Trademarks. Franchisee acknowledges and agrees that nothing herein contained shall give Franchisee any right, title or interest in and to the Marks, except the non-exclusive right to use the Marks in connection with the operation of the Store under the Sunmed™ | Your CBD Store® System in accordance with the terms of this Agreement. Franchisee also acknowledges and agrees that the Marks and all goodwill now or in the future pertaining to the Marks are the sole and exclusive property of Franchisor and that it shall not raise or cause to be raised any questions concerning, or objections to, the validity or ownership of the Marks on any grounds whatsoever. Franchisee will not seek to register, re-register or assert claim to or ownership of, or otherwise appropriate to itself, any of the Marks or any marks or names confusingly similar to the Marks, or the goodwill symbolized by the Marks except insofar as such action inures to the benefit of and has the prior written approval of Franchisor. Upon the expiration, termination or cancellation of this Agreement, whether by lapse of time, Default or otherwise, Franchisee agrees immediately to discontinue all use of the Marks and to remove all copies, replicas, reproductions or simulations thereof from the Store and to take all necessary steps to assign, transfer or surrender to Franchisor or otherwise place in Franchisor or its designee title to all such names or marks (other than the Marks) which Franchisee may have used during the term of this Agreement or any renewal or extension thereof in connection with the operation of the Store. Franchisee hereby acknowledges that Franchisor owns and controls the Sunmed™ | Your CBD Store® System and all of its components.

15.2 Use of the Trademarks. In order to protect the Marks, the Sunmed™ | Your CBD Store® System, and the goodwill associated therewith, Franchisee shall, unless Franchisor otherwise consents in writing:

(i) Only use the Marks designated by Franchisor, and only in the manner authorized and permitted by Franchisor. Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

(ii) Only use the Marks for the operation of the Store and only at the Franchised Location, or in advertising for the business conducted at or from the Franchised Location. Franchisee may not use any of the Marks in any part of any domain name, hashtag, link, or electronic address or any similar proprietary or common carrier electronic delivery system. Franchisee will not seek to register, or assert any claim of ownership or usage rights to, any domain name or electronic address incorporating any of the Marks or any names confusingly similar to the Marks. Franchisee agrees, at the request of Franchisor, to take all necessary steps to assign to Franchisor all rights in or to such domain names and electronic addresses (and any registrations for the foregoing) that Franchisee may acquire.

(iii) Operate and advertise the Store only under the names "Sunmed™, Your CBD Store®" or such other Marks as Franchisor may designate from time to time, without prefix or suffix, except to describe the location of the Store.

(iv) If Franchisee is a corporation, limited liability company, partnership or other type of entity, not use any of the Marks, including, without limitation, the names "Sunmed™, Your CBD Store®" in its corporate or other legal name without the prior express written consent of Franchisor.

(v) Not permit the use of any trade names, trademarks or service marks at the Store or the Franchised Location other than the Marks.

(vi) If state or local laws or ordinances require that Franchisee file an affidavit of doing business under an assumed name or otherwise file a report or other certificate indicating that Sunmed™ | Your CBD Store® or any similar name is being used as a fictitious or assumed name, include in such filing or application therefor an indication that the filing is made as a Franchisee of Franchisor, Your CBD Stores Franchising, LLC, a Florida limited liability company.

(vii) Franchisee acknowledges that Franchisor operates one (1) or more monitoring tools that track Franchisee's use and reference of Franchisor's Marks on Franchisee's social and digital media (and websites and other online/digital venues). Franchisee hereby grants Franchisor permission and the right to (i) monitor the Marks on said social and digital media, and (ii) use of monitoring tools to conduct said tracking.

(viii) Have the symbol TM, SM or R enclosed in a circle or such other symbols or words as Franchisor may designate to protect the Marks on all surfaces where the Marks appear.

**15.3 Infringement.** Promptly notify Franchisor of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to Franchisor's ownership of the right of Franchisor to use and to license others to use, or Franchisee's right to use, the Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement of the proceeding. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. Franchisor will defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Marks, Franchisee will execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts.

**15.4 Substitute Trademarks.** If Franchisor decides to change, add or discontinue use of any Mark, or to introduce additional or substitute Marks, Franchisee, within one hundred eighty (180) days after receipt of written notice, shall take such action, at its sole expense, as is necessary to comply with such changes, alteration, discontinuation, addition or substitution. Franchisor shall have no liability for any loss of revenue or goodwill due to any new Mark or discontinued Mark.

## **16 RELATIONSHIP OF THE PARTIES**

It is the express intention of the Parties hereto that Franchisee is and shall be an independent contractor under this Agreement, and no partnership, joint venture, fiduciary relationship or other special relationship shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as the agent, legal representative or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, Franchisor or in any way to bind Franchisor. Franchisee agrees not to incur or contract for any debt or obligation on behalf of Franchisor, or commit any act, make any representation or advertise in any manner which may

adversely affect any right of Franchisor, or be detrimental to the good name and reputation of Franchisor or any other franchisees of Franchisor.

## 17 MAINTENANCE OF CREDIT STANDING

The failure or repeated delay in making prompt payments in accordance with the terms of invoices and statements rendered to Franchisee for purchases of supplies, equipment and other items, whether purchased from Franchisor or others, or Defaults in making payments due hereunder or under any other agreement entered into in connection with the operation of the Store, will result in a loss of credit rating and standing which will be detrimental to Franchisor and other franchisees of the Sunmed™ | Your CBD Store® System. Franchisee agrees to pay when due all amounts which it owes to anyone for supplies, equipment and other items used in connection with the Store and all payments owed hereunder or under any other agreement entered into in connection with the operation of the Store. Franchisee must notify Franchisor immediately when and if Franchisee becomes more than ninety (90) days delinquent in the payment of any of the obligations mentioned above. Franchisor reserves the right to deduct and apply any payment or debt due by Franchisor to Franchisee to offset any amounts outstanding and owed by the Store (or its controlling Franchisee) to Franchisor under this Agreement, or in connection with Store Products purchase(s), or any other debt or amount due by Franchisee to Franchisor or its affiliates. No prior written notice is required to implement an offset of any amounts due.

## 18 INDEMNIFICATION, INSURANCE AND TAXES

18.1 Indemnification. Franchisee agrees to indemnify, defend and hold harmless Franchisor and its affiliates, shareholders, directors, officers, employees, agents, successors and assignees (the “Indemnified Parties”) against and to reimburse any one (1) or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any taxes described in Section 18.3 below and any claims and liabilities directly or indirectly arising out of the Store’s operation or Franchisee’s breach of this Agreement, except to the extent they arise as a result of Franchisor’s own gross negligence or willful misconduct. For purposes of this indemnification, “claims” includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including reasonable accountants’, arbitrators’, attorneys’ and expert witness fees, costs of investigations and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. Franchisor has the exclusive right to defend any such claim. This indemnity will continue in effect after the expiration or termination of this Agreement. Under no circumstances will Franchisor or any other Indemnified Party be required to seek recovery from any insurer or other third-party, or otherwise to mitigate its or their losses and expenses, in order to maintain and recover fully a claim against Franchisee.

18.2 Insurance. Franchisee agrees to secure and maintain during the term of this Agreement, at its own cost, the following insurance policies by carriers approved by Franchisor:

(i) Such insurance as may be required by the terms of any lease for the Franchised Location or, if there is no such lease, Franchisee agrees to carry fire and extended coverage insurance covering the building and all equipment, supplies, products, inventory, furniture, fixtures and other tangible property located in the Store or on the Franchised Location in the amount of the full insurable value of such property.

(ii) Commercial General Liability Insurance, including coverages for completed operations, contractual liability, personal and advertising injury, fire damage and medical expenses, having a combined single limit for bodily injury and property damage of one million dollars (\$1,000,000) per

occurrence and two million dollars (\$2,000,000) in the aggregate (except for fire damage and medical expense coverages, which may have different limits of not less than three hundred thousand dollars (\$300,000) for one fire, and five thousand dollars (\$5,000) for one person, respectively); plus (ii) non-owned automobile liability insurance and, if Franchisee owns, rents or identifies any vehicles with any Mark or vehicles are used in connection with the operation of the Store, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having a combined single limit of one million dollars (\$1,000,000) per occurrence; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverages in an amount of not less than two million dollars (\$2,000,000) per occurrence and aggregate. All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation.

(iii) Workers' compensation insurance, or a similar policy if the Store is located in a non-subscriber state, covering all of its employees as is required by law.

18.3 Additional Insured. Franchisee agrees that Franchisor and Sunflora shall be named as an additional insured under each of the foregoing policies. Before the opening of the Store and, thereafter, at least thirty (30) days before the expiration of any such policy or policies, Franchisee shall deliver to Franchisor certificates of insurance evidencing the proper coverage with limits not less than those required hereunder, and all such certificates shall expressly contain endorsements requiring the insurance company to give Franchisor at least thirty (30) days written notice in the event of material alteration to termination, non-renewal, or cancellation of, the coverages evidenced by such certificates and notice of any claim filed under such policy within thirty (30) days after the filing of such claim. Franchisor may, from time to time, during the term of this Agreement, at its sole option, require that the minimum limits and types of insurance coverage, as specified above, be increased or changed as determined solely by Franchisor. If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on behalf of Franchisee, and Franchisee shall pay to Franchisor on demand any premiums incurred by Franchisor in connection therewith. Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 18.1 hereof. Notwithstanding the existence of such insurance, Franchisee, as agreed above, is and shall be responsible for all loss or damage and contractual liability to third-persons originating from or in connection with the operation of the franchised business and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom.

Notwithstanding the above, Franchisor will provide product liability insurance coverage to Franchisee, which insurance shall flow through from Franchisor's liability insurance policy. This coverage will only apply to all Sunflora Products sold to Franchisee by Sunflora or Franchisor. Franchisee will not be named specifically as named insured.

18.4 Taxes. Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement including, but not limited to, if applicable, state employment tax, state sales tax (including any sales or use tax on equipment purchased or leased) and all other taxes and expenses of operating the Store. In no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant to occur against the Store, the Franchised Location or any tangible personal property used in connection with the operation of the Store.

Franchisee acknowledges that certain states, and possibly municipal and other local governments, may impose excise, or special sales taxes ("Special Taxes") on Products, including, for instance, vaping

and/or CBD Products which may be subject to enhanced reporting and licensing requirements (“Excise Tax Requirements”). These Special taxes may provide and require that Franchisor or its affiliates (e.g., Sunflora) as provider, seller and wholesaler of these Products, pay directly on behalf of Franchisees, or withhold and collect from Franchisee, these Special Taxes.

Franchisee therefore authorizes Franchisor (and its affiliates) and agrees that Franchisor or its affiliates may, at its discretion, withhold, issue a separate bill or invoice to Franchisee for any applicable Special Taxes, or, may include the cost of any such Special Taxes in the invoice price of Products sold wholesale or otherwise to Franchisee for the purpose of collecting and remitting same on behalf of Franchisee and thereby complying with any Special Taxes. Franchisee acknowledges that the aforementioned collection, withholding, payment of any Special Taxes may be subject to changes, increases and modifications pursuant to pertinent tax codes.

Franchisee agrees that nothing stated herein shall be construed as Franchisor assuming agency, fiduciary, surety or indemnitor obligations for the benefit of Franchisee, and that any withholding, collection or payment of any Special Taxes is conducted for sole purpose of complying with applicable pertinent laws and that Franchisor serves only as a facilitator and custodian of any withheld or paid funds. Franchisor is not to be deemed either a tax advisor or tax compliance agent of Franchisee in connection with Special Taxes. Franchisee acknowledges that Franchisee may be subject to taxes, reporting and obligations other than those expressed in this Section.

With the exception of reporting and licensing requirements strictly applicable to Franchisor (and its affiliates), Franchisee is solely responsible for meeting and complying with corresponding state and local obligations regarding certificates, licensing, permits, reporting and other documentation for sale and use tax, Excise Tax Requirements and any other tax or tariff due. Franchisor is under no obligation to render advice to Franchisee as to the pertinent requirements associated with state and local certifications, permits, reports and licenses.

Franchisee further agrees that it shall cooperate fully with Franchisor, and its affiliates, in gathering and providing (and updating) information requested by state and local governments, post necessary notices and permits, submit periodical and annual reporting, altogether intended for the purpose of enabling compliance with Excise Tax Requirements and collecting and remitting any Special Taxes. Failure to cooperate as set forth in this Section may result in Franchisor ceasing and halting the distribution and sale to Franchisee of any Products.

Excluding inactions and omissions resulting from Franchisor’s obligations to remit taxes in accordance with pertinent law, Franchisee hereby indemnifies Franchisor and its affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any of withholding or payment conducted or made by Franchisor or its affiliates for the benefit of Franchisee and/or to comply with pertinent regulations, or out of or in connection with any inaccuracy in or omission from any such proof, certificate, representation, information or document furnished by or on behalf of such Franchisee.

## 19 ASSIGNMENT

19.1 Assignment by Franchisor. This Agreement may be unilaterally assigned by Franchisor and shall inure to the benefit of its successors and assigns. Franchisee agrees and affirms that Franchisor may sell itself, its assets, the Marks and/or the Sunmed™ | Your CBD Store® System to a third-party; may go public, may engage in private placement of some or all of its securities; may merge, acquire other

corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Franchisee further agrees and affirms that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Sunmed™ | Your CBD Store® operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be proximate to any of its Stores. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the Sunmed™ | Your CBD Store® System and/or the loss of association with or identification of Sunmed™ | Your CBD Store® under this Agreement. If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the Sunmed™ | Your CBD Store® business or to offer or sell any Products or services to Franchisee.

19.2 Assignment by Franchisee. Franchisee shall not sub-franchise, sell, assign, transfer, merge, convey or encumber (each, a "Transfer"), the Store, the Franchised Location, this Agreement or any of its rights or obligations hereunder, or suffer or permit any such Transfer of the Store, the Franchised Location, this Agreement or its rights or obligations hereunder to occur by operation of law or otherwise without the prior express written consent of Franchisor. In addition, if Franchisee is a corporation, limited liability company, partnership, business trust, or similar association or entity, the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, may not Transfer their equity interests in such corporation, limited liability company, partnership, business trust, or similar association or entity, without the prior written consent of Franchisor. Furthermore, in the event that any shareholder, member, partner, investor or other equity holder of Franchisee (the "Equity Holder") is a corporation, limited liability company, partnership, business trust, or similar association or entity, the interests of the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, in such Equity Holder, may not be transferred, without the prior written consent of Franchisor. Franchisor will not unreasonably withhold consent to a Transfer provided the requirements of Section 19.4 have been satisfied. Any Transfer in violation of this Section shall be void and of no force and effect. In the event Franchisee or an Equity Holder is a corporation, limited liability company, partnership, business trust, or similar association or entity with certificated equity interests, all stock or equity certificates of Franchisee or Equity Holder, as the case may be, shall have conspicuously endorsed upon them a legend in substantially the following form:

"A transfer of this stock is subject to the terms and conditions of Sunmed™ | Your CBD Store® Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_."

19.3 Death or Disability of Franchisee. Upon Franchisee's death or Disability (as defined below), this Agreement or the ownership interest of any deceased or disabled shareholder, partner, member or other equity holder of Franchisee or an Equity Holder must be transferred to a party approved by Franchisor. Any Transfer, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for Transfers set forth in Section 19.4. Franchisor shall not unreasonably withhold its consent to the Transfer of this Agreement or any ownership interest to the deceased or disabled Franchisee's or Equity Holder's spouse, heirs or members of his or her immediate family, provided all requirements of Section 19.4 have been complied with (except payment of the transfer fee, which shall not apply to such Transfers). A "Disability" shall have occurred with respect to Franchisee if Franchisee, or, if Franchisee is a corporation, partnership or limited liability company, its controlling shareholder, partner, member or other equity holder, is unable to actively participate in its activities as Franchisee hereunder for any reason for a continuous period of six (6) months. As used in this Section



19.3, “Franchisee” may include a disabled or deceased controlling shareholder, partner or member where the context so requires.

19.4 Approval of Assignment. Franchisor’s approval of any Transfer is, in all cases, contingent upon the following:

(i) the purchaser and/or the controlling persons of the purchaser having a satisfactory credit rating, being of good moral character, having business qualifications satisfactory to Franchisor, being willing to comply with Franchisor’s training requirements and being willing to enter into an agreement in writing to assume and perform all of Franchisee’s duties and obligations hereunder and/or enter into a new Franchise Agreement, if so requested by Franchisor, and agreeing to enter into any and all agreements with Franchisor that are being required of all new franchisees, including a guaranty agreement, or any other agreement which may require payment of different or increased fees from those paid under this Agreement; provided, however, the amount of the Royalty Fees paid hereunder shall not be increased upon an assignment;

(ii) the terms and conditions of the proposed transfer (including, without limitation, the purchase price) being satisfactory to Franchisor;

(iii) all monetary obligations (whether hereunder or not) of Franchisee to Franchisor or Franchisor’s affiliates or subsidiaries being paid in full;

(iv) Franchisee not being in Default hereunder or any other agreement between Franchisee and Franchisor;

(v) Franchisee and its owners executing a general release of any and all claims against Franchisor and its affiliates, subsidiaries, members, managers, officers, directors, employees and agents, in a form satisfactory to Franchisor;

(vi) Franchisee paying to Franchisor a transfer fee equal to fifty percent (50%) of the then-current Initial Franchise Fee plus reimbursement for all legal, training and other expenses incurred by Franchisor in connection with the Transfer;

(vii) Franchisee first offering to sell such interest to Franchisor pursuant to Section 22.2 of this Agreement and the same having been declined in the manner therein set forth;

(viii) the Marks not being used in any advertising for any Transfer prohibited by Sections 19.2 and 19.3 hereof; and

(ix) at Franchisor’s request, the proposed transferee or assignee refurbishes the Store in the manner and subject to the provisions described in Section 2.2(v) hereof.

19.5 Removal of General Partner. If Franchisee is a limited partnership, Franchisee may not remove or appoint, or permit the limited partners to remove or appoint, a new or successor general partner without the prior written consent of Franchisor (even if such appointment is due to the resignation, death or disability of the General Partner).

## 20 RESTRICTIVE COVENANTS

### 20.1 Covenants Not to Compete.

(i) Non-Competition during Term. In addition to and not in limitation of any other restrictions on Franchisee contained herein, Franchisee and Franchisee's spouse, and, if Franchisee is not an individual, its shareholders, members, partners and managers, as applicable, and their spouses (each, a "Bound Party" as more fully described in Exhibit B, Personal Covenants), agree that they will not, during the term of this Agreement (with or without Franchisor's prior consent, which consent Franchisor may condition or withhold for any or no reason at all) directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity, during the term of this Agreement (a) have any direct or indirect controlling or non-controlling interest as an owner whether of record, beneficially, or otherwise in a Competitive Business (as defined below), regardless of location, (b) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business, regardless of location, (c) divert or attempt to divert any actual or potential business or customer of any Store to a Competitive Business, or (d) engage in any other activity which, in Franchisor's sole opinion, might be injurious or prejudicial to the goodwill associated with the Marks or the System.

(ii) Post-Term Non-Competition. In addition to and not in limitation of any other restrictions on Franchisee contained herein, Franchisee and the Bound Parties (as more fully described in Exhibit B, Personal Covenants) agree that they will not, for a period of two (2) years following the effective date of termination or expiration of this Agreement for any reason, or following the date of a Transfer by Franchisee, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity, (a) have any direct or indirect interest as an owner whether of record, beneficially, or otherwise in a Competitive Business operating at the Franchised Location, within a five (5) mile radius of the Franchised Location, or within a five (5) mile radius of any Sunmed™ | Your CBD Store® in operation or under construction on the effective date of the date of the termination or expiration of this Agreement, (b) perform services as a director, officer, manager, employee in a sales-related capacity, consultant, representative, agent, or otherwise for a Competitive Business which, in either case, is located or operating at the Franchised Location, within a five (5) mile radius of the Franchised Location or within a five (5) mile radius of any Sunmed™ | Your CBD Store® in operation or under construction on the effective date of the termination or expiration of this Agreement, or (c) have any direct or indirect interest as an owner, whether of record, beneficially, or otherwise, in any entity which grants franchise, licenses, or provides other interests to others to operate any Competitive Business. The aforementioned period of two (2) years shall be tolled during any period of non-compliance by Franchisee or any Bound Party.

(iii) General. For purposes of this Agreement, the term "Competitive Business" means any business operating, or granting franchises or licenses to others to operate, a Sunmed™ | Your CBD Store® or other service business (a) engaged in the retail or wholesale production or sale of herbal, dietary or nutritional supplements containing lawful CBD and/or "Cannabinoids" from industrial hemp and (b) that derives more than fifty percent (50%) of its gross revenue from sales of CBD and/or "Cannabinoids" and/or hemp-derived products, including but not limited to Delta 8, CBD based vaping, flower, and pre-rolls, (other than another Sunmed™ | Your CBD Store® operated by Franchisee under license from Franchisor). Neither Franchisee nor the other Bound Parties will be prohibited from owning securities in a Competitive Business if they are listed on a stock exchange or traded on the over-the-counter market and represent five percent (5%) or less of the number of shares of that class of securities which are issued and outstanding. The parties, including any Bound Party as defined in Section 20.4, below, acknowledge that the covenants contained in Section 20.1 are based on the reason and understanding that Franchisee and the Bound Parties will possess knowledge of Franchisor's business and operating methods and confidential information, disclosure and use of which would prejudice the interest of Franchisor and its franchisees. Franchisee

further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants. Franchisor shall, as a matter of course, receive injunctive relief to enforce such covenants in addition to any other relief to which it may be entitled at law or in equity. Franchisor shall receive such injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived. Franchisee understands and agrees that the waiver of bond is a critical element in this Agreement without which, Franchisor would not have entered into this contract.

(iv) If the period of time or geographical restriction in this Section 20.1 shall be deemed or adjudged to be unreasonable or unenforceable in any proceeding, that period or restriction shall be reduced by the court or arbitrator to the point where it shall be deemed reasonable and enforceable. In addition, Franchisor may, by giving written notice to Franchisee, reduce the time or scope of the geographic restrictions in this Section 20.1, as Franchisor, in its sole discretion, deems appropriate.

20.2 Non-Solicitation of Employees. Franchisee and the Bound Parties agree that while this Agreement is in effect and for one year after expiration or termination of this Agreement for any reason, or following the date of a Transfer by Franchisee, they will not, directly or indirectly, solicit or attempt to solicit, or otherwise interfere with or disrupt the employment relationship between Franchisor and any of its employees.

20.3 Trade Secrets and Confidential Information.

(i) Franchisee acknowledges and agrees that in connection with the operation of Sunmed™ | Your CBD Store® and the Sunmed™ | Your CBD Store® System, Franchisor has developed at a great expense competitively sensitive proprietary and confidential information which are not commonly known by or available to the public. This proprietary and confidential information does not include any information that (a) is commonly known by or available to the public; (b) has been voluntarily disclosed to the public by Franchisor; (c) been independently developed or lawfully obtained by Franchisee; or (d) has otherwise entered the public domain through lawful means. All information which comprises the Sunmed™ | Your CBD Store® System including the information and data in the Operations Manual will be presumed to be confidential information of Franchisor.

(ii) Franchisee and each Bound Party agree that while this Agreement remains in effect such party will not, directly or indirectly, disclose or publish to any party, or copy or use for such party's own benefit, or for the benefit of any other party, any of Franchisor's proprietary or confidential information, except as required to carry out Franchisee's obligations under this Agreement or as Franchisor has otherwise expressly approved in writing. All proprietary and confidential information of Franchisor is the sole and exclusive property of Franchisor. Franchisee and each Bound Party agree that the restriction contained in the preceding sentence will remain in effect with respect to the confidential information for five (5) years following termination or expiration of this Agreement for any reason; provided, however, that if the confidential information rises to the level of a trade secret, then such restriction shall remain in effect until such time as the information does not constitute a trade secret. Franchisee also agrees that it and all of its employees and agents will take appropriate steps to protect Franchisor's confidential information from any unauthorized disclosure, copying or use. At any time upon Franchisor's request, and in any event upon termination or expiration of this Agreement, Franchisee will immediately return any copies of documents where there are materials containing confidential information and will take appropriate steps to permanently delete and render unusable any confidential information stored electronically.

20.4 Personal Covenants of Certain Bound Parties. As a condition to the effectiveness of this Agreement, and at the time Franchisee delivers this signed Agreement to Franchisor, each Bound Party of

Franchisee must sign and deliver to Franchisor the Personal Covenants attached hereto as Exhibit B (the “Personal Covenants”), agreeing to be bound personally by all the provisions of Sections 20.1, 20.2 and 20.3 hereof. If there are any changes in the identity of any such Bound Party while this Agreement is in effect, Franchisee must notify Franchisor promptly and make sure the new Bound Party signs and delivers to Franchisor the Personal Covenants.

20.5 Agreements by Other Third-Parties. As a condition to Franchisor’s execution of this Agreement, Franchisee, if requested by Franchisor, shall cause each of its management and supervisory employees and other employees to whom disclosures of confidential information are made to execute a noncompetition, non-solicitation and/or nondisclosure agreement in the form(s) prescribed by Franchisor from time to time.

20.6 Reasonable Restrictive Covenants. Franchisee acknowledges and agrees that (i) the covenants and restrictions in this Section 20 are reasonable, appropriate and necessary to protect the Sunmed™ | Your CBD Store® System, other Sunmed™ | Your CBD Store® franchisees and the legitimate interest of Franchisor, and (ii) do not cause undue hardship on Franchisee or any of the other individuals required by this Section 20 to comply with the covenants and restrictions.

## 21 **TERMINATION**

21.1 Termination by Franchisee. Franchisee may terminate this Agreement if Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such material breach within ninety (90) days after written notice thereof is delivered to Franchisor. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such ninety (90) day period and Franchisor has commenced and is continuing to make good faith efforts to cure such breach, Franchisor shall be given an additional sixty (60) day period to cure the same, and this Agreement shall not terminate. In the event of termination by Franchisee, all post-termination obligations of Franchisee described herein shall not be waived but shall be strictly adhered to by Franchisee.

21.2 Termination by Franchisor without a Cure Period. Franchisor may immediately terminate this Agreement upon written notice to Franchisee, without opportunity to cure, if:

(i) Franchisee files a petition under any bankruptcy or reorganization law, becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of its property;

(ii) Following commencement of the operation of the Store, Franchisee ceases to operate the Store at the Franchised Location;

(iii) Franchisee seeks to effect a plan of liquidation, reorganization, composition or arrangement of its affairs, whether or not the same shall be subsequently approved by a court of competent jurisdiction; it being understood that in no event shall this Agreement or any right or interest hereunder be deemed an asset in any insolvency, receivership, bankruptcy, composition, liquidation, arrangement or reorganization proceeding;

(iv) Franchisee has an involuntary proceeding filed against it under any bankruptcy, reorganization, or similar law and such proceeding is not dismissed within sixty (60) days thereafter;

(v) Franchisee makes a general assignment for the benefit of its creditors;

(vi) Franchisee fails to pay when due any amount owed to Franchisor or its affiliates or subsidiaries, whether under this Agreement or not, and Franchisee does not correct such failure within ten (10) calendar days after written notice thereof is delivered to Franchisee;

(vii) Franchisee fails to pay when due any amount owed to any creditor, supplier or lessor of the Store or the Franchised Location or any taxing authority for federal, state or local taxes (other than amounts being bona fide disputed through appropriate proceedings) and Franchisee does not correct such failure within ten (10) calendar days after written notice is delivered thereof to Franchisee;

(viii) Franchisee fails to commence operation of the Store at the Franchised Location within four (4) months after the Effective Date of this Agreement, except for any delay that is agreed to in writing by Franchisor, in its sole discretion;

(ix) Franchisee abandons the Store or fails to have it open and operational during required business hours for five (5) or more consecutive days;

(x) Franchisee operates the Store or any phase of the Franchised Location in a manner that presents a health or safety hazard to Franchisee's customers, employees or the public;

(xi) Franchisee makes a material misrepresentation to Franchisor before or after being granted the franchise;

(xii) Franchisee makes an unauthorized Transfer of this Agreement, the franchise, the Store, or an ownership interest in Franchisee;

(xiii) Franchisee or any Bound Party or any other employee of Franchisee breaches or fails to comply fully with Section 20 above;

(xiv) Franchisee (a) misuses or makes an unauthorized use of or misappropriates any Mark, (b) commits any act which can be reasonably expected to materially impair the goodwill associated with any Mark, (c) challenges Franchisor's ownership of the Marks, (d) files a lawsuit involving the Marks without Franchisor's consent, (e) fails to cooperate with Franchisor in the defense of any Mark; or (f) publicly disparages the Marks or the System, Franchisor's employees, other franchisees in social media, or any other public forum, or otherwise;

(xv) Franchisee makes or permits a third-party to make any unauthorized use or disclosure of any confidential information or trade secret of Franchisor;

(xvi) Franchisee fails to comply with any federal, state or local law or regulation applicable to the operation of the franchise (including any failure to comply with the Anti-Terrorism Laws (as defined below) as set forth in Section 42.2 below);

(xvii) The franchised business or the Franchised Location is seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor, a final judgment against Franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed), or a levy of execution has been made upon the license granted by this Agreement or any property used in the franchised business, and it is not discharged within five (5) days of such levy;

(xviii) Franchisee loses for any cause whatsoever right of possession as owner or lessee of the real property on which the Store is located. However, if all or a substantial part of the real property on which the Store is located is taken by eminent domain proceedings so as to make the Store not in compliance with Franchisor's construction specifications or so as to make the Store inoperable for the purpose of carrying out the requirements of this Agreement, then Franchisor and Franchisee will agree upon a new location for the Store and Franchisee will construct and equip the new Store in accordance with the then-current construction specifications of Franchisor within one-hundred eighty days (180) days after the designation of such location. All of the terms of this Agreement not specifically modified herein shall apply to the construction, maintenance and operation of such new Store;

(xix) Franchisee knowingly maintains false books or records or denies Franchisor's authorized representatives immediate access to Franchisee's books and records during an audit or inspection;

(xx) Franchisee submits to Franchisor a financial report or other data, information or supporting records which understate by more than five percent (5%) the Advertising Cooperative Contribution, or the Advertising Fund Fees (when and if instituted), and any other fee due for any reporting period and is unable to demonstrate that such understatements resulted from an inadvertent error;

(xxi) Franchisee has received at least three (3) Default notices from Franchisor within a twelve (12) month period, even if such Default is subject to a right to cure or is cured after notice is delivered to Franchisee;

(xxii) Franchisee is dissolved either voluntarily or involuntarily; or

(xxiii) Franchisee or any of Franchisee's owners is convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the Marks, or Franchisor's goodwill or reputation.

21.3 Termination by Franchisor with a Cure Period. Franchisor shall have the right to terminate this Agreement upon thirty (30) days written notice if Defaults remain uncured in Franchisor's sole discretion for the following reasons. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such thirty (30) day period and Franchisee has commenced and is continuing to make good faith efforts to cure such breach, Franchisee shall be given an additional thirty (30) day period to cure the same, and this Agreement shall not terminate.

(i) Franchisee fails or refuses to submit financial statements, reports or other operating data, information or supporting records when due;

(ii) Franchisee fails to relocate or commits a Default (other than a monetary Default which shall be subject to Section 21.2(vii) above) under the lease, sublease, purchase contract or other contract for the Franchised Location, the Store or any equipment or supplies utilized in the operation thereof;

(iii) Franchisee fails to provide or maintain required insurance coverage;

(iv) Franchisee fails to restore the Store to full operation within a reasonable period of time (not to exceed ninety (90) days) after the Store is rendered inoperable by any casualty;

(v) Franchisee fails to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by Franchisor, including Standards, POS, and systems requirements, and other requirements expressed in the Operations Manual;

(vi) Sale, marketing, advertising or merchandising by Franchisee of any third-party CBD and/or “Cannabinoids” or hemp products, including failure to comply fully with Section 9(i) hereof; or

(vii) Franchisee is in Default of the Minimum Product Purchases requirements set forth in Section 4.3. Upon receiving a notice of Default in any given quarter, Franchisee shall have the right to cure such Default by meeting the Minimum Product Purchases requirement for the ensuing quarter. For instance, if a notice of Default is issued on the second quarter of a calendar year, Minimum Product Purchases requirements must be satisfied during the third quarter of a calendar year.

21.4 Management of Store by Franchisor. In the event of a Default, and in addition to Franchisor’s right to terminate this Agreement, and not in lieu thereof, Franchisor may, at its discretion and has no obligation to, enter into the Store and exercise complete authority with respect to the management thereof until such time as Franchisor shall determine that the Default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take control and manage the Store in the event of any such Default. If Franchisor assumes the management of the Store, Franchisee must pay Franchisor a Management Fee equal to ten percent (10%) of the Gross Sales of the Store (the “Management Fee”) plus reimburse Franchisor for the full compensation paid to such representative, including the cost of all fringe benefits plus any and all expenses reasonably incurred by such representative so long as such representative shall be necessary and in any event until the Default has been cured and Franchisee is complying with the terms of this Agreement. Franchisee acknowledges that the Management Fee shall be in addition to the Royalty Fee and any other fees required under this Agreement and shall be paid in accordance with the methods of payment set forth in Section 5. If Franchisor assumes management of the Store, Franchisee acknowledges that Franchisor will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses, or obligations the Store incurs, or to any of Franchisee’s creditors for any supplies or services the Store purchases, while Franchisor manages it.

21.5 Default Defined. Any action or failure by Franchisee to act and comply as specified in Sections 21.2 or 21.3 hereof shall be deemed a “Default” under this Agreement. Any Default by Franchisee under any other agreement with Franchisor shall also be a Default under this Agreement.

## 22 EFFECT OF AND OBLIGATIONS UPON TERMINATION

22.1 Obligations upon Termination or Expiration. Upon the termination or expiration of this Agreement, whether by reason of lapse of time, Default in performance, abandonment of the Store or other cause or contingency, Franchisee shall:

(i) forthwith return to Franchisor all material furnished by Franchisor containing confidential information, operating instructions, business practices, or methods or procedures, including, without limitation, the Operations Manual;

(ii) discontinue at the Franchised Location all use of the Marks, and the use of any and all signs, Products, paper goods and other items bearing the Marks. Any signs containing the Marks which Franchisee is unable to remove within one day of the termination or expiration of this Agreement shall be

completely covered by Franchisee until the time of their removal which shall be within ten (10) days of termination or expiration of this Agreement;

(iii) if Franchisee retains possession of the Franchised Location, at Franchisee's expense, make such reasonable modifications to the exterior and interior décor of the Store and the Franchised Location as Franchisor requires to eliminate its identification as a Sunmed™ | Your CBD Store® and to avoid violation of the non-competition provision;

(iv) refrain from operating or doing business under any name or in any manner that may give the general public the impression that this Agreement is still in force or that Franchisee is connected in any way with Franchisor or that Franchisee has the right to use the Sunmed™ | Your CBD Store® System or the Marks;

(v) refrain from making use of or availing itself to any of the confidential information, Operations Manual or other information received from Franchisor or disclosing or revealing any of the same in violation of Section 20.3 hereof;

(vi) take such action as may be required to cancel all assumed names or equivalent registrations relating to the use of any Mark;

(vii) assign to Franchisor or its designee all of Franchisee's rights, title, and interest in Customer Data, telephone numbers, telephone directory listings, advertisements, website URLs (whether acquired by Franchisee in accordance with or in violation of Section 15.2 hereof), e-mail addresses, social media and digital marketing (including password and access codes, hashtags), documentation regarding store leases and governmental licenses or permits used for the operation of the Store. Simultaneously with Franchisee's execution of this Agreement, Franchisee will execute the Telephone Listing Agreement attached hereto as Exhibit D;

(viii) strictly comply with the terms and conditions of Section 20 above and any other procedures in the Operations Manual that are established by Franchisor related to discontinuing operations of the Store, along with any post-term covenants specified in Section 21 of this Agreement;

(ix) at Franchisor's option, return to Franchisor, at the wholesale prices that Franchisee paid to Franchisor, minus any shipping or transportation cost associated with said return, all remaining inventory of Products remaining unsold at the Store; and

(x) If Franchisee fails to modify the exterior and interior décor of the Store and the Franchised Location as Franchisor requires to eliminate its identification as a Sunmed™ | Your CBD Store® (including the removal of all signs bearing the Marks), Franchisor may take such action to modify the exterior and interior décor of the Store and the Franchised Location and charge Franchisee for the cost of such action. Franchisee shall immediately pay Franchisor for the cost of any action taken by Franchisor to modify the exterior and interior décor of the Store and the Franchised Location.

## 22.2 Sale upon Expiration or Termination.

(i) Except in the case of a renewal under Section 2, if this Agreement expires or is terminated or canceled for any reason, Franchisor shall have the option to purchase the Store, or a portion of the assets of the Store (including fixtures, furniture, equipment and improvements), and which may include at Franchisor's option, all of Franchisee's leasehold interest in and to the real estate upon which the Store is located (collectively, the "Assets"), to Franchisor. If Franchisor desires to purchase the Assets but



the parties are unable to agree as to a purchase price and terms of such sale, the fair market value of the Assets (to be determined without goodwill or going concern value) shall be determined by three (3) appraisers. Franchisee and Franchisor shall each select one appraiser, and the two (2) appraisers so chosen shall select the third (3rd) appraiser. The three (3) appraisals shall be averaged to determine the purchase price. Franchisor shall have the right, at any time within fifteen (15) days after being advised in writing of the decision of the appraisers as aforesaid, to purchase the Assets at the purchase price as determined above. Each party shall be responsible for the costs and expenses of the appraiser it selected and the cost of the third (3rd) appraiser shall be shared equally by the parties. Nothing contained in this Section shall be deemed to be a waiver by Franchisor of any Default by Franchisee under this Agreement nor shall the exercise of the option to purchase the Assets contained in this Section affect any other rights or remedies granted to Franchisor hereunder or otherwise available to it.

(ii) Notwithstanding the provisions set forth in Section 22.2(i) above, if, within forty-five (45) days following the expiration of this Agreement, Franchisee shall receive a bona fide offer for the purchase of the Assets, Franchisee shall offer the same in writing to Franchisor at the same price and on the same terms or the monetary equivalent; which offer Franchisor may accept at any time within fifteen (15) days after receipt thereof. If Franchisor declines, or does not within such fifteen (15) day period accept, such offer, then Franchisee may sell the Assets to such purchaser, but not at a lower price nor on more favorable terms than have been offered to Franchisor.

(iii) Any sale of the Assets hereunder shall close no later than sixty (60) days after delivery of written notice of Franchisor's exercise of its option is given to Franchisee. Franchisor has the right to assign its option hereunder and Franchisee must sign all documents of transfer reasonably necessary for the purchase of the Assets. All Assets transferred shall be free and clear of all liens and encumbrances, with all sales and transfer taxes paid by Franchisee. At the closing, Franchisee and its owners shall execute general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its owner, officers, employees, directors, agents, successors, and assigns.

22.3 Effect of Expiration or Termination. Upon the expiration or termination of this Agreement for any reason, any and all rights granted to Franchisee hereunder shall be extinguished immediately, and Franchisee shall not be relieved of any of its obligations, debts or liabilities hereunder. The expiration or termination of this Agreement for any reason will be without prejudice to the rights of Franchisor against Franchisee and will not destroy or diminish the binding force and effect of any of the provisions of this Agreement that expressly, or by reasonable implication, come into or continue in effect on or after the expiration or termination hereof.

22.4 Liquidated Damages. Franchisee acknowledges and confirms that by granting Franchisee the license to operate the Store in the Franchise Territory, Franchisor lost the opportunity to grant a franchise for the Franchise Territory to another person or entity or to itself own and operate a Store within the Franchise Territory.

(i) Additionally, Franchisee confirms that Franchisor will suffer substantial damages by virtue of the termination of this Agreement, including, without limitation, lost product revenues, lost market penetration and goodwill in the Franchise Territory, lost opportunity costs and the expense Franchisor will incur in developing another franchise for the Franchise Territory, which damages are impractical and extremely difficult to ascertain and/or calculate accurately, and the proof of which would be burdensome and costly, although such damages are real and meaningful to Franchisor and the Sunmed™ | Your CBD Store® System. Accordingly, in the event that Franchisor terminates this Agreement for Franchisee's Default hereunder, Franchisee agrees to pay to Franchisor in a lump sum, liquidated damages

in the amount of twenty thousand dollars (\$20,000) within two (2) weeks of termination of this Agreement by Franchisor.

(ii) Franchisee acknowledges that its obligation to pay Franchisor liquidated damages is in addition to, not in lieu of, Franchisee's obligations to pay other amounts due to Franchisor under this Agreement up to the date of termination and to strictly comply with any other post-termination obligations required hereunder. Should any valid, applicable law or regulation of a governmental authority having jurisdiction over this Agreement limit Franchisee's ability to pay, and Franchisor's ability to receive, such liquidated damages, Franchisee shall be liable to Franchisor for any and all damages which it incurs, now or in the future, as a result of Franchisee's Default under this Agreement.

(iii) Early Termination or Abandonment Damages. Accordingly if Franchisee abandons the Store or prematurely terminates this Agreement, or if Franchisor terminates this Agreement based on Franchisee's breach, Franchisee shall, within thirty (30) days following such termination or Franchisor's confirmation that Franchisee abandoned the Store or terminated this Agreement, pay to Franchisor an amount equal to the lesser of four (4) calendar quarters' worth of Minimum Product Purchases, as described in section 4.3 of this Agreement, or in the event that the Agreement is set to expire within a year, the amount of Minimum Product Purchases that would have been due during the remainder of the term ("Early Termination Damages"). These Early Termination Damages shall constitute liquidated damages and are not to be construed as a penalty and shall be the joint and several liability of Franchisee and anyone who guarantees Franchisee's obligations under this Agreement.

(iv) The parties acknowledge and agree that: (a) the Early Termination Damages are a reasonable estimation of the damages Franchisor would incur if this Agreement is terminated before it is set to expire; and (b) Franchisee's payment of such Early Termination Damages is not intended to fully compensate Franchisor for any and all damages related to or arising out of the premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of Franchisor's claim for other damages and/or equitable relief arising out of Franchisee's breach of this Agreement or abandonment of the Store. The imposition of Early Termination Damages shall be at Franchisor's sole option. Franchisor is not required to impose Early Termination Damages and may, in addition or in lieu thereof, pursue other remedies available to Franchisor under the terms of this Agreement, in equity or at law in the event of Franchisee's breach of this Agreement, if such can be ascertained. All such remedies are cumulative and non-exclusive.

## **23 RIGHT OF FIRST REFUSAL**

If during the term of this Agreement, Franchisee shall receive a bona fide offer from a prospective purchaser for any interest in Franchisee or the Store (whether by sale of assets, sale of equity interest, merger, consolidation or otherwise), it shall offer the same to Franchisor in writing at the same price and on the same terms or the monetary equivalent; which offer Franchisor may accept at any time within thirty (30) days after receipt thereof. If the parties cannot agree on a reasonable monetary equivalent, an independent appraiser designated by Franchisor shall determine the monetary equivalent and the appraiser's determination will be final. If Franchisor declines, or does not within such thirty (30) day period accept, such offer, then Franchisee may make such Transfer to such purchaser (provided Franchisor approves of such purchaser in accordance with Section 19.2 and subject to compliance with Section 19.4), but not at a lower price nor on more favorable terms than have been offered to Franchisor. If Franchisee fails to complete such Transfer within ninety (90) days following the refusal or failure to act by Franchisor, then Franchisee may not complete such Transfer without first offering the same to Franchisor again as provided above. The parties recognize that the terms of this Section 23 do not apply to a sale and subsequent leaseback of the Franchised Location or any furnishings or equipment used thereon, or any other Transfer

of the Franchised Location or the furnishings or equipment thereon in connection with any bona fide financing plan. In no event shall Franchisee offer any interest in this Agreement, or such premises or any interest therein, or any interest in the business conducted thereon, or in the equipment or furnishings located thereon, or in any interest of Franchisee or an Equity Holder for Transfer at public auction, nor at any time shall an offer be made to the public to Transfer the same, through the medium of advertisement, either in the newspapers or otherwise, without having first obtained the written consent of Franchisor to such advertisement or publication.

## **24 STORE CLASSIFICATION**

Franchisee shall operate and maintain the Sunmed™ | Your CBD Store® in a manner which will ensure that the Store will obtain the highest classification possible for CBD-type stores of like kind from the governmental authorities that inspect CBD-type stores in the area where the Store is operated. If Franchisee is not able to obtain such classification, or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by Franchisor, then Franchisor may, at its option, place such trained personnel in the Store as Franchisor deems necessary to train the managerial and operating personnel of the Store until the Store can obtain the highest classification or meet such general standards. Franchisor's personnel shall remain at the Store until the required classification is obtained or until Franchisor, in its sole discretion, decides to remove them. Franchisee shall pay all costs associated with providing such personnel, including costs of transportation, meals, lodging, wages or other compensation, including fringe benefits.

## **25 OTHER BUSINESS**

Franchisee agrees not to carry on or conduct or permit others to carry on or conduct any other business, activity or operation at the Store (other than the operation of the Store in conformity with this Agreement and the Operations Manual) without first obtaining the written consent of Franchisor.

## **26 OWNERSHIP OF FRANCHISEE**

Attached hereto as Exhibit E, Franchisee Ownership Information is a description of the legal organization of Franchisee (whether a corporation, limited, liability company, partnership or otherwise), the names and addresses of each person or entity owning an interest in Franchisee and the percentage of such interest owned by such person or entity. Franchisee agrees to notify Franchisor in writing, prior to any material ownership or control change, whenever there is any change in the organizational structure or ownership interest of Franchisee as set forth on Exhibit E. At Franchisor's request, Franchisee shall provide to Franchisor a copy of all Franchisee's governing and/or organizational documents and any amendments thereto. Franchisor may require each principal owner holding at least ten percent (10%) equity interest in the legal entity controlling the Store to personally guarantee their obligations and to execute the Guaranty Agreement attached hereto as Exhibit F. A spouse, not a party to the Franchise Agreement, is not required to sign a personal guarantee. However, if a spouse holds at least a ten percent (10%) equity interest in the Franchisee legal entity, the spouse must personally guarantee its obligation to Franchisor under this Agreement. Each of the principal owners entering into a Guaranty Agreement does, by executing that Agreement, thereby affirm and represent that the list of principal owners attached hereto as Exhibit E is complete and correct. Furthermore, that the individual executing this Agreement on behalf of any corporate or limited liability company Franchisee, is duly and fully authorized to enter into and execute this Agreement on behalf of that entity and is authorized to bind that entity fully.

## 27      **SUCCESSORS AND THIRD-PARTY BENEFICIARIES**

This Agreement and the covenants, restrictions and limitations contained herein shall be binding upon and shall inure to the benefit of Franchisor and its successors and assigns and shall be binding upon and shall inure to the benefit of Franchisee and its permitted heirs, successors and assigns. Except as contemplated by Section 18.1, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. This Agreement is, however, intended to bind the Bound Parties to the extent set forth in this Agreement.

## 28      **CONSTRUCTION**

All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named. Except where this Agreement expressly obligates Franchisor not to unreasonably withhold its approval of any of Franchisee's actions or requests, Franchisor has the absolute right, in its sole and arbitrary discretion, to refuse any request Franchisee makes or to withhold its approval of any of Franchisee's proposed or effected actions that require Franchisor's approval.

## 29      **INTERPRETATION AND HEADINGS**

The Parties agree that this Agreement should be interpreted according to its fair meaning. Franchisee waives to the fullest extent possible the application of any rule which would construe ambiguous language against Franchisor as the drafter of this Agreement. The words "include," "includes" and "including" when used in this Agreement will be interpreted as if they were followed by the words "without limitation". References to section numbers and headings will refer to sections of this Agreement unless the context indicates otherwise. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

## 30      **NOTICES**

Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally, by certified, express or registered mail, or by an overnight delivery service (e.g., Federal Express<sup>®</sup>), postage prepaid, addressed to the party to be notified at the respective address first above written, or at such other address or addresses as the Parties may from time to time designate in writing. Notices shall be deemed delivered on the date shown on the return receipt or in the delivery service's records as the date of delivery or on the date of first attempted delivery, if actual delivery cannot for any reason be made.

## 31      **GOVERNING LAW AND ENFORCEMENT**

31.1 Governing Law. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ ET SEQ.) EXCEPT TO THE EXTENT PROVIDED BY THE FEDERAL ARBITRATION ACT AS REQUIRED HEREBY, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 ET SEQ.) OR OTHER APPLICABLE FEDERAL LAW, THE TERMS OF THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF

FLORIDA WITHOUT REGARD TO ITS CONFLICTS OF LAWS PROVISIONS; PROVIDED, HOWEVER, THAT THE LAW OF THE STATE IN WHICH THE STORE IS LOCATED SHALL APPLY TO THE CONSTRUCTION AND ENFORCEMENT OF THE OBLIGATIONS SET FORTH IN SECTIONS 20.1 AND 20.2 HEREOF, WITHOUT REGARD TO ITS CONFLICTS OF LAWS. FOR ACTIONS THAT ARE NOT SUBJECT TO MANDATORY ARBITRATION UNDER SECTION 31.2, FRANCHISEE HEREBY SUBMITS AND IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE STATE COURTS WHERE FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE IS LOCATED ON THE DATE OF THE FILING OF THE ACTION, AND AGREES NOT TO RAISE AND HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION BASED UPON *FORUM NON CONVENIENS* OR ANY OTHER OBJECTION IT MAY NOW HAVE OR HEREAFTER HAVE TO SUCH JURISDICTION OR VENUE. FURTHER, NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IRREPARABLE HARM, UNDER THE USUAL EQUITY RULES INCLUDING THE APPLICABLE RULES FOR OBTAINING SPECIFIC PERFORMANCE, RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

31.2 Arbitration. EXCEPT TO THE EXTENT FRANCHISOR SEEKS INJUNCTIVE OR OTHER EQUITABLE RELIEF TO ENFORCE PROVISIONS OF THIS AGREEMENT, AND EXCEPT FOR CONTROVERSIES, CLAIMS OR DISPUTES BASED ON FRANCHISEE'S FAILURE TO PAY ANY FEES DUE HEREUNDER WHEN DUE; FRANCHISEE'S VIOLATION OF ANY HEALTH OR SAFETY LAW; OR FRANCHISEE'S USE OF THE MARKS, ALL CONTROVERSIES, CLAIMS OR DISPUTES BETWEEN FRANCHISOR AND FRANCHISEE ARISING OUT OF OR RELATING TO (I) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE, (II) THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR, OR (III) THE SCOPE AND VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE (INCLUDING THE SCOPE AND VALIDITY OF THE ARBITRATION OBLIGATIONS UNDER THIS SECTION, WHICH FRANCHISOR AND FRANCHISEE ACKNOWLEDGE IS TO BE DETERMINED BY AN ARBITRATOR AND NOT A COURT) SHALL BE DETERMINED BY ARBITRATION WITH THE AMERICAN ARBITRATION ASSOCIATION ("AAA"). SUCH ARBITRATION SHALL BE CONDUCTED BEFORE ONE ARBITRATOR CHOSEN IN ACCORDANCE WITH AAA COMMERCIAL ARBITRATION RULES. THE DECISION OF THE ARBITRATOR SHALL BE FINAL AND BINDING UPON ALL PARTIES CONCERNED. SUCH DECISION SHALL BE RENDERED WITHIN THIRTY (30) DAYS OF THE CLOSE OF THE ARBITRATION HEARING RECORD. THE ARBITRATION PROCEEDING SHALL BE CONDUCTED AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA. IN ANY ARBITRATION PROCEEDING, FRANCHISOR AND FRANCHISEE AGREE THAT EACH MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY THE THEN-CURRENT RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY CLAIM NOT SUBMITTED OR FILED AS REQUIRED IS FOREVER BARRED. THE ARBITRATOR MAY NOT CONSIDER ANY SETTLEMENT DISCUSSIONS OR OFFERS THAT MIGHT HAVE BEEN MADE BY EITHER PARTY. FRANCHISOR RESERVES THE RIGHT, BUT HAS NO OBLIGATION, TO ADVANCE FRANCHISEE'S SHARE OF THE COSTS OF ANY ARBITRATION PROCEEDING IN ORDER FOR SUCH ARBITRATION PROCEEDINGS TO TAKE PLACE AND BY DOING SO WILL NOT BE DEEMED TO HAVE WAIVED OR RELINQUISHED FRANCHISOR'S RIGHT TO SEEK THE RECOVERY OF THOSE COSTS IN ACCORDANCE WITH SECTION 32. THE ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THE ARBITRATION PROCEEDING MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER

PERSON. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY IN THIS SECTION OR SECTION 34, IF ANY COURT OR ARBITRATOR DETERMINES THAT ALL OR ANY PART OF THE PRECEDING SENTENCE IS UNENFORCEABLE WITH RESPECT TO A DISPUTE THAT OTHERWISE WOULD BE SUBJECT TO ARBITRATION UNDER THIS SECTION 31.2, THEN ALL PARTIES AGREE THAT THIS ARBITRATION CLAUSE SHALL NOT APPLY TO THAT DISPUTE AND THAT SUCH DISPUTE SHALL BE RESOLVED IN A JUDICIAL PROCEEDING IN ACCORDANCE WITH THIS SECTION 31 (EXCLUDING THIS SECTION 31.2). IN ALL OTHER RESPECTS, THE RULES OF THE AAA AND THE UNITED STATES ARBITRATION ACT SHALL CONTROL. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATION MAY BE ENTERED IN ANY COURT HAVING COMPETENT JURISDICTION THEREOF.

**31.3 Damages and Timing of Claims.** THE PARTIES AGREE THAT NEITHER PARTY SHALL HAVE THE RIGHT TO RECEIVE OR COLLECT PUNITIVE OR EXEMPLARY DAMAGES FROM THE OTHER PARTY. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR, OR THE OPERATION OF THE FRANCHISE AND THE STORE BROUGHT BY ANY PARTY TO THIS AGREEMENT AGAINST ANOTHER PARTY TO THIS AGREEMENT, SHALL BE COMMENCED WITHIN ONE YEAR FROM THE DISCOVERY OF THE FACTS GIVING RISE TO ANY SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED; PROVIDED, HOWEVER, THAT THIS TIME LIMITATION SHALL NOT APPLY TO ANY UNPERFORMED FINANCIAL OBLIGATION OF FRANCHISEE TO FRANCHISOR. THE PARTIES UNDERSTAND THAT SUCH TIME LIMIT MAY BE SHORTER THAN OTHERWISE ALLOWED BY LAW. FRANCHISEE AND THE BOUND PARTIES AGREE THAT THEIR SOLE RECOURSE FOR CLAIMS ARISING BETWEEN THE PARTIES SHALL BE AGAINST FRANCHISOR AND ITS SUCCESSORS AND ASSIGNS. FRANCHISEE AND THE BOUND PARTIES AGREE THAT THE OWNERS, DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF FRANCHISOR AND ITS AFFILIATES SHALL NOT BE PERSONALLY LIABLE NOR NAMED AS A PARTY IN ANY ACTION BETWEEN FRANCHISOR AND FRANCHISEE AND ANY BOUND PARTY.

Franchisor and its affiliates shall to the extent permitted by applicable laws, and in respect of any legal basis for a claim not be responsible for any product liability or for any direct or indirect business interruption loss, consequential loss, loss of profit, or any other loss whatsoever by Franchisee. There are no implied warranties of merchantability and fitness applicable to the Products sold by Franchisor or its affiliates. In any event, the maximum liability of Franchisor or any affiliate shall be equal to the amount paid by Franchisee for any delayed or defective Products or order upon the return of the Products.

## **32 COSTS AND ATTORNEYS' FEES**

If Franchisor incurs any expenses in connection with Franchisee's failure to pay any amounts it owes when due, submit any required reports when due or otherwise comply with this Agreement, Franchisee agrees to reimburse Franchisor for any of the costs and expenses which Franchisor incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

## **33 WAIVER**

No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any Default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent Default of the same or a different kind; nor shall any delay or omission of

Franchisor to exercise any right arising from any such Default affect or impair Franchisor's rights as to such Default or any future Default.

#### **34 SEVERABILITY**

If any term, restriction or covenant of this Agreement is deemed invalid or unenforceable, all other terms, restrictions and covenants and the application thereof to all persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any person or circumstance is deemed invalid or unenforceable, the application of such terms, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law.

#### **35 FORCE MAJEURE**

Neither Franchisor nor Franchisee will be liable for loss or damage or deemed to be in breach of this Agreement if Franchisor's or Franchisee's failure to perform any obligation results from: (i) transportation shortages, inadequate supply of equipment, Products, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (ii) acts of God; (iii) fires, strikes, embargoes, wars or riots; or (iv) any other similar event or cause beyond the control of the affected party. Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed by Franchisee to Franchisor hereunder.

#### **36 DELEGATION BY FRANCHISOR**

Franchisor shall have the right to delegate performance of any or all of its obligations and duties hereunder. Franchisee hereby agrees to such delegation.

#### **37 INTENTIONALLY DELETED**

#### **38 NO RIGHT TO SET OFF**

Franchisee agrees that it will not set off or withhold payment of any amounts it owes Franchisor on the grounds of Franchisor's alleged nonperformance of any of Franchisor's obligations under this Agreement or for any other reason. Franchisee agrees that all such claims will, if not otherwise resolved, be submitted to arbitration as provided in Section 31.2.

#### **39 CUMULATIVE RIGHTS**

The rights granted hereunder are cumulative, and no exercise or enforcement by either party of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy to which either Franchisor or Franchisee are entitled.

#### **40 ENTIRE AGREEMENT**

This Agreement and any addendum, schedule or exhibit attached hereto contains the entire agreement between the Parties hereto relating to the operation of the Store and the franchised business and no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, have been made or relied upon by the Parties other than those set forth herein. No agreement altering, changing,

waiving or modifying any of the terms and conditions of this Agreement shall be binding upon either party unless and until the same is made in writing and executed by all interested Parties. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in its franchise disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or Franchisee's representative.

## 41 COUNTERPARTS

This Agreement may be signed in multiple counterpart copies, each of which will be deemed an original.

## 42 FRANCHISEE'S ACKNOWLEDGMENTS

### 42.1 Anti-Terrorism Laws.

(i) Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws. In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(ii) "Anti-Terrorism Laws" means Executive Order 13224 issued by the then-President of the United States ("Executive Order 13224"), the Terrorism Sanctions Regulation (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), and all other present and future federal, state and local laws, ordinances regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the Parties to this Agreement and/or their actions) addressing or in any way relating to terrorist acts and/or acts of war.

(iii) Franchisee and its owners certify that none of them, their respective employees, agents, bankers, affiliates or anyone associated with them is listed in the Annex to Executive Order 13224. Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex. (A copy of the Annex can be accessed on the internet via the Office of Foreign Assets Control site.)

(iv) Franchisee certifies that it has no knowledge or information that, if generally known, would result in (a) Franchisee, (b) Franchisee's owners, employees, agents, bankers or affiliates or (c) anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(v) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities set forth in Section 18 above of this Agreement pertain to Franchisee's obligations under this Section 42.2.

(vi) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's owners, agents, bankers, employees and affiliates shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or an affiliate of Franchisor, in accordance with Section 21.2(xvi) above.



42.2 Anti-Money Laundering Laws. Franchisee shall comply with all applicable anti-money laundering laws and regulations (collectively, the “Anti-Money Laundering Laws”).

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

YOUR CBD STORES FRANCHISING, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

If an Individual or Individuals:

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

If other than an Individual:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit A

Franchised Location, Franchise Territory and Initial Franchise Fee

(See Attached)

Exhibit A-1

**FRANCHISED LOCATION, FRANCHISE TERRITORY AND INITIAL FRANCHISE FEE**

Legal Entity Name: \_\_\_\_\_

Entity Federal Employer Identification Number (FEIN): \_\_\_\_\_

Franchisor Assigned Store No.: \_\_\_\_\_

Franchised Location (Address): \_\_\_\_\_

Franchise Territory (If Applicable): \_\_\_\_\_

Initial Franchise Fee (Section 4): \_\_\_\_\_

Effective Date: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

Exhibit A-1

Exhibit B

Personal Covenants

(See Attached)

Exhibit B-1

## PERSONAL COVENANTS

Each of the undersigned (“you”) agree that:

1. All capitalized terms used but not defined in this Personal Covenants shall have the meaning set forth in that certain Sunmed™ | Your CBD Store® Store® Franchise Agreement, dated \_\_\_\_\_, (the “Franchise Agreement”), by and between YOUR CBD STORES FRANCHISING, LLC (“Franchisor”), and \_\_\_\_\_ (“Franchisee”).
2. You are a Bound Party. A “Bound Party” shall include any individual who is an equity owner, or spouse of an equity owner in Franchisee.
3. As an inducement to Franchisor to enter into the Franchise Agreement, and in consideration of the direct and personal benefits you will derive from the Franchise Agreement, you agree that: (i) you have read and understand all the provisions of Sections 20.1, 20.2, 20.3 and 31.3 of the Franchise Agreement; (ii) you will be personally bound by all of the obligations and covenants of Franchisee contained in Sections 21.1, 21.2, 21.3 and 31.3 as if such obligations and covenants were made and given personally by you directly to Franchisor; and (iii) such obligations and covenants are fair and reasonable and will not deprive you of your livelihood.
4. If any sentence, clause, paragraph, or combination of any of them in Sections 20.1, 20.2, 20.3 or 31.3 of the Franchise Agreement is held by a court of competent jurisdiction to be unenforceable as applied to you, then such unenforceable sentence, clause, paragraph, or combination may be modified by such court to the extent necessary to render it enforceable, and if it cannot be so modified, it shall be severed and the remainder of Sections 21.1, 21.2, 21.3 and 31.3 shall remain in full force and effect.
5. These Personal Covenants shall be governed by the internal laws of the State of Florida, unless the law of your jurisdiction applies as provided for in Section 31.1 of the Franchise Agreement.

The undersigned hereby execute and deliver this instrument effective as of the Effective Date of the Franchise Agreement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

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Print Name

\_\_\_\_\_  
Print Name

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Exhibit B-2

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

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Print Name

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Signature

\_\_\_\_\_  
Print Name

Date: \_\_\_\_\_

Exhibit C

Intentionally Left Blank

Exhibit C-1

Exhibit D

Telephone Listing Agreement

(See Attached)

Exhibit D-1



## **TELEPHONE LISTING AGREEMENT**

THIS TELEPHONE LISTING AGREEMENT (the “Telephone Listing Agreement”) is made and entered into \_\_\_\_\_ (the “Effective Date”), by and between YOUR CBD STORES FRANCHISING, LLC, a Florida limited liability company (hereinafter the “Franchisor”), and \_\_\_\_\_ (the “Franchisee”).

### **W I T N E S S E T H:**

WHEREAS, Franchisee desires to enter into a Sunmed™ | Your CBD Store® Franchise Agreement (the “Franchise Agreement”); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

#### **1. DEFINITIONS**

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

#### **2. TRANSFER; APPOINTMENT**

2.1. Interest in Telephone Numbers and Listings. Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers, voice over IP (“VOIP”) and regular, classified, yellow-page, and other telephone directory listings (collectively, the “Telephone Numbers and Listings”) related to the Store or the Marks (all of which right, title, and interest is referred to herein as Franchisee’s “Interest”).

2.2. Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, VOIP providers, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee’s Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.3. Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that

Exhibit D-2

may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

(i) Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor;

(ii) Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

(iii) Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4. Certification of Termination. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5. Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

### 3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such

Exhibit D-3

powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

FRANCHISOR:

YOUR CBD STORES FRANCHISING, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

If an Individual:

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

If other than an Individual:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit D-5

Exhibit E

Franchisee Ownership Information

(See Attached)

Exhibit E-1

Franchisee Ownership Information

1. Franchisee's legal entity name: \_\_\_\_\_  
(choose one): ( ) sole proprietorship; ( ) partnership; ( ) corporation; ( ) limited liability company; or ( ) other \_\_\_\_\_

2. If Franchisee is not a sole proprietor, list of all its partners, members or shareholders or others holding any ownership interest in Franchisee:

	Name and address	% interest	Active in Operation of Business? (yes/no)
(a)	_____ _____ _____	_____	_____
(b)	_____ _____ _____	_____	_____
(c)	_____ _____ _____	_____	_____
(d)	_____ _____ _____	_____	_____

3. If Franchisee is not a sole proprietor, list of Franchisee's officers, directors, managers and/or general partners:

	<u>Name</u>	<u>Title</u>
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

[Signature Appears on Following Page]

The undersigned certifies that all information contained in this Exhibit E, including a duplicate of any registration documentation (e.g., LLC or Corporation) which must be included in Exhibit E, is accurate and complete, that an accurate and complete copy of their entity organizational documents are attached to this Exhibit E, and agrees to notify Franchisor promptly (and in any case within fifteen (15) days) upon any change in the information required to be disclosed in this Exhibit E.

FRANCHISEE:

If an Individual:

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

If other than an Individual:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit E-2

Exhibit F  
Guaranty Agreement  
(See Attached)



## GUARANTY AGREEMENT

In consideration of, and as an inducement to, the execution by YOUR CBD STORES FRANCHISING, LLC (“Franchisor”) of that certain Sunmed™ | Your CBD Store® Franchise Agreement, dated \_\_\_\_\_ (as the same from time to time may be amended, modified, extended or renewed, the “Franchise Agreement”), by and between \_\_\_\_\_ (“Franchisee”) and Franchisor, the undersigned guarantors (“Guarantors”), for the term of the Franchise Agreement and any extension or renewal thereof, and thereafter until all obligations of Franchisee to Franchisor have been satisfied, jointly and severally, to the satisfaction of Franchisor, do hereby personally, absolutely, irrevocably, and unconditionally guarantee that Franchisee shall punctually pay, honor and perform each and every undertaking, condition, and covenant set forth in the Franchise Agreement under this Guaranty Agreement (“Guaranty”).

Each of Guarantors further waives acceptance and notice of acceptance of the foregoing obligations of Franchisee, notice of demand for payment of any indebtedness or for performance of any obligations hereby guaranteed, and any right Guarantors may have to require that an action be brought against Franchisee or any other person as a condition to the liability of Guarantors.

This Guaranty is a guarantee of payment and performance not merely one of collection. Each of the Guarantors further consents and agrees that its liability under this Guaranty shall be direct and immediate and joint and several; that Guarantors shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; that such liability shall not be contingent or conditioned upon the pursuit of any remedies against Franchisee or any other person; and that such liability shall not be diminished, relieved or otherwise affected by the extension of time, credit or any other indulgence which Franchisor, its affiliates, successors or assigns may, from time to time, grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, or the release of any one or more of the undersigned hereunder, or the consent to assignment of the Franchise Agreement or any interest in Franchisee, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable throughout the term of the Franchise Agreement and any extension or renewal thereof and thereafter until all obligations of Franchisee to Franchisor have been satisfied. This Guaranty shall survive any termination or expiration of the Franchise Agreement, regardless of the reason for such termination or expiration.

Until all obligations of Franchisee to Franchisor have been satisfied, the obligations of Guarantors under this Guaranty shall remain in full force and effect without regard to, and shall not be released, discharged or in any way modified or affected by, any circumstance or condition (whether or not the undersigned shall have any knowledge or notice thereof), including, without limitation, any bankruptcy, insolvency, reorganization, composition, liquidation or similar proceeding, with respect to Franchisee or its properties or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding. Each of Guarantors specifically waives any rights that may be conferred upon Guarantors as a guarantor or surety under the applicable law of any state. The remedies provided herein shall be nonexclusive and cumulative of all other rights, powers and remedies provided under the Franchise Agreement or by law or in equity.

Guarantors hereby agree that without the consent of or notice to any of Guarantors and without affecting any of the obligations of Guarantors hereunder, any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee and Guarantors do guarantee and promise to perform all of the obligations of Franchisee under the Franchise Agreement as so amended, compromised, released or altered.

Upon notice from Franchisor that Franchisee has failed to pay monies due and owing to Franchisor under the Franchise Agreement, any and each of Guarantors agree to cure the monetary default within five business days from such notice.

Upon the death of an undersigned, the estate of such Guarantor shall be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death. The obligations of the surviving Guarantors shall continue in full force and effect.

Guarantors expressly acknowledge that the obligations hereunder survive the termination of the Franchise Agreement. Any provisions in the Franchise Agreement calling for mediation and arbitration of disputes shall also be binding on the undersigned.

The failure of Franchisor to enforce all or any portion of its rights under this Guaranty shall not constitute a waiver of its ability to do so at any point in the future.

No delay or failure of Franchisor in the exercise of any right, power, or remedy shall operate as a waiver thereof, and no partial exercise by Franchisor shall preclude any further exercise thereof or the exercise of any other right, power or remedy.

This Guaranty shall be governed by and construed in accordance with the internal laws of the State of Florida without recourse to Florida (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guaranty would not be enforceable under the laws of Florida, and if the business franchised under the Franchise Agreement is located outside of Florida and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Guaranty is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or other doctrine of law of the State of Florida or any other state, which would not otherwise apply. Any litigation initiated under this Guaranty shall be instituted exclusively at Franchisor's discretion in the most immediate state judicial district and court encompassing Franchisor's headquarters and having subject matter jurisdiction thereof or the United States District Court encompassing Franchisor's headquarters. Each of the undersigned expressly agrees that the undersigned is subject to the jurisdiction and venue of those courts for purposes of such litigation. Each of the undersigned hereby waives and covenants never to assert any claim that the undersigned is not subject to personal jurisdiction in those courts or that venue in those courts is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*). Each Guarantor consents to compliance with any mediation or arbitration provision or requirement for dispute resolution set forth in the Franchise Agreement. If the only claims presented by Franchisor are for monetary relief from Franchisee and any Guarantors, Franchisor may, at its sole option, waive any mediation and arbitration and seek relief directly in a court of proper jurisdiction against Franchisee and/or any Guarantors.

If Franchisor chooses to proceed against the undersigned under this Guaranty, and Franchisor prevails, the undersigned shall indemnify and reimburse Franchisor its costs and expenses associated with the proceeding, including its reasonable attorneys' fees, court costs and expenses.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed its signature \_\_\_\_\_.

[Signatures Appear on Following Page]

Agreed:

YOUR CBD STORES FRANCHISING, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_

GUARANTORS:

\_\_\_\_\_(SEAL)  
Signature

Address:  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_(SEAL)  
Signature

Address:  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_(SEAL)  
Signature

Address:  
\_\_\_\_\_  
\_\_\_\_\_

Exhibit G

State Specific Addenda of the Franchise Agreement

(See Attached)

Exhibit G -1

**YOUR CBD STORES FRANCHISING, LLC**  
**ADDENDUM TO FRANCHISE AGREEMENT**  
**(California)**

The following Addendum modifies and supersedes the Your CBD Stores Franchising, LLC Franchise Agreement (the “Agreement”) with respect to Sunmed™ | Your CBD Store® franchises offered or sold to either a resident of the State of California or a non-resident who will be operating a Sunmed™ | Your CBD Store® franchise in the State of California pursuant to the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, as follows:

1. If any of the provisions of the Agreement concerning termination and non-renewal of a franchise are inconsistent with either the California Franchise Relations Act or with the federal bankruptcy law (11 U.S.C. §101, et seq.) (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.
2. The Agreement requires that it be governed by Florida law. This requirement may be unenforceable under California law.
3. Franchisee must sign a general release if Franchisee renews or transfers its franchise. California Corporations Code 31512 voids a waiver of Franchisee’s rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee’s rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
4. The Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
5. Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.
6. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on \_\_\_\_\_.

FRANCHISOR:

YOUR CBD STORES FRANCHISING, LLC

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

If an Individual:

Signature \_\_\_\_\_

Print Name: \_\_\_\_\_

If other than an Individual:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**YOUR CBD STORES FRANCHISING, LLC  
ADDENDUM TO FRANCHISE AGREEMENT  
(Illinois)**

**TO BE EXECUTED SIMULTANEOUSLY WITH ILLINOIS FRANCHISE AGREEMENT**

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on \_\_\_\_\_.

FRANCHISOR:

YOUR CBD STORES FRANCHISING, LLC

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

If an Individual:

Signature \_\_\_\_\_

Print Name: \_\_\_\_\_

If other than an Individual:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**YOUR CBD STORES FRANCHISING, LLC**  
**ADDENDUM TO FRANCHISE AGREEMENT**  
**(Maryland)**

The following Addendum modifies and supersedes the Your CBD Stores Franchising, LLC Franchise Agreement (the “Agreement”) with respect to Sunmed™ | Your CBD Store® franchises offered or sold to either residents of the State of Maryland or individuals who will be operating a Sunmed™ | Your CBD Store® franchise in the State of Maryland or a non-resident who will be operating a Sunmed™ | Your CBD Store® franchise in the State of Maryland as follows:

1. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Any claims arising under the Maryland Franchisor Registration and Disclosure Law must be brought within three years after the grant of the franchise.
3. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.
5. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise
7. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]



Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on \_\_\_\_\_.

FRANCHISOR:

YOUR CBD STORES FRANCHISING, LLC

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

FRANCHISEE:

If an Individual:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

If other than an Individual:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**YOUR CBD STORES FRANCHISING, LLC**  
**ADDENDUM TO FRANCHISE AGREEMENT**  
**(Minnesota)**

“Minnesota Statutes § 151.72 permits the sale of CBD products derived from hemp for human consumption, and marketed for health and wellness, subject to labeling, testing, and other requirements. However, federal law still prohibits such sales. Therefore, potential franchisees should be aware that these conflicts of law may create risks and uncertainty that could have detrimental effects on the franchise.”

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 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 for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.”

“Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.

Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on \_\_\_\_\_.

FRANCHISOR:

YOUR CBD STORES FRANCHISING, LLC

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

If an Individual:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

If other than an Individual:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit G-7

**YOUR CBD STORES FRANCHISING, LLC**  
**ADDENDUM TO FRANCHISE AGREEMENT**  
**(New York)**

The following Addendum modifies and supersedes the Your CBD Stores Franchising, LLC Franchise Agreement (the “Agreement”) with respect to Sunmed™ | Your CBD Store® franchises offered or sold to either a resident of the State of New York or a non-resident who will be operating a Sunmed™ | Your CBD Store® franchise in the State of New York pursuant to the General Business Law of the State of New York, Article 33, Sections 680 through 695, as follows:

1. Notwithstanding any provision of the Agreement to the contrary, Franchisor will not make any assignment of the Agreement except to an assignee who, in Franchisor’s good faith judgment, is willing and able to assume Franchisor’s obligations under the Agreement.

Notwithstanding any provision of the Agreement to the contrary, all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

Section 18.1 of the Agreement is amended by adding the following to the end of such section:

The indemnification contained in this Section 18.1 shall not apply to any claim by any third-party arising out of a breach of this Agreement by Franchisor or any other civil wrong of Franchisor.

No new or different requirements imposed on Franchisee as a result of any changes made by Franchisor to Franchisor’s Operations Manual or otherwise shall place an unreasonable economic burden on Franchisee.

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

To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on \_\_\_\_\_.

FRANCHISOR:

YOUR CBD STORES FRANCHISING, LLC

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

If an Individual:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

If other than an Individual:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**YOUR CBD STORES FRANCHISING, LLC**  
**ADDENDUM TO FRANCHISE AGREEMENT**  
**(Washington)**

The following Addendum modifies and supersedes the Your CBD Stores Franchising, LLC Franchise Agreement (the “Agreement”) with respect to Sunmed™ | Your CBD Store® franchises offered or sold to either a resident of the State of Washington or a non-resident who will be operating a Sunmed™ | Your CBD Store® franchise in the State of Washington pursuant to the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, as follows:

1. The state of Washington has a statute, RCW 19.100.180, which may supersede the Agreement including the areas of termination and renewal of Franchisee’s franchise. There may also be court decisions which may supersede the Agreement including the areas of termination and renewal of Franchisee’s franchise.
2. If any of the provisions in the Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Washington Franchise Investment Protection Act will prevail over the inconsistent provisions of the Agreement with regard to any franchise sold in Washington.
3. The Securities Administrator has concluded that arbitration between a franchisor and franchisee must take place either in the State of Washington or as may be mutually agreed on by the parties or as may be determined by the arbitrator.
4. A release or waiver of rights executed by Franchisee will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where Franchisee is represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act, such as a right to jury trial, may not be enforceable.
5. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act will prevail.
6. Transfer fees are collectible to the extent that they reflect Franchisor’s reasonable estimated or actual costs in effecting a transfer.
7. Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.
8. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum.
9. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on \_\_\_\_\_.

FRANCHISOR:

YOUR CBD STORES FRANCHISING, LLC

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

If an Individual:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

If other than an Individual:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit G-11

**EXHIBIT H**  
**COLLATERAL ASSIGNMENT OF LEASE**

## **COLLATERAL ASSIGNMENT OF LEASE**

This Collateral Assignment of Lease entered into \_\_\_\_\_ by and between \_\_\_\_\_, ("Tenant") party of the first part; and Your CBD Stores Franchising, LLC, a Florida limited liability company ("Franchisor") party of the second part; witnesseth that:

WHEREAS, by Lease (the "Lease") dated \_\_\_\_\_, \_\_\_\_\_ ("Lessor") leased unto Tenant, the premises (the "Leased Premises") briefly described as in copy of Lease attached hereto as Exhibit "A" and incorporated herein by reference; and

WHEREAS, Franchisor has a vested interest in the successful operation of the Leased Premises by virtue of a certain Franchise Agreement between Franchisor and Tenant, dated \_\_\_\_\_ (the "Franchise Agreement");

NOW THEREFORE, for and in consideration of the making the Franchise Agreement between Franchisor and Tenant, Tenant does hereby assign, transfer and set over unto Franchisor, with the right to reassign, all of their rights, title and interest in and to the Lease and in and to the Leased Premises; it being nevertheless expressly understood and agreed that this Assignment of Lease is made to Franchisor upon the following terms, covenants, limitations, and conditions:

1. Tenant shall retain possession of the leased premises in accordance with the terms and conditions of the Lease so long as no default or breach occurs under the Lease, in any agreement evidencing said Lease or the Franchise Agreement;
2. If default or breach be made by Tenant in the performance of the Lease or the Franchise Agreement or the Franchise Agreement is Terminated, then Franchisor shall have the option, but not the obligation, of taking over the Leased Premises, provided, however, that in the event Franchisor elects to exercise said option of taking over the Leased Premises for the purpose of operating the same, written notice of its election to do so shall be mailed promptly by Franchisor to Lessor. Franchisor shall not have the right of possession of the Leased Premises until such notice is received by Lessor. Upon the receipt of notice of exercise of such option, Franchisor shall be deemed to be substituted as the Tenant/Lessee in said Lease in the place and instead of Tenant, and shall be deemed to have assumed expressly all of the terms, covenants, and obligations of the Lease theretofore applicable to the party of the first part, and shall likewise be entitled to enjoy all of the rights and privileges granted to Tenant under the terms and conditions of the Lease, with the right to reassign same to any tenant or franchisee who can demonstrate a net worth of \$150,000, or otherwise to a subsidiary/affiliate of Franchisor;
3. That Franchisor shall have the right, but shall not be obligated, to cure any default by Tenant under the Lease within Tenant's cure period under the Lease, or within thirty (30) days after the expiration of Tenant's cure period under the Lease, provided that prior to the expiration of Tenant's cure period under the Lease, Franchisor notifies Landlord in writing that Franchisor intends to cure such default;
4. It is understood and agreed that so long as Franchisor shall not have exercised its option under the foregoing provisions hereof as to the Leased Premises, Franchisor shall not be liable for rent or any



obligation of Tenant under and by virtue of or in connection with the Lease, and Tenant shall remain solely liable for such rent and obligations;

5. Nothing contained herein shall be construed to make Franchisor a surety or guarantor for any obligation of the Tenant not specifically assumed in writing by Franchisor in strict accordance with Section 2 above;

6. Tenant and Lessor shall not, by agreement or alone, modify or terminate this lease without written consent of Franchisor;

7. The parties hereby agree that in the event Lessor files for protection under the Bankruptcy Code, Tenant has the right to assign to Franchisor its right to elect to accede to Lessor's bankruptcy rejection of the Lease; and

8. In order to secure Tenant's performance of the Lease and the Franchise Agreement, and in order to facilitate the agreements between Franchisor and Tenant set forth hereunder, Franchisor shall have an interest superior to Lessor on all Tenant's Trade Fixtures. For purposes of this Assignment, "Trade Fixtures" shall be defined as all merchandise, signs, fixtures, furniture, furnishings, partitions and equipment installed and owned by Tenant.

FRANCHISOR:

TENANT:

YOUR CBD STORES FRANCHISING, LLC

<<Insert Name of Tenant>>

BY: \_\_\_\_\_  
<<Type Name of Signor>>

TITLE: <<Type Title of Signor>>

CONSENT OF LESSOR:

<<Type Name of Lessor>>

BY: \_\_\_\_\_  
<<Type Name of Signor>>

TITLE: <<Type Title of Signor>>

ATTEST: \_\_\_\_\_  
Secretary

[CORPORATE SEAL]

**EXHIBIT I**

**RENEWAL ADDENDUM TO THE  
SUNMED™ | YOUR CBD STORE® FRANCHISE AGREEMENT**

**RENEWAL ADDENDUM TO THE  
SUNMED™ | YOUR CBD STORE® FRANCHISE AGREEMENT**

**THIS RENEWAL ADDENDUM ("Addendum")** to the Your CBD Store Franchise Agreement dated as of \_\_\_\_\_, (**"Franchise Agreement"**) by and between **Your CBD Store Franchising, LLC** a Florida limited liability company (**"Franchisor"**), \_\_\_\_\_, a *[state/entity type]* (**"Franchisee"**), and \_\_\_\_\_ ([collectively,] **"Guarantor"**), is entered into simultaneously with the Franchise Agreement.

**RECITALS**

- A. Franchisor and Franchisee are parties to a Your CBD Store Franchise Agreement dated \_\_\_\_\_ (**"Prior Agreement"**) under which Franchisor granted Franchisee the right to operate the Franchised Business at the Approved Location. The term of the Prior Agreement has expired or will expire soon.
- B. Franchisor and Franchisee are executing the Franchise Agreement to renew the rights granted to Franchisee under the Prior Agreement.
- C. The individual(s) identified above as "Guarantor," guaranteed Franchisee's obligations under the Franchise Agreement (the **"Guaranty"**).
- D. The parties desire to modify certain provisions of the Franchise Agreement as reflected in this Addendum.

**NOW THEREFORE**, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

**1. Pre-Opening Obligations Deleted.** Since Franchisee has been operating the Franchised Location pursuant to the Prior Agreement, the parties acknowledge and agree that no provisions of the Franchise Agreement that relate to pre-opening obligations of either party shall be applicable. Franchisee remains required to comply with the conditions for renewal under the Prior Agreement.

**2. Term and Renewal.** The text of Section 2 of the Franchise Agreement is deleted and replaced with the following:

**2.1 Term.** Unless terminated earlier in accordance with the terms and conditions set forth herein, this Agreement and the franchise granted hereunder shall have a term of five (5) years commencing as of the Effective Date (the "Term").

**2.2 Renewal.** Upon the expiration of the Term, Franchisee shall have the right to renew the franchise granted hereunder for up to two (2) additional five (5) year periods provided that all of the conditions of Sections 2.2.1 through 2.2.9 are met."

3. **Renewal Fee.** Simultaneously with the execution of this Addendum, Franchisee shall pay Franchisor a renewal fee in the amount of \_\_\_\_\_.

4. **Indemnification.** The indemnification obligations under the Prior Agreement survive the expiration of the Prior Agreement.

5. **Release by Franchisee and Guarantor.** In order to induce Franchisor to renew the Franchise Agreement, Franchisee (on behalf of itself and its parent, subsidiaries and affiliates and their respective past and present members, officers, directors, shareholders, agents, and employees, in their corporate and individual capacities) and Guarantor (each on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, "**Franchisee Releasors**") freely and without any influence, forever release and covenant not to sue Franchisor, its parent, subsidiaries and affiliates, and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively, "**Franchisor Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, known or unknown, vested or contingent, suspected or unsuspected (collectively, "**claims**"), that any Franchisee Releasor now owns or holds or may at any time have owned or held, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to the Franchise Agreement, the Prior Agreement, and all other agreements between any Franchisee Releasor and any Franchisor Releasee, the sale of franchises to any Franchisee Releasor, the development and operation of the Franchised Business, and each Franchisor Releasee's performance of its obligations under the Prior Agreement and any other agreement between any Franchisor Releasee and any Franchisee Releasor. Franchisee and Guarantor (on behalf of themselves and the Franchisee Releasors) agree that fair consideration has been given by Franchisor for this release, and they fully understand that this is a negotiated, complete and final release of all of their claims.

FRANCHISEE AND GUARANTOR EACH, ON BEHALF OF ITSELF AND THE FRANCHISEE RELEASORS, WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED IN THIS AGREEMENT BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS THAT THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT.

6. **Guaranty Remains in Effect.** Guarantor agrees that none of the amendments, modifications or supplements to the Franchise Agreement set forth above shall release or discharge them from their obligations under the Guaranty and that the Guaranty shall be and remain in full force and effect.

7. **Capitalized Terms.** Any capitalized term that is not defined in this Addendum shall have the meaning given to it in the Franchise Agreement.

8. **Limited Modification.** Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

9. **Counterparts.** The parties may sign this Agreement in counterparts and each such counterpart may be delivered to the other parties by facsimile or by other electronic copy (such as an accurate **PDF** copy of the signature page sent by e-mail), and when taken together with all other identical copies of this Agreement also signed in counterpart, shall be considered as one agreement.

[signatures on the following page]

IN WITNESS WHEREOF, the parties have executed this Renewal Addendum to the Franchise Agreement, simultaneously with the Franchise Agreement.

**FRANCHISOR**

**FRANCHISEE (fill in name of entity):**

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

**GUARANTOR:**

By: \_\_\_\_\_

Name: \_\_\_\_\_  
in individual capacity

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT D**

**OPERATIONS MANUAL TABLE OF CONTENTS**

**[SEE ATTACHED]**

Your CBD Stores Franchising, LLC

Operations Manual -Table of Contents

<u>Section</u>	<u>Number of Subject Pages</u>
How to Use The Operations Manual	1
Compliance with the Operations Manual	1
Location	1
Business Basics	1
Required Documents	1
Buildout of Storefront	3
Approved Vendors	1
Signs	1
Door and Window Decals	1
Brand Paint Color	1
Alarm Systems and Camera	1
Store Specific Social Media	1
Workplace by Facebook	1
Marketing Material	1
Supplies for Store	1
SunMed™/SunFlora® Products	1
Notes on Store Products and merchandise	1
Storing Conditions	1
Shelf Life	1
Inventory Stock	1
Grand Opening	2
Chamber of Commerce	1
BNi	1
Magazine and Newspaper	1
Guerrilla Marketing	1
Staffing	3
Hiring	1
Training	1
Customer Service	1
Customer Acquisition	1
Lab Reports/Certifications	1
Advertising	2
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Informational Flyers	1
Coupons	1
Referral Cards	1
Sample Bags	1
Local Events	1
Guidelines and Policies	7
Drug Test Question	1
Product Recall Policy	1
Product Return Policy	1
State Laws and Regulations	1

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PowerDMS	1
Compliance	1
Social Media Guidelines	1
Websites	1
Landlord Guide	4
Vend Retail POS	2
Text & Loyalty Marketing	1
Store Interior Packages	5
Brand Guidelines	1
Store Launch Press Release	2
Sample Job Descriptions	2
Sample Interview Questions	1
Employee Training	2
Customer Interaction Role Play Script	2
Employee Responsibilities	1
Manager Responsibilities	1
Store Owner Responsibilities	1
In-Store Compliance	1
Social Media Compliance	1
Example of Non-Compliance	1
Compliance Manual	
CBD vs FDA/FTC	1
FDA FAQ	1
Social Media	4
Overall Compliance	1
Facebook and Instagram Compliance	1
Content to Stay Away From/Content To Use	1
In-Store Compliance	2
Sampling	1
Branding Compliance	1
Product Compliance	1
ABOVE and BEYOND Compliance	1
TRIM Compliance	1
Non-Compliant Verbiage	1
Compliant Phrases/Captions	1
Sunflora Compliance FAQ	2

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**EXHIBIT E**  
**STATE SPECIFIC ADDENDA**  
**[SEE ATTACHED]**

## **ADDENDUM REQUIRED BY THE STATE OF CALIFORNIA**

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.

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT WE GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Neither we nor any person or franchise broker identified 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 such persons from membership in that association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination and non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

You must sign a general release if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

We may be limited in the amount of interest we may charge you as discussed in Item 6 of the Disclosure Document. The California Department of Financial Protection and Innovation has asked us to disclose to you that currently the highest interest rate permitted by law in California is 10%.

Item 8 of the Disclosure Document will be supplemented with the following:

You must obtain and maintain during the term of the Franchise Agreement the following insurance policies by carriers approved by us:

1. Insurance required by the terms of any lease for the premises or, if there is no lease, you must carry fire and extended coverage insurance covering the building and all equipment, supplies, products, inventory, furniture, fixtures and other tangible property located in the Store or on the premises in the amount of the full insurable value of the property.
2. Commercial General Liability Insurance, including coverages for products completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses, having a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate (except for fire damage and medical expense coverages, which may have different limits of not less than \$300,000 for one fire and \$5,000 for one person); plus (ii) non-owned automobile liability insurance

and, if you own, rent or identify any vehicles with any Mark or vehicles are used in connection with the operation of the Store, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having a combined single limit of \$1,000,000 per occurrence; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverages in an amount of not less than \$2,000,000 per occurrence and aggregate.

3. Workers' compensation insurance, or a similar policy if the Store is located in a non-subscriber state, covering all of your employees as required by law.

4. Adequate limits for comprehensive crime and blanket employee dishonesty insurance.

5. Business interruption and extra expense insurance for a minimum of six months to cover net profits and continuing expenses (including Royalty Fees).

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the Franchise Agreement. These provisions may not be enforceable under California law.

As discussed in Item 14 of the Disclosure Document, any modifications or improvements that you make to the Sunmed™ | Your CBD Store® System will be deemed a works made for hire which shall be owned exclusively by us. We do not have to compensate you for your modification or improvement based on the terms of the Franchise Agreement and in exchange for us allowing you to use the Sunmed™ | Your CBD Store® franchise system. This may not be enforceable under Copyright law.

As discussed in Item 14 of the Disclosure Document, your spouse, and if you are not an individual, your shareholders, members, partners and managers, as applicable, and their spouses, must sign the Personal Covenants attached to the Franchise Agreement as Exhibit B requiring them to refrain from engaging in competitive businesses. This provision may not be enforceable under California law.

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

THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAWS OF FLORIDA. THESE PROVISIONS MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

THE FRANCHISE AGREEMENT REQUIRES BINDING ARBITRATION. THE ARBITRATION WILL OCCUR AT THE OFFICE OF THE AMERICAN ARBITRATION ASSOCIATION CLOSEST TO OUR PRINCIPAL EXECUTIVE OFFICE WITH EACH PARTY RESPONSIBLE FOR ITS OWN COSTS.

YOU 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 PROCEDURES SECTION 1281, AND

THE FEDERAL ARBITRATION ACT) TO ANY PROVISIONS OF A FRANCHISE AGREEMENT RESTRICTING VENUE TO A FORUM OUTSIDE THE STATE OF CALIFORNIA.

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

#### **ADDENDUM REQUIRED BY THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.

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

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

#### **ADDENDUM REQUIRED BY THE STATE OF MARYLAND**

Item 17 of this Disclosure Document is modified as follows:

The general release language required as a condition of renewal, sale and/or assignment or transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable. The Franchise Agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11. U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

#### **INFORMATION FOR RESIDENTS OF THE STATE OF 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 FRANCHISEES.

**(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 BEFORE THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS 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 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 FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 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 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) THE FAILURE OF THE PROPOSED FRANCHISEE 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.

\* \* \* \*

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER

FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

\* \* \* \*

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATIONS AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

\* \* \* \*

**ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:**

**DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE  
CONSUMER PROTECTION DIVISION  
ATTN: FRANCHISE SECTION  
670 LAW BUILDING  
LANSING, MICHIGAN 48913**

**ADDENDUM REQUIRED BY THE STATE OF MINNESOTA**

"Minnesota Statutes § 151.72 permits the sale of CBD products derived from hemp for human consumption, and marketed for health and wellness, subject to labeling, testing, and other requirements. However, federal law still prohibits such sales. Therefore, potential franchisees should be aware that these conflicts of law may create risks and uncertainty that could have detrimental effects on the franchise."

"With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 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 for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld."

"Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.

Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

## **ADDENDUM REQUIRED BY THE STATE OF NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy



code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

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

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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

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

#### **ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA**

1. Any reference to the franchisee having to sign a general release upon renewal of the franchise agreement is deemed to be deleted in both the Disclosure Document and the franchise agreement. No such release will be required upon renewal.

2. Any reference contained in Section 17(i) of the Disclosure Document and in Section 22.1 of the Franchise Agreement, or elsewhere in either document providing for consent to termination or to liquidated damages is hereby deleted in its entirety.

3. Any reference contained in Section 17(r) of the Disclosure Document and Section 20 of the Franchise Agreement to covenants restricting post-term competition by franchisees is hereby modified by noting that covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

4. Item 17(u) of the Disclosure Document, Section 31 of the Franchise Agreement provide that arbitration or mediation of disputes must occur in Florida. These provisions are amended to reflect that the site of any arbitration or mediation must be agreeable to all parties and may not be geographically remote from the franchisee's place of business.
5. Item 17(v) of the Disclosure Document, Section 31 of the Franchise Agreement provide that franchisees consent to the jurisdiction of courts in Florida. These requirements are deemed deleted in each place used in the Disclosure Document and the Franchise Agreement.
6. Item 17(w) of the Disclosure Document, Section 31 of the Franchise Agreement provide that the Franchise Agreement and any other agreements shall be construed according to Florida law and to call for waiver of jury trials. These provisions are deemed amended to apply the law of North Dakota, not Florida, and to not waive trial by jury.
7. Section 31 of the Franchise Agreement requires a waiver of exemplary and punitive damages, as well as calling for a limitation of claims if not brought within one year. These provisions are deemed deleted, and the applicable statute of limitation shall be that otherwise applicable under North Dakota law.
8. Section 32 of the Franchise Agreement is changed to reflect that in any dispute or enforcement action, the prevailing party shall be entitled to recover its costs and expenses of litigation, including attorney's fees, from the non-prevailing party.

#### **ADDENDUM REQUIRED BY THE STATE OF WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 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 your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking

enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

\_\_\_\_\_  
FRANCHISOR

\_\_\_\_\_  
FRANCHISEE

**EXHIBIT F**  
**LIST OF CURRENT FRANCHISEES**

**(SEE ATTACHED)**

**OPEN FRANCHISED STORES AS OF DECEMBER 31, 2023**

<b>First</b>	<b>Last</b>	<b>Street</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Telephone</b>	<b>Email</b>
Monique	Daigle	2364 Badger Road, Unit C	North Pole	AK	99705	(907) 385-0322	shopak527@getsunmed.com
BJ	Autry	1423 Gadsden Highway, Suite 103	Birmingham	AL	35235	(205) 508-4595	shopal218@getsunmed.com
BJ	Autry	4673 Hwy 280 East, Ste. 9	Birmingham	AL	35242	(205) 407-4689	shopal5@getsunmed.com
BJ	Autry	1204 20 <sup>th</sup> Street South	Birmingham	AL	35205	(205) 201-6626	shopal178@getsunmed.com
Pam	Connor	1560 S. Eufaula Ave.	Eufaula	AL	36027	(334) 232-4246	shopal348@getsunmed.com
BJ	Autry	2341 John Hawkins Parkway #131	Hoover	AL	35244	(205) 739-2200	shopal299@getsunmed.com
Phillip	Smith	5000 Whitesburg Drive, Suite 104	Huntsville	AL	35802	(256) 945-7775	shopal309@getsunmed.com
Will	Vance	8852 Minnie Brown Rd	Montgomery	AL	36117	(334) 593-0818	shopal220@getsunmed.com
Tony	Bryan	900 Main Ave	Northport	AL	35476	(205) 737-7984	shopal2@getsunmed.com
Roger	Crawford	25741 Perdido Beach Blvd, Suite 1	Orange Beach	FL	36561	(251) 979-2631	shopal635@getsunmed.com
Pam	Connor	2 W. Ridge Dr.	Phenix City	AL	36870	(334) 592-8444	shopal346@getsunmed.com
Roger	Crawford	231 Central Ave., Suite B	Hot Springs	AR	79101	(501) 545-8316	shopar68@getsunmed.com
Roger	Crawford	4656 N State Hwy. 7, Suite A	Hot Springs Village	AR	71909	(501) 545-8316	shopar369@getsunmed.com
Daryle	Mabon	975 E Riggs Rd. #3	Chandler	AZ	85249	(480) 857-5999	shopaz171@getsunmed.com

Brian	Milderbr randt	1420 East Route 66, Suite 103	Flagstaff	AZ	86001	(928) 328- 1370	shopaz585@gets unmed.com
Clint	Gumm	183 E Williams Field Rd., Suite e- 105	Gilbert	AZ	85295	(480) 590- 1377	shopaz216@gets unmed.com
Brian	Mildebr andt	190 W. Continental Rd.	Green Valley	AZ	85622	(520) 771- 8116	shopaz294@getsu nmed.com
Tracy	Klimcz ak	345 S Power Road, Suite 104	Mesa	AZ	85206	(480) 597- 6887	shopaz184@gets unmed.com
Tiana	Klimcz ak	6555 East Southern Ave., Suite 2222	Mesa	AZ	85206	(480) 977- 0269	shopaz646@getsu nmed.com
Brian	Mildebr andt	10580 N La Cañada Dr. #170	Oro Valley	AZ	85737	(520) 423- 3570	shopaz118@gets unmed.com
Daryle	Mabon	4802 E Ray Road, Suite 3	Phoenix	AZ	80544	(480) 581- 8111	shopaz161@gets unmed.com
Robin	Couch	424 E Gurley St	Prescott	AZ	86301	(928) 899- 4964	shopaz498@gets unmed.com
Marilyn	Mott	7129 E. 1st Street, Suit 102	Prescott Valley	AZ	86301	(928) 458- 7778	shopaz600@gets unmed.com
Steven	Parks	7054 E. 5 <sup>th</sup> Ave.	Scottsdale	AZ	85251	(480) 937- 2692	shopaz366@getsu nmed.com
Brian	Midlebr andt	150 Hwy 179, Suite 8	Sedona	AZ	86336	(928) 326- 2970	shopaz584@getsu nmed.com
Brian	Mildebr andt	2270 East Fry Blvd.	Sierra Vista	AZ	85635	(520) 685- 8770	shopaz442@getsu nmed.com
Steven	Parks	5100 S. McClintock Drive, Suite 105	Tempe	AZ	85739	(480) 937- 2692	shopaz425@getsu nmed.com
Lisa	Lyons	15318 N. Oracle Rd., #160	Tucson	AZ	85739	(520) 389- 8531	shopaz454@getsu nmed.com
Brian	Mildebr andt	1529 N Wilmot Road	Tucson	AZ	85712	(520) 272- 1770	shopaz16@getsu nmed.com
Brian	Mildebr andt	3820 W River Road. #120	Tucson	AZ	85741	(520) 999- 8070	shopaz326@gets unmed.com
Brian	Milderb randt	1651 S. 4th Ave., Suite A3	Yuma	AZ	85364	(928) 294- 1018	shopaz210@gets unmed.com

Chris	Habitz	3106 W. Magnolia Blvd.	Burbank	CA	91505	(818) 314-0300	shopca272@getsunmed.com
Chad	Paydo	4425 Treat Blvd, Suite D	Concord	CA	94521	(925) 349-6916	shopca579@getsunmed.com
Kevin	Steele	34212 Pacific Coast Highway, "C"	Dana Point	CA	92629	(949)545-7481	shopca526@getsunmed.com
Chad	Paydo	3631-A Mt. Diablo Blvd.	Lafayette	CA	94549	(925) 385-7034	shopca501@getsunmed.com
Spencer	Steele	24326 Muirlands Blvd.	Lake Forest	CA	92630	(949) 415-9765	shopa253@getsunmed.com
Nathan	Chesmore	835 Twelve Bridges Drive, Suite 85	Lincoln	CA	95648	(916) 209-3500	shopca532@getsunmed.com
Michael	Lerch	29575 Pacific Coast Hwy, Suite C	Malibu	CA	90265	(310) 359-1899	shopca180@getsunmed.com
Joseph	Martinez	9587 Central Avenue	Montclair	CA	91763	(909) 542-9047	shopca504@getsunmed.com
Lauren	Lerch	23120 Lyons Avenue, #12	Newhall	CA	91324	(661) 670-8600	shopca391@getsunmed.com
Lauren	Lerch	73280 El Paseo, Suite 2	Palm Desert	CA	92260	(760) 404-0207	shopca58@getsunmed.com
Kevin	Oh	2245 East Colorado Blvd., Suite 102	Pasadena	CA	91107	(626) 365-1002	shopca223@getsunmed.com
Chad	Paydo	117 North McDowell Street	Petaluma	CA	94954	(707) 559-3945	shopca123@getsunmed.com
Victor	Melgar	8635 Base Line Road	Rancho Cucamonga	CA	91730	(661) 210-0734	shopca389@getsunmed.com
Nathan	Chesmore	7441 Foothills Blvd., #160	Roseville	CA	95747	(916)474-5680	shopca194@getsunmed.com
David	Pearson	10 W. Calle Laureles, Suite C	Santa Barbara	CA	93105	(805)869-2577	shopca141@getsunmed.com
Stacey	Pacheco	41920 6 <sup>th</sup> Street, Suite D	Temecula	CA	92590	(951) 953-1680	shopca638@getsunmed.com
Lauren	Lerch	3741 East Thousand Oaks Blvd	Thousand Oaks	CA	91362	(805) 446-4223	shopca416@getsunmed.com

Lauren	Lerch	4255 E. Main Street, Suite #15	Ventura	CA	93003	(805) 765-6130	shopca143@getsunmed.com
David	Beaumont	3211 Business Park Drive	Vista	CA	92081	(760) 498-9176	shopca591@getsunmed.com
Kenneth	Griffith	6944 N. Academy Blvd.	Colorado Springs	CO	80918	(719) 465-7272	shopca612@getsunmed.com
Amphone	Zabka	380 West Main St.	Avon	CT	06001	(860) 255-7101	shopct466@getsunmed.com
Clayton - Mike	Markiewicz	885 West Main Street	Branford	CT	06405	(860) 884-6861	shopct338@getsunmed.com
Jennifer	Leday	1072 S. Main St.	Cheshire	CT	06410	(203) 806-1254	shopct494@getsunmed.com
Olivia	Nosal	114 E Main St.	Clinton	CT	06413	(860) 664-4636	shopct496@getsunmed.com
Mike	Markiewicz	170 Flanders Rd., D 10	East Lyme	CT	06357	(860) 575-5818	shopct372@getsunmed.com
Linda	Muraski	2239 Main Street	Glastonbury	CT	06033	(860) 324-0897	shopct312@getsunmed.com
Howard	Kohlenberg	38 W. Putname Avenue	Greenwich	CT	06830	(203) 769-1169	shopct325@getsunmed.com
James	Viglione	650 S Main St.	Middletown	CT	06457	(860) 894-2979	shopct492@getsunmed.com
Jillian	Shipchack	972 Boston Post Rd.	Milford	CT	06460	(203) 301-0333	shopct268@getsunmed.com
Robert	Stewart	574 Monroe Turnpike	Monroe	CT	06468	(475) 231-1255	shopct158@getsunmed.com
Steve	Nardiello	7 Elm Street	New Canaan	CT	06840	(203) 594-7656	shopct69@getsunmed.com
Michael	Milardo	709 Boston Post Road	Old Saybrook	CT	06475	(203) 804-0452	shopct521@getsunmed.com
Nancy	Nardiello	2350 Main St.	Rocky Hill	CT	06067	(860) 513-1441	shopct365@getsunmed.com
Amphone	Zabka	1049 Queen St. #9	Southington	CT	06489	(860) 747-1223	shopct249@getsunmed.com
Kevin	O'Connor	425 Talcottville Rd., Suite D	Vernon	CT	06066	(860) 375-8477	shopct81@getsunmed.com



Peter	Bogdan	5 River Rd., Unit C01	Wilton	CT	06897	(203) 210-7770	shopct194@getsunmed.com
Mimi	Plump	38627 Benro Dr., Unit 4	Delmar	DE	19940	(302) 265-7825	Shopde642@getsunmed.com
Stephen	Rall	222 S. Dupont Hwy.	Dover	DE	19901	(302) 480-4474	shopde421@getsunmed.com
Stephen	Rall	5421 Peterson Road	Middleton	DE	19709	(302) 423-2303	shopde576@getsunmed.com
Bobby	Spencer	963 N Dupont Blvd., Lot 8	Milford	DE	19963	(302) 264-6646	shopde622@getsunmed.com
Matthew	Rall	3610 Kirkwood Highway	Wilmington	DE	19808	(302) 331-1972	shopde605@getsunmed.com
Rachael	Quinn	2723 Manatee Ave. W.	Bradenton	FL	34205	(941) 226-1230	shopfl1@getsunmed.com
Rachael	Quinn	6676 Cortez Road West	Bradenton	FL	34210	(941) 254-4510	shopefl213@getsunmed.com
Stacey	Quinn	8724 State Road 70 East	Bradenton	FL	34202	(941) 782-8191	shopfl609@getsunmed.com
Akhil	Botre	823 E. Brandon Blvd.	Brandon	FL	33511	(813) 968-7223	shopfl228@getsunmed.com
Rachael	Quinn	1319 Cape Coral Parkway East	Cape Coral	FL	33904	(239) 217-0197	shopfl418@getsunmed.com
Lauren	Beno	13809 County Road 455, #104	Clermont	FL	34711	(407) 654-9877	shopfl128@getsunmed.com
Christi	Radcliffe	209 Seabreeze Blvd.	Daytona Beach	FL	32118	(386) 868-5225	shopfl435@getsunmed.com
Jessica	Warner	117 West Howry Ave	DeLand	FL	32720	(386) 627-6715	shopfl285@getsunmed.com
Morgan	Nelson	232 Harbor Blvd.	Destin	FL	32541	(850) 392-7570	shopfl594@getsunmed.com
Lauren	Beno	2650 South McCall Road	Englewood	FL	34224	(941) 208-5813	shopfl427@getsunmed.com
Will	Nelson	9965 San Jose Blvd #54	Jacksonville	FL	32257	(904) 204-4505	shopfl506@getsunmed.com
Will	Nelson	746 3rd Street, South	Jacksonville Beach	FL	32250	(904) 222-0673	shopfl3@getsunmed.com

Warren	Rojas	1695 W. Indiantown Rd. #19	Jupiter	FL	33458	(312) 330-7425	Shopfl112@getsunmed.com
Ashley	Corliss	3101 W U.S. Hwy 90, Suite 103	Lake City	FL	32055	(386) 266-6601	shopfl327@getsunmed.com
Enelda	Olson	3801 West Lake Mary Blvd., Suite 173	Lake Mary	FL	32746	(689) 444-9633	shopfl523@getsunmed.com
Areli	Bryan	3145 S FL Avenue	Lakeland	FL	33803	(863) 937-3195	shopfl20@getsunmed.com
Enelda	Olson	2628 W. State Road 434	Longwood	FL	32779	(321) 444-6320	shopfl517@getsunmed.com
Viridiana	Ocampo	400 North Orlando Avenue, #104	Maitland	FL	32751	(407) 663-9920	shopfl563@getsunmed.com
Gunnar	Cook	317 N Collier Blvd, #101	Marco Island	FL	34145	(239) 259-8654	Shopfl334@getsunmed.com
Christina	Morenza	1741 Coral Way	Miami	FL	33145	(786) 842-0017	shopfl377@getsunmed.com
Gunnar	Cook	1246 Airport Pulling Rd N	Naples	FL	34104	(239) 331-8073	Shopfl455@getsunmed.com
Will	Nelson	8231 Unit 7A Navarre Parkway	Navarre	FL	32566	(850) 343-9999	shopfl261@getsunmed.com
Sam	Booth	635 N. Tamiami Trail	Nokomis	FL	34275	(941) 786-9079	shopfl377@getsunmed.com
Lauren	Beno	14849 Tamiami Trail	North Port	FL	34287	(941) 200-5119	shopfl13@getsunmed.com
Christina	Oliva	500 SW 10 <sup>th</sup> St., Suite 107	Ocala	FL	34471	(352) 421-8865	shopfl17@getsunmed.com
John	Hulsewe	4825 New Broad Street	Orlando	FL	32814	(407) 789-2313	shopfl174@getsunmed.com
Kelly	Harmon	9089 N Military Trl., #25	Palm Beach Gardens	FL	33410	(561) 729-0107	shopfl39@getsunmed.com
Christi	Radcliffe	160 Cypress Point Pkwy., Suite A105	Palm Coast	FL	32164	(386) 627-5217	shopfl173@getsunmed.com
Anthony	Crisci	31960 U.S. Highway 19 N	Palm Harbor	FL	34684	(727)781-4223	shopfl214@getsunmed.com
Shannon	Zies	9514 Buffalo Road	Palmetto	FL	34221	(941) 212-6002	shopfl243@getsunmed.com

Morgan	Nelson	8730 Thomas Dr., #1104C	Panama City Beach	FL	32408	(850) 392-7558	shopfl514@getsunmed.com
David	Kayne	4761 Bayou Blvd.	Pensacola	FL	32503	(850) 857-2080	shopfl215@getsunmed.com
Don	Bosko	2909 James L. Redman Pkwy., #7	Plant City	FL	33566	(813) 652-8191	shopfl351@getsunmed.com
Jamie	Morrell	9686 U.S.-19	Port Richey	FL	34668	(727) 844-0444	shopfl439@getsunmed.com
Morgan	Nelson	3906 U.S. Highway, 98 W., Suite 35	Santa Rosa Beach	FL	32459	(850) 392-7500	shopfl451@getsunmed.com
Stacey	Quinn	6283 Lake Osprey Drive	Sarasota	FL	34240	(941) 909-1223	shopfl199@getsunmed.com
Stacey	Quinn	421 St Armands Circle #421A	Sarasota	FL	34236	(941) 260-5102	shopfl10@getsunmed.com
Stacey	Quinn	5109 Ocean Blvd.	Siesta Key	FL	34242	(941) 702-8946	shopfl368@getsunmed.com
Akhil	Botre	791 Cortaro Drive	Sun City Center	FL	33573	(813) 394-2404	shopfl502@getsunmed.com
Josh	Crum	1519 Capital Cir. NE #34	Tallahassee	FL	32308	(850) 536-6191	shopfl227@getsunmed.com
Jim	Harrington	1288 Jacaranda Blvd.	Venice	FL	34292	(941) 587-9029	shopfl603@getsunmed.com
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Tony	Bryan	5692 Cypress Gardens Blvd.	Winter Haven	FL	33884	(863) 268-6864	shopfl340@getsunmed.com
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Jacklin	Parker	3701 Atlanta Hwy. #10	Athens	GA	30606	(706) 850-5942	shopga35@getsunmed.com
George	Matlock	2221 Peachtree Rd, Suite V	Atlanta	GA	30309	(470) 428-2635	shopga208@getsunmed.com
Bruce	Lyons	2803 Wrightsboro Rd., Suite 35	Augusta	GA	30909	(706) 869-4932	shopga599@getsunmed.com

David	Kayne	2095 GA-211 #2C	Braselton	GA	30517	(470) 209-7052	shopga187@getsunmed.com
David	Kayne	3235 Sardis Church Rd., STE 107	Buford	GA	30519	(470) 238-3749	shopga229@getsunmed.com
Peggy	Garred	2864 E. Cherokee Dr., Suite B	Canton	GA	30115	(678) 880-9767	shopga160@getsunmed.com
Angie	Brewer	231 Bankhead Hwy., Suite A	Carrollton	GA	30117	(404) 547-8285	shopga495@getsunmed.com
Christy	Davis	618 E Main Street	Cartersville	GA	30121	(678) 324-6177	shopga192@getsunmed.com
Mason	Karimzadeh	5458 Peachtree Blvd.	Chamblee	GA	30341	(678) 691-4215	shopga404@getsunmed.com
Pam	Connor	3507 Gentian Blvd.	Columbus	GA	31907	(706) 561-6777	shopga4@getsunmed.com
David	Kayne	425 Peachtree Pkwy. #325	Cumming	GA	30041	(470) 839-2986	shopga333@getsunmed.com
David	Kayne	837 GA-400 #130	Dawsonville	GA	30534	(706) 203-1923	shopga343@getsunmed.com
Angie	Brewer	9480 Georgia 5	Douglasville	GA	30135	(678) 383-6786	shopga7@getsunmed.com
Mason	Karimzadeh	5482 Chamblee Dunwoody Rd. #25	Dunwoody	GA	30338	(678) 936-1522	shopga374@getsunmed.com
Kendal	Callwood	805 Glynn St. S #137	Fayetteville	GA	30214	(404)668-4567	shopga51@getsunmed.com
David	Kayne	5887 Spout Springs Rd., Suite D402	Flowery Branch	GA	30542	(678) 828-7517	shopga450@getsunmed.com
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Bruce	Lyons	4984 Steiner Way	Grovetown	GA	30813	(706) 432-9213	shopga337@getsunmed.com
Angie	Brewer	4484 Jimmy Lee Smith Pkwy., Suite E 118	Hiram	GA	30141	(770) 675-3619	shopga40@getsunmed.com

Christina	Mitchell	88 Burnt Mountain Road	Jasper	GA	30143	(706) 716-2536	shopga358@getsunmed.com
David	Kayne	9775 Medlock Bridge Rd., Suite G	Johns Creek	GA	30097	(470) 448-3943	shopga298@getsunmed.com
Jonathan	Davis	745 Chastain Road, Suite 1140	Kennesaw	GA	30144	(770) 485-7437	shopga344@getsunmed.com
David	Kayne	1030 Old Peachtree Rd. NW #201	Lawrenceville	GA	30043	(470) 385-6327	shopga447@getsunmed.com
Troy	Johnson	2365 Powder Springs Road Southwest #1215	Marietta	GA	30064	(770) 627-4601	shopga379@getsunmed.com
Pam	Bauer	2550 Sandy Plains Road #360	Marietta	GA	30066	(678) 741-8990	shopga581@getsunmed.com
John	Rose	3405 Dallas Highways, Suite 501	Marietta	GA	30064	(678)403-8375	shopga611@getsunmed.com
Bruce	Lyons	4015 Washington Road, Ste. B	Martinez	GA	30907	(706) 869-5773	shopga27@getsunmed.com
Angie	Brewer	49 Newnan Station Dr. Suite D	Newnan	GA	30265	(678) 673-6161	shopga37@getsunmed.com
Troy	Johnson	555 S Atlanta St. Suite A200	Roswell	GA	30075	(404) 549-6766	shopga21@getsunmed.com
Breana	Holmes	2380 Cobb Parkway SE	Smyrna	GA	30080	(770) 693-1266	shopga43@getsunmed.com
Johnny	Davis	2340 Towne Lake Pkwy., Ste. 120 B	Woodstock	GA	30189	(770) 627-3512	shopga15@getsunmed.com
David	Houlihan	98044 Kamehameha Hwy., Unit D	Aiea	HI	96701	(808) 487-5387	shophi417@getsunmed.com
David	Houlihan	567 Kapahulu Ave. #6	Honolulu	HI	96815	(808) 744-4811	shophi310@getsunmed.com
David	Houlihan	45-1127 Kamehameha Hwy	Kaneohe	HI	96744	(808) 367-0225	shophi278@getsunmed.com

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Lacie	Navin	833 E. 1st St., #101	Ankeny	IA	50021	(515) 964-9862	shopia376@getsunmed.com
Michael	Stumberg	100 E 2 <sup>nd</sup> St., #107	Cedar Falls	IA	50613	(319) 260-2246	shopia276@getsunmed.com
Becky	Ramker	5466 Blairs Forest Way NE	Cedar Rapids	IA	52402	(563) 676-1122	shopia172@getsunmed.com
Becky	Ramker	2824 W Locust St., #7A	Davenport	IA	52804	(563) 676-1122	shopia12@getsunmed.com
Nathan	Ramker	3875 Elmore Avenue, Suite C	Davenport	IA	52807	(563) 676-1122	shopia593@getsunmed.com
Keenan	Schuur	1026 Central Ave	Fort Dodge	IA	50501	(516) 206-1372	shopia619@getsunmed.com
Nathan	Ramker	264 Scott Court	Iowa City	IA	52245	(563) 676-1122	shopia47@getsunmed.com
Matt	Yde	2515 Hamilton Blvd	Sioux City	IA	51104	(712) 509-8805	shopia181@getsunmed.com
Mike	Tenhaken	4644 86 <sup>th</sup> Street	Urbandale	IA	50322	(515) 276-4303	shopia46@getsunmed.com
Lacie	Navin	264 Hickman Road	Waukee	IA	50263	(515) 669-5438	shopia535@getsunmed.com
Lacie	Navin	125 5 <sup>th</sup> St.	West Des Moines	IA	50265	(515) 279-0150	shopia323@getsunmed.com
Ryan	Sanford	1419 West Lane Rd. Ste E	Machesney Park	IL	61115	(815) 979-8932	Shopil633@getsunmed.com
Nicole	Olson	11600 Francis Rd., Unit C-2	Mokena	IL	60448	(779) 803-2106	shopil336@getsunmed.com
Dustin	Delpivo	512 5 <sup>th</sup> Street	Peru	IL	61354	(815) 250-0388	Shopil226@getsunmed.com
Matthew	Anderson	5313 Oak St.	Quincy	IL	62305	(217) 214-3040	shopil243@getsunmed.com
Becky	Ramker	4100 46 <sup>th</sup> Avenue	Rock Island	IL	61201	(563)676-1122	shopil291@getsunmed.com
Dustin	Delpivo	2900 E. Lincolnway, #20D	Sterling	IL	61081	(815) 213-7140	shopil279@getsunmed.com
Trevor	Jones	7433 Shadeland Ave.	Indianapolis	IN	46250	(317) 288-7154	shopin378@getsunmed.com

Jim	Jones	5021 S Kentucky Ave., Suite E	Indianapolis	IN	46221	(317) 455-1947	shopin484@getsunmed.com
Dave	Arend	1051 W Eads Pkwy.	Lawrenceburg	IN	47025	(812) 577-3253	shopin26@getsunmed.com
Trevor	Jones	1240 W 86 <sup>th</sup> St.	Nora	IN	46260	(317) 669-0774	shopin191@getsunmed.com
Nicole	Olson	2171 US Highway 41	Schereville	IN	46375	(219) 322-3497	shopin231@getsunmed.com
Elizabeth	Kirby	7953 Mall Rd	Florence	KY	41042	(859) 282-1251	shopky384@getsunmed.com
Yulia	Zangeeva	2716 Plantation Dr.	Bossier City	LA	71111	(318) 562-3588	shopla207@getsunmed.com
Crystal	Nugent	1818 Manhattan Blvd. #4	Harvey	LA	70058	(504) 354-1600	shopla49@getsunmed.com
Crystal	Nugent	6824 Veterans Blvd., Ste. 100c	Metairie	LA	70003	(504) 533-9990	shopla18@getsunmed.com
Yulia	Zangeeva	3702 Youree Dr.	Shreveport	LA	71105	(318) 344-0682	shopla355@getsunmed.com
Jim	Bronson	180 Elm Street, Suite E	Pittsfield	MA	01201	(413) 344-4022	shopma100@getsunmed.com
Lorraine	Denoncourt	549 College Hwy, Unit C	Southwick	MA	01077	(413) 998-3250	shopma198@getsunmed.com
Diane	Riley	175 Littleton Road	Westford	MA	01886	(978) 850-4148	shopma588@getsunmed.com
Matthew	Yde	3234 East Highway 10	Moorhead	MN	56560	(218) 329-0980	shopmn570@getsunmed.com
Matthew	Yde	935 37 <sup>th</sup> Ave. S Suite 124	Moorhead	MN	56560	(218) 979-1065	shopmn632@getsunmed.com
Clifton	Yoder	145 Friendly and Fresh Dr., Suite A	Flowood	MS	39232	(769) 251-5499	shopms234@getsunmed.com
Garrett	Goff	1626 Bienville Blvd.	Ocean Springs	MS	39564	(228) 215-0492	shopms262@getsunmed.com
Will	Vance	1076 Goodman Rd. E	Southaven	MS	38671	(662) 470-6497	shopms8@getsunmed.com
Paul	Sheck	1520 3 <sup>rd</sup> Sr NW. Suite G	Great Falls	MT	59405	(406) 899-0853	shopmt634@getsunmed.com
Sandra	Pinnell	3450 Kildaire Farm Rd, Ste 154	Cary	NC	27518	(919) 890-8483	shopnc631@getsunmed.com

Kathryn	Yorke	420 East Arlington Blvd., Suite B-1	Greenville	NC	27858	(252) 999-5127	shopnc295@getsunmed.com
Matthew	Yde	1650 45 <sup>th</sup> St. S #105	Fargo	ND	58103	(701) 532-0416	shopnd462@getsunmed.com
Matthew	Yde	5050 Timber Pkwy S. Ste 106	Fargo	ND	58104	(701) 729-5097	shopnd624@getsunmed.com
Matthew	Yde	2990 32 <sup>nd</sup> Ave S Ste 200	Grand Forks	ND	58201	(701) 306-1752	shopnd615@getsunmed.com
John	Locklair	9735 Giles Road	La Vista	NE	68128	(402) 301-7417	shopne637@getsunmed.com
Richard	Smith	211 Loudon Rd., Suite A	Concord	NH	03301	(603) 715-1153	shopnh237@getsunmed.com
Christi	Radcliffe	69 Walmart Plaza	Clinton	NJ	08809	(908) 310-6373	shopnj48@getsunmed.com
Elizabeth	McCafferty	401 Harmony Rd., Ste. 20	Gibbstown	NJ	08027	(856) 599-0095	shopnj28@getsunmed.com
Antonia	Diaz	109 Main Street	Hackensack	NJ	07601	(908) 504-0603	shopnj640@getsunmed.com
Antonia	Diaz	442 Rochelle Ave.	Rochelle Park	NJ	07662	(201) 267-6854	shopnj568@getsunmed.com
Christi	Radcliffe	140 West Main Street	Somerville	NJ	08876	(908) 310-6373	shopnj204@getsunmed.com
Theresa	Ungaro	4154 McKinley Pkwy Ste 800	Buffalo	NY	14219	(716) 649-1940	shopny127@getsunmed.com
Patrick	Consalvas	6401 Jericho Turnpike	Commack	NY	11725	(631) 533-7620	shopny531@getsunmed.com
Tim	Updegraff	5843 Transit Road	East Amherst	NY	14051	(716) 458-0075	shopny266@getsunmed.com
Thalia	Pabon	129 W. Commercial Street, #1	East Rochester	NY	14445	(585) 485-0105	shopny82@getsunmed.com
Tim	Updegraff	3317 Chambers Rd.	Horseheads	NY	14845	(607) 442-0114	shopny222@getsunmed.com
Thalia	Pabon	2012 East Ridge Road	Irondequoit	NY	14622	(585) 978-7441	shopny314@getsunmed.com
Tim	Updegraff	3191 Delaware Ave.	Kenmore	NY	14217	(716) 768-2020	shopny407@getsunmed.com
John	Morrow	2420 Main Street	Lake Placid	NY	12946	(518) 837-5104	shopny300@getsunmed.com



Cathy	Vellone Parlitsis	222 East Main Street	Mt. Kisco	NY	10549	(912) 276-5409	shopny500@getsunmed.com
Katherine	Montane	131 Purchase Street, Store 3	Rye	NY	10580	(914) 921-1073	shopny606@getsunmed.com
Heidi	Updegrah	1901 Vestal Pkwy. E Ste. 1b	Vestal	NY	13850	(607) 444-3048	shopny36@getsunmed.com
Jose	Sanchez	1582 Route 9	Wappingers Falls	NY	12590	(845) 297-0302	shopny196@getsunmed.com
Yvette	Sanchez	365 Mamaroneck Avenue	White Plains	NY	10605	(914) 358-9749	shopny601@getsunmed.com
Becky	Reynolds	2231 Kresge Drive	Amherst	OH	44001	(440) 714-4297	shopoh328@getsunmed.com
Brian	Courtney	930 E Sandusky Ave	Bellefontaine	OH	43311	(937) 404-9321	Shopoh512@getsunmed.com
Lauren	Luoma	102 Cherry Avenue, Suite 2B	Chardon	OH	44024	(440)285-3320	shopoh589@getsunmed.com
Dave	Arend	8144 Beechmont Ave.	Cincinnati	OH	45255	(513) 873-6000	shopoh296@getsunmed.com
Dave	Arend	6355 Harrison Ave. #12	Cincinnati	OH	45248	(513) 979-4010	shopoh477@getsunmed.com
Becky	Reynolds	15207 Detroit Ave.	Lakewood	OH	44107	(216) 410-7826	shopoh200@getsunmed.com
Steve	Schumacher	8674 Mentor Ave.	Mentor	OH	44060	(440) 667-1613	shopoh297@getsunmed.com
Dave	Arend	9885 Montgomery Rd	Montgomery	OH	45242	(513) 996-3000	shopoh356@getsunmed.com
Becky	Reynolds	4920 Milan Rd. Suite G	Sandusky	OH	44870	(419) 975-2071	shopoh488@getsunmed.com
Drake	Cortese	5239 Dorr Street	Toledo	OH	43615	(419) 214-0979	shopoh195@gen sunmed.com
Alexis	Poureetezadi	1119 NE Hogan Dr.	Gresham	OR	97030	(866) 223-7948	shopor30@getsunmed.com
Ashley	Thompson	4902 River Rd N	Keizer	OR	97303	(541) 214-1855	shopor602@getsunmed.com
Ashley	Thompson	134 Lancaster Drive Southeast	Salem	OR	97317	(541) 214-1855	shopor602@getsunmed.com

Kelley	Wyble	63 Erford Road	Camp Hill	PA	17011	(717) 970-3916	shoppa592@getsunmed.com
Timothy	Norconk	3700 PA-118, #300	Dallas	PA	18612	(570) 310-1225	shoppa396@getsunmed.com
Christi	Radcliffe	430 Northampton St.	Easton	PA	18042	(484) 544-4771	shoppa115@getsunmed.com
Steve	Schumacher	5158 Peach St. #100	Erie	PA	16509	(814) 920-5004	shoppa38@getsunmed.com
Kelley	Wyble	1380 Columbia Ave.	Lancaster	PA	17603	(717) 209-7123	shoppa301@getsunmed.com
Catherine	Burns	2744 Lycoming Mall Dr	Muncy	PA	17756	(570) 828-3998	shoppa275@getsunmed.com
Marie	Glomb	1107 Mount Royal Boulevard	Pittsburgh	PA	15223	(877) 337-0880	shoppa411@getsunmed.com
Dawn	Trudeau	2 B Crandall Rd	Tiverton	RI	02878	(401) 266-6683	shopri245@getsunmed.com
Joshua	Duncan	3182 North Main Street	Anderson	SC	29621	(864) 328-9678	Shopsc597@getsunmed.com
Bruce	Lyons	275 Harbison Blvd., Suite L	Columbia	SC	29212	(803) 667-9579	shopsc99@getsunmed.com
Bruce	Lyons	718 Fashion Dr., Suite C	Columbia	SC	29229	(803) 764-2012	shopsc25@getsunmed.com
Ben	Nelson	5284 Calhoun Memorial Highway STE- J	Easley	SC	29640	(864) 307-8554	shopsc530@getsunmed.com
Bruce	Lyons	1461 Woodruff Road, Suite C	Greenville	SC	29607	(864) 438-1142	shopsc24@getsunmed.com
Joe	Martin	204-E Montague Ave.	Greenwood	SC	29649	(864) 223-5625	shopsc22@getsunmed.com
Bruce	Lyons	5225 Sunset Blvd., Suite A	Lexington	SC	29072	(803) 951-3456	shopsc9@getsunmed.com
Joshua	Duncan	1598 Sandifer Blvd., Suite C	Seneca	SC	29678	(864) 885-1419	shopsc70@getsunmed.com
Bruce	Lyons	1450 W. O. Ezell Boulevard #640	Spartanburg	SC	29301	(864) 707-5165	shopsc209@getsunmed.com

Matthew	Yde	1612 W 41st St., Suite A	Sioux Falls	SD	57105	(605) 376-9043	shopsd497@getsunmed.com
Matthew	Yde	4515 East 26th Street, Suite A	Sioux Falls	SD	57110	(605) 376-0101	shopsd503@getsunmed.com
Will	Vance	680 N Germantown Pkwy #42	Cordova	TN	38018	(901) 453-6600	Shoptn423@getsunmed.com
Tina	Mullis	1735 Galleria Blvd.	Franklin	TN	37067	(239) 464-3113	shoptn159@getsunmed.com
Jonathan Chung	Chung	566 A Carriage House Drive	Jackson	TN	38305	(731) 736-2868	shoptn476@getsunmed.com
Junnica	Harris	3315 Hacks Cross Road, Suite 106	Memphis	TN	38125	(901) 572-1814	shoptn235@getsunmed.com
Will	Vance	3157 Poplar Ave.	Memphis	TN	38111	(901) 590-3075	shoptn14@getsunmed.com
Kathy	Terhune	2909 S Western St.	Amarillo	TX	79109	(806) 437-1381	shoptx470@getsunmed.com
Kathy	Terhune	6103 Coulter St S #200	Amarillo	TX	79119	(806) 437-1381	shoptx177@getsunmed.com
Teri	Palmer	11811 Preston Road, Suite 130	Dallas	TX	75230	(469) 870-2110	shoptx598@getsunmed.com
Leroy	Reber	701 W. Berry St. #101	Fort Worth	TX	76110	(817) 521-9001	shoptx278@getsunmed.com
Randall	Hurst	3010 Williams Drive, #162	Georgetown	TX	78628	(512) 688-5749	shoptx354@getsunmed.com
Ryan	Hernandez	2020 S Expressway 83 Ste K109	Harlingen	TX	78550	(956) 230-0445	Shoptx319@getsunmed.com
Marla	Guerra	23027 Morton Ranch Rd	Katy	TX	77459	(281) 676-4933	shoptx113@getsunmed.com
Chrissy	Crowell	255C South Main Street	Keller	TX	76248	(682) 593-7299	shoptx11@getsunmed.com
Gary	Brandt	2300 Lohman's Spur Rd. Suite 116	Lakeway	TX	78734	(512) 894-9649	Shoptx614@getsunmed.com
Timothy	Smyrson	5207 98th St. #200	Lubbock	TX	79424	(806) 368-8125	shoptx371@getsunmed.com
Karan	Oberoi	5221 N 10th St. #130	McAllen	TX	78504	(956) 322-5187	shoptx42@getsunmed.com

Jeff	Swan	5005 McKinney Ranch Parkway Ste 250	McKinney	TX	75070	(214) 548-5353	shoptx102@getsunmed.com
Randal	Hurst	23127 W I-10	San Antonio	TX	78257	(210) 701-8040	shoptx225@getsunmed.com
Matthew	Ireland	2354 E State Hwy 114	Southlake	TX	76092	(817) 240-3332	shoptx189@getsunmed.com
Gunnar	Cook	2300 Woodforest Pkwy. Suite #200	Woodforest	TX	77316	(936) 588-6779	shoptx281@getsunmed.com
Rebecca	Nadora	44921 George Washington Blvd., Suite 110	Ashburn	VA	20147	(571) 442-8492	shopva522@getsunmed.com
Kuldeep	Gill	4386 Kevin Walker Dr	Dumfries	VA	22025	(571) 285-4037	shopva620@getsunmed.com
Lan	Pham	11108 Lee Hwy.	Fairfax	VA	22030	(571) 340-3545	shopva399@getsunmed.com
Kitty	Fallows	2225 Plank Road	Fredericksburg	VA	22401	(540) 681-1072	shopva183@getsunmed.com
Beth	Collingwood	14662 Lee Hwy.	Gainesville	VA	20155	(703) 743-9403	shopva224@getsunmed.com
Nives	Gately	3113 Valley Avenue, Suite 104	Winchester	VA	22601	(703) 395-2220	shopva175@getsunmed.com
Jonathan	Rhine	301 Watson Street	Ripon	WI	54971	(844) 748-2266	shopwi45@getsunmed.com

**FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED AS OF DECEMBER 31, 2023**

<b>Franchisee Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Telephone</b>
Devon Driskal	Pending Lease	Douglas County	CO	Pending	(720) 220-3076
Jamie Bilbrough	Pending Lease	Lewes	DE	Pending	(302) 222-4048
Laura Raimundi	Pending Lease	Davenport	FL	Pending	(386) 341-9845
Christina Vaughn	Pending Lease	Deluth	GA	Pending	(704) 746-2710
Hunter Landers	Pending Lease	College Station	TX	Pending	(979) 450-0886

**EXHIBIT G**  
**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**  
**(SEE ATTACHED)**

**Sunmed™ | Your CBD Store® Terminated/Closed  
as of December 31, 2023**

<b>Former Franchisee Name</b>	<b>City</b>	<b>State</b>	<b>Telephone</b>
Courtney Hawkins	Pell City	AL	(205) 706-6448
Christopher Petersen	Benton	AR	(303) 906-8674
Christopher Hayes	Little Rock	AR	(501) 838-0331
Brian Milderbrandt	Tucson	AZ	(520) 576-0155
Brian Milderbrandt	Tucson	AZ	(520) 576-0155
Marili Ceja	Brea	CA	(562) 588-9424
Marili Ceja	Escondido	CA	(562) 588-9424
Claudia Chaverra	Northridge	CA	(805) 607-6990
Marili Ceja	Tustin	CA	(562) 588-9424
Justin Shipchack	Bridgeport	CT	(203) 605-4199
Mackenzie Lee	Bristol	CT	(330) 391-8549
Rebekah Fernandez	Manchester	CT	(860) 995-3633
Rebekah Fernandez	South Windsor	CT	(860) 995-3633
Rebekah Fernandez	Windsor	CT	(860) 995-3633
Albert Riley	Boca Raton	FL	(561) 430-3936
Madison Hasseman	Boynton Beach	FL	(561) 419-7101
Lucy Gomes	Cape Coral	FL	(770) 312-6291
Wellerson Silva	Fort Myers	FL	(954) 681-0985
Shannon LeBas-Warren	Fort Myerts, FL	FL	(239) 898-4190
Kara Nunez	Fort Walton Beach	FL	(850) 687-1638
Will Nelson	Key West	FL	
Stacey Quinn	Sarasota	FL	(772) 201-4047
David Kayne	Pensacola	FL	
Jamma Cortese	Stuart	FL	(517) 745-8864
Carmen Quinones	Yulee	FL	(786) 251-3666
Randall Dykema	McDonough	GA	(630) 290-5832
Mason Karimzadeh	Atlanta	GA	(678) 691-4215
David Houlihan	Honolulu	HI	(808) 744-4811
Kristina Bays	Oldtown	ID	(254) 278-8156
Katie Stephens	Ashland	KY	(606) 471-8554
Faithlyn Farmer	New Orleans	LA	(504) 329 -7635
Raquel Dominick	Harvey	LA	(504) 505-3891
Kate Diebolt	Plymouth	MI	(313) 737-5504
BJ Autry	Meridian	MS	(205) 739-2200
Jessica French	Olive Branch	MS	(662) 863-1159
Steven Nguyen	Boulder City	NV	(510) 759-4710

Jon Herzog	Syracuse	NY	(315) 317-2556
John Herzog	Liverpool	NY	(315) 317-2556
Kathleen Honzik	Newburgh	NY	(845) 383-1425
Dee Earle	Port Jefferson Station	NY	(631) 809-4737
Maria-Esmeralda Updegraph	Spencerport	NY	(321) 356-7271
Jeffrey Butterfield	Fairfield	OH	(513) 907-2498
Arman Singh	Maumee	OH	(567) 277-2402
Dave Arend	West Chester	OH	(859) 433-6372
Juan Rojo	Easton	PA	(484) 470-8681
Pam Connor	Clarksville	TN	(706) 358-5764
Aparna Moondra	Chantilly	VA	(571) 265-3422
Antoinette Charles	Henrico	VA	(917) 744-1274
Otis Smith	Virginia Beach	VA	(678) 463-0929

**Sunmed™ | Your CBD Store® Transferred as of December 31, 2023**

Former Franchisee Name	City	State	Phone
Don Jones	Gilbert	AZ	(480) 600-6410
Eddie Encinias	Palm Desert	CA	(909) 251-9984
Michael Milardo	Old Saybrook	CT	(203) 804-0452
Areli Bryan	Lake City	FL	(205) 344-0712
Sam Booth	Nokomis	FL	(941) 237-6512
Jim Harrington	Venice	FL	(352) 572-3135
Chelle Tenhaken	Sioux City	IA	(515) 208-4980
Johnathon Chung	Jackson	TN	(731) 267-0427
Deanna Einhorn	Harlingen	TX	(956) 998-1298

**Franchisees that have not communicated with us within 10 weeks of the date of this Disclosure Document**

Franchisee Name	Address	City	State	Zip Code	Telephone
None.					

**EXHIBIT H**  
**FINANCIAL STATEMENTS**  
**[SEE ATTACHED]**



**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

**Your CBD Stores Franchising, LLC**  
**Balance Sheet**  
As of July 31, 2024

	<u>Total</u>
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Cash	
10100 LMCU GOA - 101421488637	242,910.06
10200 LMCU Franchise Ad Fund Acct 102421488636	90,789.29
10300 LMCU Max Money Market S06	205,603.22
Total Cash	<u>\$ 539,302.57</u>
Total Bank Accounts	<u>\$ 539,302.57</u>
Accounts Receivable	
Accounts Receivable	
20100 Accounts Receivable (A/R)	0.00
Total Accounts Receivable	<u>\$ 0.00</u>
Total Accounts Receivable	<u>\$ 0.00</u>
Other Current Assets	
20400 Legal Retainer	1,500.00
Intercompany Receivable	
14470 Due from Sunflora	233,784.63
Total Intercompany Receivable	<u>\$ 233,784.63</u>
Prepaid Expense	
20401 Einbinder & Dunn LLP - Retainer	0.00
20402 Ince - Retainer	0.00
Total Prepaid Expense	<u>\$ 0.00</u>
Undeposited Funds	0.00
Total Other Current Assets	<u>\$ 235,284.63</u>
Total Current Assets	<u>\$ 774,587.20</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 774,587.20</b></u>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	
30100 Accounts Payable (A/P)	35,505.51
Total Accounts Payable	<u>\$ 35,505.51</u>
Total Accounts Payable	<u>\$ 35,505.51</u>
Other Current Liabilities	
31110 Unearned Income	53,150.00
Accrued Expenses	
30150 Accrued Exp	9,044.00

Total Accrued Expenses	\$	9,044.00
Intercompany Payable		
30200 Loan Due to Sunflora Inc		-234,572.78
30201 Square due to Sunflora		7,344.36
Total Intercompany Payable	-\$	227,228.42
Other Current Liabilities		
30300 Prepaid Initial Franchise Fees - Reserved		141,250.00
30400 Franchise Ad Fund Fees - Restricted		105,421.21
Total Other Current Liabilities	\$	246,671.21
Store Credit Liability		
30350 Store Credits		0.00
Total Store Credit Liability	\$	0.00
Total Other Current Liabilities	\$	81,636.79
Total Current Liabilities	\$	117,142.30
Total Liabilities	\$	117,142.30
Equity		
40100 Opening Balance Equity		1,000.00
40999 Retained Earnings		213,023.43
Owner's Equity		
40300 Common Stock - Par Value		
40310 CS - Marcus Quinn		152,500.00
40320 CS - Phillip Bryan		37,500.00
40330 CS - Jason Ellis		25,000.00
40340 CS - David Kayne		12,500.00
40350 CS - George Rainey		12,500.00
40360 CS - Robert Corliss		10,000.00
Total 40300 Common Stock - Par Value	\$	250,000.00
Total Owner's Equity	\$	250,000.00
Net Income		193,421.47
Total Equity	\$	657,444.90
TOTAL LIABILITIES AND EQUITY	\$	774,587.20

Wednesday, Aug 14, 2024 05:47:21 AM GMT-7 - Accrual Basis

**Your CBD Stores Franchising, LLC**  
**Profit and Loss**  
January - July, 2024

	<u>Total</u>
<b>Income</b>	
<b>Franchise Fees</b>	
50100 Franchise Fee Revenue	189,836.34
50200 Initial Franchise Fee Revenue	32,416.67
<b>Total Franchise Fees</b>	<u>\$ 222,253.01</u>
<b>Total Income</b>	<u>\$ 222,253.01</u>
<b>Gross Profit</b>	<u>\$ 222,253.01</u>
<b>Expenses</b>	
<b>IT, Office Expenses &amp; Phone</b>	
60500 Corporate Expenses	138.75
60600 Office Supplies & Software	1,050.00
60810 Bank Charges & Fees	-308.05
<b>Total IT, Office Expenses &amp; Phone</b>	<u>\$ 880.70</u>
<b>Professional Services</b>	
60400 Legal & Professional Services	62,625.26
60410 Professional Services CPA Audit	9,044.00
<b>Total Professional Services</b>	<u>\$ 71,669.26</u>
<b>Sales and Marketing</b>	
60150 Franchise Leads	1,392.00
<b>Total Sales and Marketing</b>	<u>\$ 1,392.00</u>
<b>Store Support &amp; Compliance</b>	
60700 Franchise Compliance	685.40
<b>Total Store Support &amp; Compliance</b>	<u>\$ 685.40</u>
<b>Total Expenses</b>	<u>\$ 74,627.36</u>
<b>Net Operating Income</b>	<u>\$ 147,625.65</u>
<b>Other Income</b>	
96300 Legal Settlements	40,000.00
97000 Interest Income	5,603.22
<b>Total Other Income</b>	<u>\$ 45,603.22</u>
<b>Other Expenses</b>	
90800 Reconciliation Discrepancies	-192.60
<b>Total Other Expenses</b>	<u>-\$ 192.60</u>
<b>Net Other Income</b>	<u>\$ 45,795.82</u>
<b>Net Income</b>	<u>\$ 193,421.47</u>

Wednesday, Aug 14, 2024 05:48:39 AM GMT-7 - Accrual Basis

# **Your CBD Stores Franchising LLC**

## **Financial Statements**

**December 31, 2023, 2022, and 2021**



**YOUR CBD STORES FRANCHISING LLC**  
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Oldsmar / Tampa / St. Petersburg

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## INDEPENDENT AUDITOR'S REPORT

To the Managing Members of  
Your CBD Stores Franchising LLC

### Opinion

We have audited the accompanying financial statements of Your CBD Stores Franchising LLC (a Florida corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and members' equity and cash flows for the years then ended, and the related notes to the financial statements.

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

### Basis for Opinion

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

### Related Party Transactions

As discussed in **NOTE C** to the financial statements, a company related through common ownership provides Your CBD Stores Franchising LLC with management, operational and administrative services at no charge. In addition, the same related company provides working capital advances under favorable terms. Our opinion is not modified with respect to those matters.

### Correction of an Error

As discussed in **NOTE D** to the financial statements, the financial statements as of and for the year ended December 31, 2021 have been restated to correct an error in those previously issued statements. Our opinion is not modified with respect to that matter.

CONTINUED

## INDEPENDENT AUDITOR'S REPORT – CONTINUED

### Prior Period Financial Statements

The financial statements of Your CBD Stores Franchising LLC as of December 31, 2021 were audited by other auditors whose report dated February 28, 2022 expressed an unmodified opinion on those statements.

### 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 Your CBD Stores Franchising LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

CONTINUED



## INDEPENDENT AUDITOR'S REPORT – CONTINUED

- 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 Your CBD Stores Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Your CBD Stores Franchising LLC's ability to continue as a going concern for a reasonable period of time.

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

*PDR CPAs + Advisors*

Oldsmar, Florida  
February 19, 2024

**YOUR CBD STORES FRANCHISING LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023, 2022, AND 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 830,278	\$ 457,860	\$ 484,112
Due from related party	26,855	34,507	38,851
Prepaid expenses	<u>-</u>	<u>4,004</u>	<u>4,004</u>
<b>Total current assets</b>	<u>857,133</u>	<u>496,371</u>	<u>526,967</u>
<b>Total Assets</b>	<u>\$ 857,133</u>	<u>\$ 496,371</u>	<u>\$ 526,967</u>
<b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 62,828	\$ 14,341	\$ -
Advances payable - related party	25,996	52,602	178,498
Current portion of deferred revenue	46,000	32,000	21,000
Franchise ad fund fees	87,278	55,323	21,663
Deposits and other	<u>48,343</u>	<u>-</u>	<u>-</u>
<b>Total current liabilities</b>	<u>270,445</u>	<u>154,266</u>	<u>221,161</u>
<b>Long-Term Liabilities</b>			
Deferred revenue, net	<u>122,667</u>	<u>86,583</u>	<u>66,083</u>
<b>Total liabilities</b>	<u>393,112</u>	<u>240,849</u>	<u>287,244</u>
<b>Members' Equity, as restated for 2021</b>	<u>464,021</u>	<u>255,522</u>	<u>239,723</u>
	<u>\$ 857,133</u>	<u>\$ 496,371</u>	<u>\$ 526,967</u>

See accompanying notes to financial statements

**YOUR CBD STORES FRANCHISING LLC**  
**STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021**

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	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>			
Franchise royalty revenue	\$ 359,845	\$ 407,221	\$ 342,959
Franchise fees	74,917	23,500	17,917
Technology fees	4,200	-	-
<b>Total revenues</b>	438,962	430,721	360,876
<b>Operating Expenses</b>			
Advertising and marketing	93,144	156,090	234,739
Promotions	-	25,000	-
Franchise compliance	100	82,338	19,288
Professional fees	127,055	149,721	65,172
Licenses and fees	5,189	789	3,939
Office supplies and other	4,975	984	1,260
<b>Total operating expenses</b>	230,463	414,922	324,398
<b>Net income as restated for 2021</b>	208,499	15,799	36,478
<b>Members' equity, beginning of year</b>	255,522	239,723	203,245
<b>Members' equity, end of year, as restated for 2021</b>	<u>\$ 464,021</u>	<u>\$ 255,522</u>	<u>\$ 239,723</u>

See accompanying notes to financial statements

**YOUR CBD STORES FRANCHISING LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>			
Net income	\$ 208,499	\$ 15,799	\$ 36,478
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>			
<b>Decrease (Increase) in:</b>			
Due from related party	7,652	4,344	(38,851)
Prepaid expenses	4,004	-	-
<b>Increase (Decrease) in:</b>			
Accounts payable and accrued expenses	48,487	14,341	-
Deferred revenue	50,084	31,500	44,083
Franchise ad fund fees	31,955	33,660	(15,836)
Deposits and other	48,343	-	-
<b>Net cash provided by operating activities</b>	<u>399,024</u>	<u>99,644</u>	<u>25,874</u>
<b>Cash Flows from Financing Activities</b>			
Advances from (repayments to) - related party	<u>(26,606)</u>	<u>(125,896)</u>	<u>169,718</u>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	372,418	(26,252)	195,592
<b>Cash and Equivalents at Beginning of Year</b>	<u>457,860</u>	<u>484,112</u>	<u>288,520</u>
<b>Cash and Equivalents at End of Year</b>	<u>\$ 830,278</u>	<u>\$ 457,860</u>	<u>\$ 484,112</u>

See accompanying notes to financial statements

**YOUR CBD STORES FRANCHISING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023, 2022, AND 2021**

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**NOTE A - GENERAL**

**Nature of Operations**

Your CBD Stores Franchising LLC (the Company) was organized as a limited liability company under the laws of the State of Florida in October 2019.

The Company began operations in February 2020 and as of December 31, 2023, 155 franchises have been granted to franchisees operating 268 stores. The Company was formed to offer franchises to qualified professionals including, without limitation, entrepreneurs, and business developers (Franchisees) looking to operate their own franchised business (Your CBD Store®) and sell SUNMED™ products offered by Sunflora®, an affiliated company. The Franchise Agreement grants franchisees the right to purchase products from Sunflora® and provides a license to use the Your CBD Store brand name within a conditionally designated geographic territory for an initial term of five years with renewal rights. The Company has franchisees throughout the United States of America.

The Franchisees' initial costs to set up a Your CBD Store® Franchise generally range from \$93,300 to \$148,550. This estimate includes estimated initial investment on leasehold improvements, furniture, fixtures and equipment, estimated working capital needs during the first three months of operations, and an initial non-refundable franchise fee of \$20,000. The Company will provide certain services and products to the franchisees for this fee. The complete details of the fees to be paid by the franchisees and the services, products, and equipment are listed in the Company's Franchise Disclosure Document (FDD), which is in substantial compliance with Federal Trade Commission (FTC) regulations entitled "Disclosure Requirements and Prohibition Concerning Franchise and Business Opportunity Ventures," as set forth in 16 CFR, Section 436.1, et. seq. (FTC franchise).

The Franchise Agreement currently establishes a royalty fee equal to 2% of the wholesale cost of products purchased by the franchisee from Sunflora® and its approved suppliers. The royalty fee accrues on a per product purchase order basis to be paid along with any payment due for the purchase of products. New franchisees are required to purchase an initial inventory of products of no less than \$20,400 from Sunflora® and are also required to purchase at least \$12,000 of products from Sunflora® on a quarterly basis.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

**YOUR CBD STORES FRANCHISING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023, 2022, AND 2021**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include estimates used in revenue recognition of franchise sales.

**Cash and Equivalents**

Operating cash primarily consists of amounts held on deposit at commercial banks. For the purposes of the statements of cash flows, management considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally insured limits. From time to time throughout the years ended December 31, 2023, 2022, and 2021, the Company's cash balance may have exceeded the federally insured limit. However, the Company has not experienced and does not expect to incur any losses in such accounts.

**Revenue and Cost Recognition**

The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), when there is persuasive evidence that an arrangement exists, title and risk of loss have passed, the services have been rendered, the sales price is fixed or determinable and collection of the related receivable is reasonably assured.

**Franchise Revenue**

Franchise revenues consist primarily of royalties and initial franchise and other fees. The franchise agreement requires payments to the Company for the initial franchise fee and royalty fees.

**Franchise Fee Revenue and Deferred Revenue**

Franchise fee revenues consist of an initial, non-refundable fee to enter into a franchise agreement. This initial fee is due to the Company upon signing the franchise agreement. Under franchise agreements, franchisees are provided with the license of the Company's intellectual property, territorial protection, pre-opening services, post-opening services, advertising and other ongoing support. The Company has determined that the pre-opening services are distinct performance obligations within the agreement. Pre-opening services include information technology services for which a separate fee is charged beginning in 2023. The post-opening services are highly interrelated and management does not consider them to be individually distinct performance obligations and therefore accounts for them under ASC 606 as a single performance obligation. The preopening services are considered satisfied when the franchisee's store opens.

**YOUR CBD STORES FRANCHISING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023, 2022, AND 2021**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Revenue and Cost Recognition - Continued**

*Franchise Fee Revenue and Deferred Revenue - Continued*

The initial franchise fee is recorded as deferred revenue until it is recognized as revenue over the term of the initial franchise agreement. If a franchise agreement is terminated, any remaining deferred franchise fees are recognized in the period of termination.

The remaining unrecognized initial franchise fees are included in deferred revenue on the accompanying balance sheets and amounted to \$168,667, \$118,583, and \$87,083 at December 31, 2023, 2022, and 2021, respectively.

Pre-opening fees received in advance of being earned are included in deposits and other on the accompanying balance sheets and amounted to \$3,150 at December 31, 2023.

*Franchise Royalty Revenue*

Franchise royalty revenue consists of purchases-based royalties that are recognized in the period the purchases occur. Purchases-based royalties are variable consideration related to the performance obligation of the franchisees maintaining the Company's intellectual property.

*Information Technology Fee*

Information technology fee revenue consists of a one-time fee to cover certain third-party software application solutions and information technology services useful for ordering products and other matters.

*Merchandise Income*

The costs to setup a store including leasehold improvements, furniture and other equipment, are the sole responsibility of the franchisee and are not included in the initial franchise fee received by the Company. Inventory sold in the operation of a franchisee store is purchased separately from a related company.

**Advertising Costs**

Advertising and promotional costs for the Company are expensed in the period incurred. These costs amounted to \$93,144, \$156,090 and \$234,739 for the years ended December 31, 2023, 2022, and 2021, respectively.

**Income Taxes**

Your CBD Stores® Franchising, LLC has elected to be taxed as an S-corporation under provisions of the Internal Revenue Code and applicable state laws. These provisions provide that the income or loss generated by each of the companies will be passed through to the owners and taxed at their respective individual income tax rates. Therefore no provision for income taxes is included in these consolidated financial statements.

**YOUR CBD STORES FRANCHISING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023, 2022, AND 2021**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**New Accounting Pronouncement**

On January 28, 2021, the FASB issued Accounting Standards Update (ASU) 2021-02, *Franchisors—Revenue from Contracts with Customers* (Subtopic 952-606); Practical Expedient. The amendments in ASU 2021-02 provide a practical expedient related to FASB Accounting Standards Codification (FASB ASC) 606, *Revenue from Contracts with Customers*, that permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the ASU. Additionally, amendments in ASU 2021-02 provide an accounting policy election to recognize the pre-opening services as a single performance obligation. The Company implemented an information technology fee during 2023 which management determined is covered by ASU 2021-02 and has adopted this ASU effective January 1, 2023. Adoption of this ASU, which requires retrospective application, had no impact on amounts previously reported for 2022 and 2021.

**Uncertain Tax Positions**

The Company identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the balance sheet. The Company has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

**NOTE C - RELATED PARTY TRANSACTIONS**

At December 31, 2023, 2022, and 2021, the Company had amounts payable to a related company, Sunflora, Inc. of \$25,996, \$52,602, and \$178,498, respectively. Outstanding balances under this arrangement do not accrue interest and there is no specified due date for repayment.

At December 31, 2023, 2022, and 2021, the Company had amounts due from the same related company of \$26,855, \$34,507, and \$38,851, respectively. Outstanding balances under this arrangement do not accrue interest and there is no specified due date for repayment.

Certain franchise owners are related parties of the Company. Revenues earned from these related franchises were approximately \$59,000, \$76,000 and \$57,000 during the years ended December 31, 2023, 2022, and 2021, respectively.

Sunflora, Inc. provides management, operational and administrative services to the Company at no charge.



**YOUR CBD STORES FRANCHISING LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023, 2022, AND 2021**

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**NOTE D - CORRECTION OF AN ERROR**

During the year ended December 31, 2022, management determined there was an error in previously issued financial statements for the year ended December 31, 2021. The error overstated franchisee fee revenue for the year ended December 31, 2021 and understated deferred revenue at December 31, 2021 by \$11,944. The accompanying financial statements for 2021 have been restated as a result of this correction.

**NOTE E - RISKS AND UNCERTAINTIES**

From time to time, the Company is involved in various litigation proceedings incidental to the ordinary course of business. In the opinion of management, the ultimate liability, if any, resulting from such litigation would not be material in relation to the Company's financial position or results of operations.

**NOTE F - SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through February 19, 2024, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**EXHIBIT I**

**FRANCHISEE PATRIOT ACT STATEMENT**

**(See Attached)**

## FRANCHISEE PATRIOT ACT STATEMENT

As you know, Your CBD Stores Franchising, LLC (“we”, “us” or “our”) and you are preparing to enter into a Franchise Agreement for the operation of a Sunmed™ | Your CBD Store® franchise.

You acknowledge that then President of the United States of America issued Executive Order 13224 (the “Executive Order”) prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the “Anti-Terrorism Measures”). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
- (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or
- (iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged \_\_\_\_\_.

Sign here if you are taking the franchise as an  
INDIVIDUAL

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Sign here if you are taking the franchise as a  
CORPORATION, LIMITED LIABILITY  
COMPANY OR PARTNERSHIP

\_\_\_\_\_  
Print Name of Legal Entity

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

**EXHIBIT J**  
**GENERAL RELEASE**  
**[SEE ATTACHED]**

**GENERAL RELEASE**

This General Release is made effective \_\_\_\_\_. In consideration for the grant by Your CBD Stores Franchising, LLC, a Florida limited liability company ("Your CBD Stores Franchising"), to the undersigned of certain rights in connection with the operation of a Sunmed™ | Your CBD Store® and/or the transfer or renewal thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, individually and collectively, hereby unconditionally release, discharge, and acquit Your CBD Stores Franchising LLC, its past and present subsidiaries and affiliates, and its and their shareholders, owners, directors, officers, managers, members, partners, employees, agents, representatives, successors and assigns, from any and all liabilities, damages, claims, demands, costs, expenses, debts, indemnities, suits, disputes, controversies, actions and causes of action of any kind whatsoever, whether known or unknown, fixed or contingent, regarding or arising out of any prior or existing franchise relationship, franchise agreement or any other agreement executed by any of the undersigned and Your CBD Stores Franchising (or any subsidiary or affiliate of Your CBD Stores Franchising), any Sunmed™ | Your CBD Store® (whether currently or previously owned or operated by the undersigned or any of them), or any other prior or existing business relationship between any of the undersigned and Your CBD Stores Franchising (or any subsidiary or affiliate of Your CBD Stores Franchising), which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against Your CBD Stores Franchising (or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims arising from contract, written or oral communications, alleged misrepresentations, and acts of negligence, whether active or passive. This General Release shall survive the assignment or termination of any of the franchise agreements or other documents entered into by and between Your CBD Stores Franchising and any of the undersigned. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws. This General Release shall be governed by and construed in accordance with the laws of the State of Florida without regard to its conflicts of law provisions.

WITNESS:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_, Individually

\_\_\_\_\_

\_\_\_\_\_, Individually

**EXHIBIT K**  
**SECURED PROMISSORY NOTE**  
**[SEE ATTACHED]**

\$ \_\_\_\_\_

Date: \_\_\_\_\_

**SECURED PROMISSORY NOTE**  
**("Note")**

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ and \_\_\_\_\_ a \_\_\_\_\_ entity (collectively "**Borrower**"), hereby jointly and severally promise to pay without notice or demand or order, to Your CBD Stores Franchising, LLC, a Florida limited liability company, ("**Lender**"), at 600 8th Avenue W., Suite 500, Palmetto Florida 34221 or to Lender at such other place as Lender may from time to time designate in writing to Borrower, the principal sum of \$ \_\_\_\_\_, at the interest rate noted below (altogether the "Loan"). Any capitalized terms not defined herein shall have the meaning ascribed to them in the Franchise Agreement.

Borrower acknowledges that this Note is being executed and delivered for the sole purpose of using the principal thereof for the purchase of Product Opening Inventory. Borrower also acknowledges that the Loan must be repaid by the Maturity Date (see below).

**Loan:**

The principal amount due and any interest accrued under this Note will be repaid in equal monthly installments over a thirty-six (36) month period ("Maturity Date") at an interest rate (rate of interest, plus finance charges, expressed on an annual basis) of twelve and one half percent (12.5%), until such time as this Note is paid in full. Interest on this note shall be calculated on the outstanding principal balance of this Note; on a three-hundred and sixty-five (365) day year basis, and shall accrue daily from the date of disbursement until the date of repayment or maturity. All accrued interest shall be payable in the monthly installment. Monthly installment payments are due on the first calendar day of every month, and if such date falls on a U.S. holiday or weekend, on the next business day.

Borrower reserves the right at any time to prepay all or a portion of the amount due under this Note without penalty.

**Grant of Security Interest:**

As collateral security for the prompt performance, observance and indefeasible payment in full of the Note, Borrower hereby grants to Lender, a continuing security interest in, and a lien upon, and hereby assigns to Lender, as security, all property and interests in the Product Opening Inventory and/or any other Sunmed branded products, (and any proceeds thereof) whether now owned or hereafter acquired or existing, and wherever located (the "Collateral").

**Default:**

A default of this Note occurs when Borrower either (i) fails to make a monthly installment and thirty (30) calendar days have passed without payment, (ii) Borrower fails to issue timely payment of the monthly installment on three (3) separate occasions or more during any given twelve (12) month period, (iii) and/or the Franchise Agreement is terminated by either Borrower or Lender. The occurrence of either of the aforementioned events will be deemed a default ("Event of Default"). In the Event of a Default, borrower agrees to:

Pay to Lender, to the extent permitted by law, any amounts outstanding will accrue interest at a default rate of twenty-percent (20%) until paid in full; and Borrower will incur potential liabilities, including: (i) an accelerated obligation to pay the entire amount due, (ii) obligations to pay the prevailing party's court costs and reasonable attorneys' fees incurred in collecting the debt; (iii) liabilities from cross defaults under any Franchise Agreement(s), (iv) other related agreement(s) between you and Franchisor, (v) enforcement, collection and assumption of any Collateral without

prior notice, or judicial intervention, and (vi) termination of the franchise.

All amounts to be paid hereon shall be made without deduction, set off or counterclaim. The failure of Lender to exercise any option or any right to which Lender may be entitled shall not constitute a waiver of the right to exercise the option or any right in the event of any subsequent default.

**Computation in the Event of Default:**

Should any interest or other charges paid by Borrower, or any parties liable for the payment of the Loan made pursuant to this Note, result in the computation or earning of interest in excess of the highest rate permissible under applicable law, then any and all such excess shall be and the same is hereby waived by the holder hereof, and all such excess shall be automatically credited against and in reduction of the principal balance, and any portion of such excess which exceeds the principal balance shall be paid by the holder hereof to Borrower and any parties liable for the payment of the Loan made pursuant to this Note, it being the intent of the parties hereto that under no circumstances shall Borrower, or any parties liable for the payment of the Loan hereunder, be required to pay interest in excess of the highest rate permissible under applicable law.

**Applicable Law and Jurisdiction:**

This Note shall be governed in all respects by the laws of the State of Florida. Debtor covenants, and by the acceptance of this Note, Holder also covenants, that each irrevocably (a) waives, to the fullest extent permitted by law, any and all right to trial by jury in any legal proceeding arising out of this Note or any of the transactions contemplated hereby, (b) consents to the exclusive jurisdiction of the State of Florida, 12th Judicial Circuit, Manatee County, Bradenton, Florida and (c) waives any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of Florida.

The Borrower shall reimburse the Lender on demand for all reasonable out-of-pocket costs, expenses and fees (including reasonable expenses and fees of its counsel) incurred by the Lender in connection with the enforcement of the Lender's rights hereunder and the collection of any Principal and interest stipulated herein.

**Miscellaneous:**

This Note and any amendments, waivers, consents or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Note shall constitute the entire contract between the Parties with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Note. Nothing stated herein shall be construed as a modification or amendment to the Franchise Agreement or any other agreement between Borrower and Lender. This Note may not be changed or terminated orally, but only by an agreement in writing properly signed by the parties against whom such change or termination is sought.

**Jury Waiver:**

BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE, AND ANY DOCUMENT EXECUTED IN CONJUNCTION THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF OR BY BORROWER OR LENDER.



**IN WITNESS WHEREOF**, Borrower has caused this Note to be duly executed as of the day and year first above written.

BORROWER:

By: \_\_\_\_\_

Its: \_\_\_\_\_

Residence: \_\_\_\_\_  
\_\_\_\_\_

LENDER:

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT L**  
**STATE EFFECTIVE DATES**

[SEE ATTACHED]

### **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:

<b>State</b>	<b>Effective Date</b>
California	
Hawaii	
Illinois	
Indiana	
Maryland	February 29, 2024
Michigan	February 25, 2024
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

**EXHIBIT M**  
**RECEIPTS**  
**[SEE ATTACHED**

## RECEIPT

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

If Your CBD Stores Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws, including New York, require Your CBD Stores Franchising, LLC to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Your CBD Stores Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: \_\_\_\_\_, 600 8th Avenue W., Suite 500, Palmetto, Florida 34221, telephone (727) 235-0720.

The issuance date of this Disclosure Document is September 17, 2024, (except those states listed on the State Effective Dates (Exhibit L) to this Disclosure Document that have a different effective date).

We authorize the respective agents identified on Exhibit A to receive service of process for us in the particular states.

I received a Disclosure Document from Your CBD Stores Franchising, LLC dated September 17, 2024, that included the following Exhibits:

- A. State Agencies and Administrators and Franchisor's Agents for Service of Process
- B. Multi-Unit Development Agreement
- C. Franchise Agreement
- D. Operations Manual Table of Contents
- E. State Specific Addenda
- F. Current Franchisees
- G. Franchisees Who Have Left the System
- H. Financial Statements
- I. Franchisee Patriot Act Statement
- J. General Release
- K. Secured Promissory Note
- L. State Effective Dates
- M. Receipts

Dated: \_\_\_\_\_

If a corporation or LLC:

\_\_\_\_\_  
(Name of corporation or LLC)

By: \_\_\_\_\_

Its \_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Print Name)

PROSPECTIVE FRANCHISEE:

If an individual:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**PROSPECT'S COPY - RETAIN FOR YOUR FILES**

## RECEIPT

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

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- J. General Release
- K. Secured Promissory Note
- L. State Effective Dates
- M. Receipts

Dated: \_\_\_\_\_

If a corporation or LLC:

\_\_\_\_\_  
(Name of corporation or LLC)

By: \_\_\_\_\_

Its \_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Print Name)

PROSPECTIVE FRANCHISEE:

If an individual:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**FRANCHISOR'S COPY - RETURN TO FRANCHISOR**