

FRANCHISE DISCLOSURE DOCUMENT
JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.



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The JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC. (“JUST BETWEEN FRIENDS” or “JBF”) offers franchisees an opportunity to host children’s and maternity resale events where families get to say “yes!” as they shop and sell. Shoppers are happy to save 50-90% off retail prices as they provide for their growing kids, and consignors turn outgrown items into cash.

The total estimated investment necessary to begin operations of a Just Between Friends franchise ranges from \$66,665 to \$97,515. This includes \$30,115 to \$32,690 that must be paid by you to us.

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

You may wish to receive your disclosure document by electronic means or by paper, whichever is most convenient to you. To discuss receipt of this document in another format, contact JBF at jbffsc@jbfsc.com.

The terms of your franchise agreement will govern your relationship with us. Do not rely on this disclosure document alone to understand your rights and obligations. Read the franchise agreement and all related agreements carefully. Show these agreements and this disclosure document to your advisor like a lawyer or an accountant before you sign any agreements with us.

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

There may also be laws on franchising in your state. Ask your state agency listed in [Exhibit D](#) to this Disclosure Document about these laws.

Issuance date: April 12, 2024

How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| How much can I earn? | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Exhibit G to this FDD. |
| How much will I need to invest? | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| Does the franchisor have the financial ability to provide support to my business? | Exhibit B to this FDD includes financial statements. Review these statements carefully. |
| Is the franchise system stable, growing, or shrinking? | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| Will my business be the only Just Between Friends business in my area? | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| Does the franchisor have a troubled legal history? | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| What's it like to be a Just Between Friends franchisee? | Exhibit G to this FDD lists current and former franchisees. You can contact them to ask about their experiences. |
| What else should I know? | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Pennsylvania. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Pennsylvania than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guaranty will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

MICHIGAN DISCLOSURE NOTICE

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 prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than five (5) years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to:

Department of the Attorney General
Consumer Protection Division, Franchise Unit
525 Ottawa Street
G. Mennen Williams Building, 6th Floor
Lansing, Michigan 48909
(517) 373-7117

Table of Contents

| ITEM | PAGE |
|----------------------------------------------------------------------------------------------------------------|------|
| <u>1.</u> THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES..... | 9 |
| <u>2.</u> BUSINESS EXPERIENCE..... | 10 |
| <u>3.</u> LITIGATION | 11 |
| <u>4.</u> BANKRUPTCY | 12 |
| <u>5.</u> INITIAL FEES..... | 12 |
| <u>6.</u> OTHER FEES | 13 |
| <u>7.</u> ESTIMATED INITIAL INVESTMENT | 19 |
| <u>8.</u> RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES | 22 |
| <u>9.</u> FRANCHISEE'S OBLIGATIONS..... | 27 |
| <u>10.</u> FINANCING..... | 28 |
| <u>11.</u> FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING | 28 |
| <u>12.</u> TERRITORY..... | 39 |
| <u>13.</u> TRADEMARKS | 41 |
| <u>14.</u> PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION | 43 |
| <u>15.</u> OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS..... | 44 |
| <u>16.</u> RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL | 45 |
| <u>17.</u> RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION..... | 46 |
| <u>18.</u> PUBLIC FIGURES..... | 52 |
| <u>19.</u> FINANCIAL PERFORMANCE REPRESENTATIONS | 52 |
| <u>20.</u> OUTLETS AND FRANCHISEE INFORMATION | 57 |
| <u>21.</u> FINANCIAL STATEMENTS..... | 67 |
| <u>22.</u> CONTRACTS..... | 67 |
| <u>23.</u> ACKNOWLEDGMENT OF RECEIPT BY PROSPECTIVE FRANCHISEE | 68 |

List of Exhibits to this Disclosure Document

| | | |
|--------------------------|-------------------------------------------|-----------------------------------------------------------------|
| <u>A</u> | Franchise Agreement and Related Materials | |
| | <u>1</u> | Territory Described |
| | <u>2</u> | Owner's Guaranty |
| | <u>3</u> | General Release Upon Renewal |
| | <u>4</u> | General Release Upon Assignment/Transfer/Resale |
| | <u>5</u> | Assignment upon Termination |
| | <u>6</u> | Franchise Entity, Ownership Information, and Partner Agreements |
| | <u>7</u> | Confidentiality and Non-Competition Agreement (Owner) |
| | <u>8</u> | Non-Owner Team Member Confidentiality Agreement |
| | <u>9</u> | Certification For First Sale |
| | <u>10</u> | Use of Marks |
| | <u>11</u> | JBF Website and Software Agreement |

[12](#) ACH Authorization Agreement

[13](#) Transfer/Resale Addendum

[14](#) Multi-Unit Addendum

[B](#)

Financial Statements

[C](#)

Table of Contents of Operations Manual

[D](#)

State Administrators

[E](#)

Agents for Service of Process

[F](#)

State Specific Addenda to the Disclosure Document

[G](#)

List of Existing Franchisees

[H](#)

List of Former Franchisees

[I](#)

Franchisee Organizations

[J](#)

State Effective Dates and 2 Copies of Receipts

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

The words "JUST BETWEEN FRIENDS," "JBF," "we," "our" and "us" refer to JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC., the Franchisor, a Pennsylvania corporation. "You" and "Franchisee" means the entity which buys this JBF Franchise. If you are a corporation, partnership or limited liability company or if the franchise agreement is assigned to a corporation, partnership or limited liability company, your owners will have to guarantee and be bound by the obligations of the franchise agreement and other agreements, as further described in this disclosure document.

JBF is a Pennsylvania corporation that was formed on August 26, 2003 in Oklahoma for the purpose of franchising JBF's concept, began offering franchises in August 2003, and converted to a Pennsylvania corporation in April 2023. JBF's principal place of business is 78 Grandview Blvd. Reading, PA 19609. We do not do business under any other name. JBF has no predecessors and no affiliates. We do not engage in or offer franchises in any business other than the offer of franchises which host in-person children's and maternity clothing, toys and baby equipment, consignment sales events within a community seasonally.

JBF has developed and owns a unique system for the consignment sale of gently-used maternity and children's clothing, toys and other items for growing families, including other products and services occasionally. The franchise, offered by us, will host seasonal, temporary, in-person consignment sales events where participants ("consignors" or "sellers") make sixty to seventy percent (60 - 70%) (generally) off the sale of their items. Consignors choose what to sell, then price and prepare their items according to provided guidelines. They bring their merchandise to the venue for the Franchisee to sell. Consignors can choose to donate unsold items to local, family-serving charities after the in-person sale ends. Within fourteen (14) days, consignors receive payment for their percentage on all sold items. JBF is in business to offer franchises for people who would like to own and host a temporary sales event of this type as a service to their local community.

The market for businesses offering consignment of used maternity and children's clothing, toys and other items is well developed. JBF's direct competitors are those whose sole business is to hold a consignment sales event for the sale of children's and maternity clothing, toys and baby equipment within the same territory of a franchise seasonally. Children's consignment and resale stores which have storefronts are indirect competition. Franchisees might also face indirect competition from online sales conducted by JBF and third parties.

There are no regulations specific to the operation of a JBF franchise, but you must comply with all local, state and federal employment, tax and safety laws, including but not limited to state and local laws regarding crib, bedding, and/or car seat sales. You must also comply with all general laws such as labor and employment laws, including the Fair Labor Standards Act. In addition, some jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses.

JBF's registered agent for service of process in Pennsylvania is Tracy Panase, and JBF's registered office is JBF's principal executive office at 78 Grandview Blvd., Reading PA 19609. JBF's agents for service of process in other states in which JBF has franchised is listed in [Exhibit E](#) to this Disclosure Document. JBF has no parents.

JBF has not conducted business in any line of business other than the offer and sale of franchises of the type offered by this Disclosure Document.

Item 2. BUSINESS EXPERIENCE

C-Level Leadership

Tracy Panase is the owner and Chief Executive Officer (CEO) of JBF and has served in that position since December 29, 2022. From July 2022 to December 29, 2022, Tracy served as JBF's Vice President of Marketing. From January 2009 to December 2022, Tracy was also the President of Buds Too, Inc. which owned and operated multiple franchises of JBF in southeastern Pennsylvania, growing her franchise units to occupy the #1 and #2 spots in the company. During her 14 year tenure as a JBF franchisee, Tracy has served JBF in numerous positions, including as a member of the Franchise Advisory Council (FAC), Conference Planning Committee (CPC), and most recently, Vice President of Marketing.

Allison Stephens is the Chief Operations Officer of JBF and serves on the Executive Leadership Team. Allison has held this position since December 29, 2022 and previously served as JBF's Vice President of Operations from June 1, 2021 to December 29, 2022. From June 2019 to May 2021, Allison served as the National Brand Fund Marketing Manager for JBF. Allison also serves as the President of Tacoma JBF, LLC, which owns and operates a Just Between Friends franchise in Tacoma, Washington. Allison has held this position since 2008. Before joining the JBF Franchise Support Center in an official capacity, Allison held many volunteer leadership positions with the Franchise Advisory Council, Conference Planning Committee and other task forces. Before joining JBF, Allison held various roles in higher education leadership at Universities, most recently at Pacific Lutheran University in Tacoma, WA from July 2004 to May 2019.

Executive Leadership Team

Shannon Wilburn is a Co-founder and Brand Ambassador of JBF. From its incorporation in 2003 to December 2022, Shannon served as JBF's Chief Executive Officer (CEO). From October, 2013, Shannon has also served as the manager of M&S Wilburn Enterprises, LLC which has operated JBF Consignment Sales Businesses re-acquired by JBF.

Robert Petre serves as Fractional Vice President of Finance for JBF and serves on the Executive Leadership Team—a role in which he acts as the Financial Consultant to JBF as a part of an agreement JBF has with Standpoint Accounting, LLC (“Standpoint”), an accounting firm in Broken Arrow, Oklahoma, and has served in this capacity since April 1, 2020. Robert is the managing member of Standpoint and has served in that capacity since November, 2019. Robert also serves as the CFO of Macintosh Corporation, a mechanical contracting company in Tulsa, Oklahoma and has served in that position since April, 2015.

Guy Myers serves as the Fractional Vice President of Technology for JBF and serves on the Executive Leadership Team – a role in which he acts as a technology advisor as a part of an agreement JBF has with Tsource LLC and has served in this capacity since January of 2022. Guy is also currently the Director of Services and Solutions with Tsource LLC, a staffing and service company in Catonsville, Maryland and has held that position since 2018. From 2011 to 2017 Guy was the Chief Technology Officer and Director of Enterprise Architecture for Allegis Group, a staffing company based out of Hanover Maryland.

Core JBF Team Members

Lori Lalli has, since February 2018, served as a franchise recruiter for Just Between Friends. Prior to joining JBF, Lori worked as the office manager for Jumpin Jiminy in Tulsa, Oklahoma from February, 2012 to February, 2018.

Lendsy Stephens is the New Owner Launch Manager for JBF, serving all New Franchise Owners throughout their training and initial coaching leading up to and during their first sales events. Lendsy has held this position since January 1, 2023. Previously, Lendsy has served as a Success Coach for JBF from July 2021 to December 2022. Lendsy co-owns and operates a Just Between Friends franchise in Central Texoma, Texas and has done so since November 2019.

Nicole Day is the Product Safety Specialist for JBF and also serves as a Success Coach. She has served JBF since July 2021. Nicole co-owns and operates a Just Between Friends franchise in Sioux Falls, South Dakota and has done so since December, 2016.

Ted Manley has served as JBF's Director of Franchisee Profitability and Growth since December 2021, a role in which he works directly with JBF Franchisees analyzing their current financials and key sales event data. From October 2020 to December 2021 Ted was JBF's Financial Growth Manager. Ted has been a lifelong national retail executive for such Brands as: The Clothes Mentor Brand of NTY Franchise Company, women's resale clothing, from June 2013 to March 2020. From October 2011 to June 2013, Ted was the COO of Linders 50 Garden Center locations in Minnesota. From January 2001 to October 2011, Ted was President of the W. Madison Group, developing retail and franchising concepts. From June 1994 to December 2001, Ted was President of Once Upon A Child used products franchise stores and EVP of the parent company Grow Biz International, selling used products through 5 National Franchise Brands.

Item 3. LITIGATION

JBF Litigation

Just Between Friends Franchise System, Inc. v. Samone Gibson Enterprises LLC, Samone Gibson, and Brandon Gibson, United States District Court for the Northern District of Oklahoma, Case no. 4:23-cv-00089-JFH-JFJ. On March 10, 2023, JBF filed suit against former franchisees of two territories in Florida seeking preliminary and permanent injunctive relief requiring the former franchisees to transfer unlawfully held social media pages associated with their former franchises to JBF. On March 14, 2023 the Court issued a temporary restraining order granting JBF the relief requested. The defendants complied with the order, transferred the social media to JBF, and entered into a settlement agreement wherein they covenanted not to violate their post-termination obligations to JBF. On March 29, 2023, JBF filed a stipulation of dismissal.

Non-JBF Litigation

JBF discloses the following litigation which did not involve JBF or relate to the Just Between Friends franchise system:

Osage Nation and Osage, LLC v. Carol Leese, Robert Petre, Red Eagle Feather Distributing, LLC, Yancy Redcorn, Betsy A. Brown, New Market Technology Fund I, LLC, New Market Technology Fund, LLC, Howard C. Hill, Teradact Solutions, Inc., and Christopher K. Schrichte, Osage County Oklahoma District Court Case No. CJ-2015-111. On or about May 22, 2015, the Osage Nation and its investment entity, Osage LLC, filed suit against the above named persons and entities arising from unsuccessful investments made. Mr. Petre was named a defendant because he was the CFO of Plaintiff Osage LLC. The petition asserted causes of action for violations of the Oklahoma Securities Act, Fraud, Negligent Misrepresentation and Breach of Fiduciary Duty. Mr. Petre denied all allegations in the petition asserting that he was never a manager or member of the separate advisory committee that made the investment decisions and had no role in evaluating or recommending any investment. On or about August 23, 2016, the plaintiffs dismissed the claims against Mr. Petre and took no further action against him. The dismissal is now deemed final and with prejudice as to any refiling.

Osage Nation and Osage, LLC v. Carol Leese, Robert Petre, Michael Morrisett, and IR Partners, LLC, Osage County Oklahoma District Court Case No. CJ-2015-140. On or about July 20, 2015, the Osage Nation and its investment entity, Osage LLC, filed suit against the above named persons and entities arising from unsuccessful investments made, which suit was amended on or about April 4, 2016. Mr. Petre was named a defendant because he was the CFO of Plaintiff Osage LLC. The petition and amended petition asserted causes of action for violations of the Oklahoma Securities Act, Fraud, Negligent Misrepresentation and Breach of Fiduciary Duty. Mr. Petre denied all allegations in the petition and amended petition asserting that he was never a manager or member of the separate advisory committee that made the investment decisions and had no role in evaluating or recommending any investment. On or about August 23, 2016, the plaintiffs dismissed the claims against Mr. Petre and took no further action against him. The dismissal is now deemed final and with prejudice as to any refile.

Neither JBF nor any person or entity listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 USCA Section 78a et seq., suspending or expelling these persons from membership in any such association or exchange. Other than these actions, no litigation is required to be disclosed in this Item.

Item 4. BANKRUPTCY

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

Item 5. INITIAL FEES

If you purchase one (1) franchise unit, you must pay JBF an initial franchise fee of twenty-four thousand nine hundred dollars (\$24,900) payable in cash when you sign the Franchise Agreement.

If you are an existing franchisee in good standing, acquiring an additional franchise unit to become a multi-unit franchise owner, your initial franchise fee will be reduced by five thousand dollars (\$5,000).

We are a member of the VetFran program. If you are a veteran of the United States Armed Services or a spouse of a veteran of the United States Armed Services, your Initial Franchise Fee will be discounted by ten percent (10%).

If you are a new franchise location as opposed to a transferee (buyer in a resale from an existing franchisee) or renewing existing franchisee, before hosting your first JBF Sales Event, you will also pay JBF a one thousand five hundred dollar (\$1,500) New Franchise Technology License & Set-Up Fee for each location. Also, all locations pay Technology Fees in the amount of two thousand one hundred dollars (\$2,460) annually per location, which fees are currently billed twice-annually (\$1,230 each bill). Franchisees can currently elect to pay the technology fees in full twice-annually or can elect monthly installments in the amount of one hundred eighty-five dollars (\$215) per month per location. The first technology fee is billed monthly upon signing the Franchise Agreement until the next twice-annual billing. Typically, a new franchisee will not incur more than six (6) monthly installments prior to the first JBF Sales Event. As of the issuance date of this disclosure document, JBF is offering the following Technology Fee discounts to multi-unit franchise owners: The primary location pays full price; second location receives a ten percent (10%) discount; third location receives a fifteen percent (15%) discount, and fourth location receives a twenty percent (20%) discount. Generally, between one (1) and six (6) monthly technology fees will be due before you host your first JBF Sales Event. The Technology Fee is subject to change upon thirty (30) days' notice.

All new franchise owners must also pay for a Jump Start Guide to provide guidance and support during your first JBF Sales Event. All Jump Start Guides are existing, experienced JBF Franchisees. You must pay the Jump Start Guide fee which ranges from three thousand dollars (\$3,000) to four thousand dollars (\$4,000), depending on the duration requested and includes both the compensation to the Guide and the Guide's travel expenses. Franchisees may choose the level of assistance but must participate in the Jump Start Guide Program. (See Note 6 to Item 7).

Attendance at JBF's Annual Conference is mandatory if a conference is held. Conference fees may change annually depending on the conference venue and are estimated at less than \$1,000 for one attendee. Conference fees are paid in advance and billed in two installments if the conference fee is greater than \$500. Depending on the time of year you execute your franchise agreement, you may pay \$500 to \$1,000 before your first JBF Consignment Sales Event.

All of these fees are not refundable. In some states, as a condition of registration in those states, JBF has agreed to defer the payment of the initial franchise fee until you have successfully completed the pre-opening training material requirements. The initial Franchise fees may not be uniformly imposed. In addition, JBF grants a reduction in the initial fees per franchise location for multi-location franchisees with an existing track record of hosting successful JBF Sales Events. In fiscal year 2023, JBF provided one discount in the amount of \$1,000 to a franchisee who acquired a corporate location. JBF's affiliate units do not pay these initial fees.

The fees referred to above may not be uniformly imposed. The fees may vary for existing franchisees, depending on the terms and conditions of their agreements. JBF reserves the right to reduce or waive any fee for any reason in its business judgment. All fees referred to above are not refundable.

Item 6. OTHER FEES

| Name of Fee | Amount | Due Date | Remarks |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Royalty ¹ | 3% of Gross Sales ² , subject to annual minimums, subject to increase up to 5% | Within 18 days after each semi-annual sale / with adjustments due at the end of each Sale Season | The current royalty for all sales is the greater of 3% of actual Gross Sales, with Franchisees paying minimum royalties of \$5,250 per year for years 1 and 2 and minimum royalties of \$10,500 for year 3 and subsequent years. ² The applicable royalty percentage may be increased up to a total royalty percentage of 5% (see note below). |
| Consignment Sales Inventory | Minimum of \$500 - \$3,000 per sale (based on gross sales of previous JBF Sales Event), plus additional voluntary purchases | If JBF requires specific inventory, prior to each JBF Sales Event | In the event that JBF makes a group purchase of specific inventory for resale at JBF Sales Events, JBF may require franchisees to purchase a minimum order of such inventory based on the gross sales of the franchisee's previous JBF Sales Event. JBF may require the following minimum purchases: (a) \$500 if the gross sales of the Franchisee's previous JBF Sales Event were under \$100,000; (b) \$2,000 if the gross sales of the Franchisee's previous JBF Sales Event |

| Name of Fee | Amount | Due Date | Remarks |
|--------------------------------------------|---------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | were between \$100,001 and \$249,999, and (c) \$3,000 if the gross sales of the Franchisee's previous JBF Sales Event were \$250,000 or over. |
| National Marketing Brand Fund ³ | Currently 1% of Gross Sales, which may be increased up to 3%; | within 18 days after each semi-annual sale | JBF has a National Marketing Brand Fund and reserves the right to cancel or terminate the fund in the event that JBF determines, in its sole discretion, that the fund is not in the best interests of the system. JBF currently has an annual cap on Marketing Brand Fund Contributions in the amount of \$3,500 per franchise location per year. |
| JBF Conference Registration Fee | Currently estimated at less than \$1,000 per year | Payable in advance in two installments of \$500 each | Attendance at JBF's Annual Conference is mandatory if a conference is held. Conference fees may change annually depending on the conference venue and are estimated at less than \$1,000 for one attendee. Conference fees are paid in advance and billed in two installments if the conference fee is greater than \$500. The Conference fee does not include travel or lodging costs. |
| Transfer/Resale | \$7,500 | On transfer | All Transfers/Resales require JBF's prior consent. We will waive this fee if the Franchise is transferred to an entity which you own and control. Transfers are subject to conditions similar to renewals, except that the fee for a transfer is \$7,500. In cases where more than one individual has an interest in a franchise, and the interest of one individual is transferred to one of the other individuals with an existing interest in the franchise and who has already completed the initial training, the transfer/resale fee is reduced to \$750.00. See Section 9.3 |
| Renewal | \$3,000 | At the execution of the renewal agreement | See Section 6 |
| Late Fee | \$75 | Whenever payments owed to JBF are not paid when due | Payable only if sums are not paid when due. See Section 5.17 |
| Insufficient Funds Fee | \$50 | At the time a payment to JBF is | Payable only if a payment to JBF is returned or an ACH withdrawal is not processed due to insufficient funds. |

| Name of Fee | Amount | Due Date | Remarks |
|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | returned for insufficient funds | |
| Interest | 1.5% per month | Compounds monthly and continues to accrue until paid | Payable only if sums are not paid when due. See Section 5.20 |
| Audit Expenses ⁵ | Cost of audit and inspection plus any reasonable accounting and legal expenses | Upon receipt of invoice | Payable if the audit is caused by Franchisee's failure to provide required reporting or if there is a 1% or more discrepancy in amount of Gross Sales reported to JBF. |
| Technology Fee ⁶ | \$2,460/year (\$215 per month if paid in monthly installments) | Semi-annually (\$1,230 January & July) | Subject to change by 30 days prior written notice. JBF also reserves the right to charge a commercially reasonable fee per ticket sold through the JBF System Technology. |
| Technology Update Assessment | Amounts will vary and fees are collected when incurred (not typically every year); Estimated to average approximately \$500 - \$1,500 per year | Within 15 days after invoice | Franchisee agrees to pay JBF the pro-rata costs incurred by JBF in acquisition or modification of JBF System Technology, including without limitation project management and system architecture labor costs. New Franchisees of a new franchise territory would not pay any Technology Update Assessment payments during the first year of the franchise, as such first year update assessment payments would be satisfied by the New Technology License & Set-Up Fee. |
| Additional Training – Training after your initial scheduled training | \$700 per day, plus expenses | As used | The initial training is provided to you for up to 2 owners at no additional charge if it is obtained during your initial scheduled training. If you require additional training, you agree to pay JBF's fee plus all costs and expenses of such training. We may require additional training as a condition of curing any non-payment default, and you agree to pay JBF's fee plus all costs and expenses of such additional training. We may also offer or require additional training programs to all franchisees, and if a training program is mandatory, you must attend and may be required to pay a reasonable fee for the program. |

| Name of Fee | Amount | Due Date | Remarks |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Additional Training – Additional Owners ⁷ | \$2,000 per additional owner above 2 | As used | The initial training for up to 2 owners is included in the initial franchise fee if it is obtained together during your initial scheduled training. Additional owners must pay a fee of \$2,000 per owner to attend the Initial training. |
| Costs and attorneys' fees | Will vary | As incurred | Paid to JBF in any action to collect unpaid royalties or other fees or payments owed to us. |
| Insurance | All premiums, costs and expenses we incur, plus a reasonable fee for JBF's time | As incurred | If you fail or refuse to obtain and maintain the insurance we require, we may obtain such insurance for you, and you shall reimburse JBF for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for JBF's time incurred in obtaining such insurance. You are prohibited from hosting a JBF Sales Event without first obtaining the insurance we require. |
| Indemnification | Will vary under circumstances | As incurred | You must indemnify, defend and hold JBF harmless and reimburse JBF for any damages arising out of the operation of your JBF business. |
| Missed Sale Royalty ⁸ | The greater of the amount of the royalties for the previous Sale Season or \$3,125 if during the first 24 months of operations or \$5,750 if occurring after 24 months of operations | As incurred | A royalty equal to the greater of (1) the Royalties payable for the previous Sale Season, or (2) the amount of \$3,125 if during the first 24 months of operations or \$5,750 if occurring after 24 months of operations. |
| Non-compliance Charge | Up to \$500 per violation | As incurred | We may charge you a non-compliance charge for any violation by you of any term or condition of the Franchise Agreement. |
| Damages | A Missed Sale Royalty for each JBF Sales Event which should occur during the period beginning on the termination date and continuing for the lesser of twenty-four (24) months or the expiration date | Upon the date of termination | In the event that the Franchise Agreement is wrongfully terminated by you or terminated by JBF with cause (as described in the Franchise Agreement), both parties agree that it would be impractical and extremely difficult to ascertain the amount of actual damages caused by the termination of this Agreement. Therefore, in the event of such a termination, in addition to paying all amounts owed as of the date of |

| Name of Fee | Amount | Due Date | Remarks |
|-------------|----------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | of the Franchise Agreement term. | | termination, you shall pay us, as liquidated damages, a Missed Sale Royalty (as defined in the Franchise Agreement) for each JBF Sales Event which should occur for the period beginning on the termination date and continuing for the lesser of twenty-four (24) months or the expiration of the Franchise Agreement term. |

¹Franchisee agrees to pay JBF a Royalty promptly following the end of each JBF Sales Event and within thirty (30) days of receipt of any other Gross Sales. JBF currently requires this fee to be electronically submitted through its financial module, payable via ACH and reserves the right to change the method of payment by providing written notice to Franchisee. The current applicable royalty as of the date of this Agreement is the greater of three percent (3%) of Gross Sales or the applicable minimum royalty. To allow for multiple Sales Events during a Sale Season, adjustments for minimum royalties are assessed and due at the end of each Sale Season. The applicable Royalty percentage may be increased up to a total amount of five percent (5%) by JBF providing written notice to Franchisee as follows: JBF will provide Franchisee with at least sixty (60) days' written notice of any royalty increase and will not increase the applicable royalty percentage more than one half percent (1/2%) in any Sale Season (Spring Sale Season: January – June; Fall Sale Season: July – December), and will not increase the royalty percentage more than one percent (1%) during any calendar year from the applicable percentage in the previous calendar year up to five percent (5%) total. Minimum royalties are \$5,250 per year for years 1 and 2 and \$10,500 per year for years 3 and thereafter. (JBF is not currently invoicing franchisees the year 3+ increased minimum royalty (\$10,500) and expects invoicing of year 3+ minimum royalties to commence in January, 2026; Until 2026 minimum royalties shall be \$5,250 regardless of the years of operation). The applicable minimum royalty is determined by the number of years of operation of the franchise location, not the number of years in which a particular franchisee has operated the location.

²“Gross Sales” means all revenue from sales conducted at, from or through the JBF Consignment Sales Business and/or any JBF Sales Event (whether or not in compliance with this Agreement), whether from cash, check, credit and debit card, digital currency, barter exchange, trade credit, or other credit transactions, but (1) excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; and (2) reduced by the amount of any documented refunds, credits and discounts the JBF Consignment Sales Business in good faith gives to customers and your employees. Sales of items consigned by you at a JBF Sales Event or otherwise using the JBF brand are included in the definition of “Gross Sales.” “Gross Sales” also includes sales Franchisee makes of products at tradeshow, marketing events and any other location using the JBF marks and/or selling children’s and/or maternity items. While the right to make sales online is restricted, “Gross Sales” also includes any online sales. “Gross sales” also includes all insurance proceeds you receive for loss of business due to a casualty or similar event at the JBF Consignment Sales Business. You agree that every item sold on consignment at a JBF Sales Event or at a tradeshow or online shall be priced, marked, inventoried, accounted for and sold utilizing the System and the computer programs required by the Franchisor, and you agree not to “pick and choose” which items are to be included in and accounted for by the System. Royalties from Gross Sales from any source other than a JBF Sales Event are due within thirty (30) days of receipt.

³JBF has a National Marketing Brand Fund, and franchisees currently will contribute one percent (1%) of their Gross Sales and may be required to contribute up to three percent (3%) of Gross Sales upon written notice. Marketing Brand Fund fees for any Gross Sales received other than at a JBF Consignment Sales Event are payable, together with Royalties, within thirty (30) days of receipt.

JBF reserves the right to place a cap or limits on the dollar amount of Marketing Brand Fund contributions. Currently, JBF has instituted a cap of three thousand five hundred dollars (\$3,500) per year per franchise location. Under the current cap payment plan, if a franchisee exceeded three hundred fifty thousand dollars (\$350,000) in sales during the prior year and anticipates paying a capped fee during the current year, the franchisee will have an option to either pay one percent (1%) of Gross Sales for the Spring JBF Sales Event and the balance of the capped amount for the Fall JBF Sales Event or may choose to split the estimated capped fees in half by paying one thousand seven hundred fifty dollars (\$1,750) after the Spring JBF Sales Event and one thousand seven hundred fifty dollars (\$1,750) after the Fall JBF Sales Event. JBF intends to review the caps annually and may, once annually, affirm, increase, or decrease the caps. JBF does not anticipate any annual cap increase which would exceed ten percent (10%) of the then-current capped amount. Marketing Brand Fund contributions may vary among franchisees based on their franchise agreements. In addition to the Marketing Brand Fund Contributions, you must also spend at least three percent (3%) of your gross sales from the previous sale in advertising for the next sale.

⁵To date, JBF has had no franchisee pay JBF audit costs, inspection costs or supplier approval costs. No franchisee has requested to purchase any amount from a supplier that is not approved by us. We estimate the audit, inspection and supplier approval costs to be between zero dollars (\$0) and one thousand dollars (\$1,000).

⁶Technology Fee includes one (1) license per franchise for the JBF System Technology and two (2) email addresses per franchise. If Franchisee requests additional licenses/seats to the JBF System Technology, JBF will provide the additional licenses/seats provided that the individual having access to the license log-in has executed a confidentiality agreement, and JBF reserves the right to charge a reasonable fee for such additional licenses/seats. Additional email addresses are, as of the date of this document, ten dollars (\$10) per month. The technology and included software tools may change from time to time (e.g. website, customer tagging software, point of sale system, accounting software, customer service and surveying tools, database management, training module, JBF intranet, email marketing, marketing design, and other system technology tools). The technology fee can either be paid in twice-annual installments of one thousand two hundred thirty dollars each (\$1,230) or in monthly installments of two hundred fifteen (\$215) dollars. Installments for the Technology Fee are billed monthly upon signing the Franchise Agreement. Typically, a new franchisee will not incur more than 6 monthly installments prior to the first JBF Sales Event. As of the issuance date of this disclosure document, JBF is offering the following discounts to multi-unit franchise owners: The primary location pays full price; second location receives a ten percent (10%) discount; third location receives a fifteen percent (15%) discount, and fourth location receives a twenty percent (20%) discount. JBF reserves the right to change or eliminate discounts offered. In addition, JBF does not currently charge but reserves the right to charge a commercially reasonable fee per ticket sold (no charge for free tickets issued) through the JBF System Technology. The Technology Fees are subject to change with thirty (30) days written notice.

⁷If you desire training in addition to the initial training included in your Initial Franchise Fee for up to two (2) owners, you may request additional training. This additional training will be provided at a cost of seven hundred dollars (\$700) per day per trainer, plus reimbursement of expenses. The cost of a trainer to attend your JBF Sales Event, is included in the Jump Start Guide Fee (See Item 7 notes and Item 11 description).

⁸All Franchisees are required to host a JBF Sales Event each Sale Season: Spring Sale Season (January – June) and Fall Sale Season (July – December). It is a breach of the Franchise Agreement to fail to hold the required sales, except that if for any emergency reason, in the sole discretion of JBF, including health, child-birth, government prohibition, Act of God, or other extraordinary circumstance, Franchisee is not able to hold a JBF Sales Event during any one (1) Sale Season, Franchisee agrees to give JBF notice of

the emergency and pay JBF a Missed Sale Royalty equal to the Royalties payable for the previous Sale Season or the amount of \$3,125 if during the first 24 months of operations or \$5,750 if occurring after 24 months of operations, whichever is greater. If the expiration of the franchise term is February 15th – June 30th of any fiscal year, the franchisee will be expected to host a Spring JBF Sales Event prior to the expiration of the term or pay a Missed Sale Royalty. If the expiration of the franchise term is August 15th – December 31st of any fiscal year, the franchisee will be expected to hold a Fall JBF Sales Event prior to the expiration of the term or pay a Missed Sale Royalty. If Franchisee is paying a Missed Sale Royalty for an excused missed sale but is conducting online or curbside pick-up sales during the same sale season (Fall: July – December; Spring: January - June), royalties paid for sales on such online or curbside pick-up sales during the same Sale Season will apply toward any Missed Sale Royalty.

The fees referred to above may not be uniformly imposed. The fees may vary for existing franchisees, depending on the terms and conditions of their agreements. In fiscal year 2023, JBF discounted one franchise fee by \$1,000 to a franchisee acquiring a corporate location. JBF reserves the right to reduce or waive any fee for any reason in its business judgment. All fees referred to above are not refundable.

Item 7. ESTIMATED INITIAL INVESTMENT

Your Estimated Initial Investment

| <u>Name of Expenditures</u> | <u>Approx. Amount</u> | <u>Method of Payment</u> | <u>When Due</u> | <u>To Whom Payment Is Made</u> |
|--------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------|-----------------------------------------------------|------------------------------------|
| Initial Franchise Fee ¹ | \$24,900 | Cash or ACH | Execution of Franchise Agreement | JBF |
| Initial Equipment ² | \$10,000-\$20,000 | As you arrange from supplier | Varies with supplier | Persons or entities other than JBF |
| Initial Inventory ³ | \$5,000 | As Arranged | Before first JBF Sales Event for each location | Persons or entities other than JBF |
| Storage ⁴ | \$0 - \$375 | As Arranged | Varies with Supplier | Persons or entities other than JBF |
| Pre-Opening Labor ⁵ | \$700 - \$1,000 | As Arranged | Prior to JBF Sales Event | Persons or entities other than JBF |
| Jump Start Guide ⁶ | \$3,000 – \$4,000 | Cash or ACH | At least 60 days prior to JBF Sales Event | JBF |
| Estimated Travel and Living Expenses during Onsite Apprenticeship ⁷ | \$1,800 – \$2,800 | As Arranged | Prior to Onsite Apprenticeship training | Persons or entities other than JBF |
| New Franchise Technology License & Set-Up Fee ⁸ | \$1,500 | Cash or ACH | Execution of Franchise Agreement | JBF |
| JBF Conference Registration Fee ⁹ | \$500 - \$1,000 | Cash or ACH | Billed Twice Annually | JBF |
| Venue Lease ¹⁰ | \$2,500 - \$10,000 | As Arranged | As required by landlord | Landlord |
| Business Registration and tax permits | \$800 - \$1,000 | As Arranged | Before Opening | Government |
| Insurance ¹¹ | \$500 - \$1,000 | As Arranged | Per policy | Insurance Company |
| Advertising | \$5,000 - \$8,000 | As Arranged | At or before JBF Sales Event | Persons or entities other than JBF |
| Technology Fee ¹² | \$215 - \$1,290 (\$1,230 twice annually; \$215 per month) | Cash or ACH | \$2,460 per year per location billed twice annually | JBF |

| <u>Name of Expenditures</u> | <u>Approx. Amount</u> | <u>Method of Payment</u> | <u>When Due</u> | <u>To Whom Payment Is Made</u> |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------|------------------------------------------|------------------------------------|
| Financial Management Course | \$0 - \$400 | As Arranged | Before holding the first JBF Sales Event | Third Party Vendor |
| Additional Funds- Initial Period from signing franchise agreement through first sale (Not more than 300 days) ¹³ | \$10,250 - \$15,250 | As required | As required | Persons or entities other than JBF |
| <u>Total</u> ¹⁴ | \$66,665 - \$97,515 | | | |

¹See Section 5.6. Due to state regulations, in Maryland and Illinois, JBF has agreed to defer the payment of the initial franchise fee and other payments due to JBF until after the new franchisees in those states have successfully completed the initial training. If you are an existing franchisee in good standing acquiring an additional franchise unit to become a multi-unit owner, your initial franchise fee will be reduced by five thousand dollars (\$5,000).

²See Sections 5.11 and 5.12. The equipment required for operating a JBF Franchise is listed in the Operations Manual, and includes, but is not limited to, tables, racks, office equipment, JBF System Technology, computers, printers, scanners, credit card machines, and Microsoft Word, Excel, and accounting software. The costs for recommended equipment will depend upon whether you purchase or lease, whether you acquire new or used equipment, any financing terms you employ and a variety of other factors. We do not supply any of the hard equipment at this time, but we do supply the JBF System Technology. One (1) license/log-in to the JBF System Technology is included with your payment of the Technology Fee. If Franchisee requests additional licenses/seats to the JBF System Technology, JBF will provide the additional licenses/seats but reserves the right to charge a reasonable fee for such additional licenses/seats.

³Initial Inventory includes children's and maternity items purchased for resale at the first JBF Sales Event. Prior to your initial event, you must purchase five thousand dollars (\$5,000) of inventory for resale. You will need to replenish the inventory for each JBF Sales Event. Your ongoing costs for inventory replenishment may vary significantly.

⁴The estimates provided herein are based on storage fees of one hundred twenty-five dollars (\$125) per month for three (3) months of storage prior to the first JBF Sales Event. The low estimate of zero assumes that you have a garage or other storage available in your home location.

⁵Pre-Opening Labor represents the estimated cost for having individuals assist you in preparing your initial inventory for sale at your first JBF Sales Event.

⁶Jump Start Guide. All new franchise owners must also pay for a Jump Start Guide to provide guidance and support during your first JBF Sales Event. All Jump Start Guides are existing, experienced JBF Franchisees. You must pay the Jump Start Guide fee which ranges from three thousand dollars (\$3,000) to four thousand dollars (\$4,000), depending on the duration requested and includes both compensation to the coach and the coach's travel expenses. Franchisees may choose the level of assistance but must participate in the program.

JUMP START GUIDE

| Jump Start Guide | Cost |
|-----------------------------------|-------------|
| Jump Start Guide– 3 days | \$3,000 |
| Jump Start Guide Premium – 5 days | \$4,000 |

⁷See Section 5.15. You must make arrangements and pay the expenses for any persons attending the training program, including transportation, lodging, meals and wages. The amount expended will depend, in part, on the distance you must travel, the type of accommodation you choose and on your own personal desires and choices. JBF's estimates contemplate Onsite Apprenticeship Training for one (1) owner over six to seven (6-7) days and does not include any wages during this time. The estimate includes an estimated one thousand dollars (\$1,000) for hotel; an estimated two hundred to four hundred dollars (\$200-\$400) for meals; and an estimated seven hundred to nine hundred dollars (\$700-\$900) for travel. If you are an existing franchisee acquiring an additional franchise unit, you may only need to attend the training program once or have a reduced training schedule. If you request special support services, (a franchise owner at your JBF Sales Event) you must pay an hourly fee and reimburse expenses. The estimates assume that you are obtaining initial training for one (1) or two (2) owners during your scheduled initial training session and are not incurring additional training fees. See Section 4.1 and Item 11.

⁸The New Technology License & Set-Up Fee is paid by new Franchisees of a new franchise territory (as opposed to transfers/resales or renewals) at the time of Execution of the Franchise Agreement. In the event that a Technology Update Assessment would be payable during the first year of the franchise, the New Technology License & Set-Up Fee will be deemed to satisfy such obligations, and no Technology Update Assessment payments will be due by Franchisee during the first year of the Franchise.

⁹Attendance at JBF's Annual Conference is mandatory if a conference is held. Conference fees may change annually depending on the conference venue and are estimated at less than \$1,000 for one attendee. Conference fees are paid in advance and billed in two installments if the conference fee is greater than \$500. Depending on the time of year you execute your franchise agreement, you may pay \$500 to \$1,000 before your first JBF Consignment Sales Event. The Conference fee does not include travel or lodging costs.

¹⁰Daily rentals for starting sales venues vary significantly. Most initial franchisees lease four to five (4-5) days in a venue with a minimum of 10,000 square feet. Franchisee must do venue research and complete a venue research form prior to the application being approved. Franchisee should ensure that a variety of venue sizes are available in the territory to accommodate Sale growth. JBF currently recommends that your initial venue have a minimum of 10,000 square feet and that you also have 20,000 square feet and 30,000 or more square feet options.

¹¹See Section 5.14 which sets forth minimum levels of insurance. The costs of this coverage varies. JBF may negotiate group rates for franchisees through an approved supplier. Franchisees are not required to participate in the group plan or purchase insurance through an approved supplier.

¹²Technology Fee includes one (1) license per franchise for the JBF System Technology and two (2) email addresses per franchise. If Franchisee requests additional licenses/seats to the JBF System Technology, JBF will provide the additional licenses/seats provided that the individual having access to the license log-in has executed a confidentiality agreement, and JBF reserves the right to charge a reasonable fee for such additional licenses/seats. Additional email addresses are, as of the date of this document, ten dollars (\$10) per month. The technology and included software tools may change from time to time (e.g. website, customer tagging software, point of sale system, accounting software, customer service and surveying tools, database management, training module, JBF intranet, email marketing, marketing design,

and other system technology tools). The Technology Fee is billed twice-annually (January, July). Upon signing the Franchise Agreement, Franchisee will pay the two hundred fifteen dollar (\$215) monthly installments until the next twice-annual billing. As of the issuance date of this disclosure document, JBF is offering the following discounts to multi-unit franchise owners: The primary location pays full price; second location receives a ten percent (10%) discount; third location receives a fifteen percent (15%) discount, and fourth location receives a twenty percent (20%) discount. JBF reserves the right to change or eliminate discounts offered. In addition, JBF does not currently charge but reserves the right to charge a commercially reasonable fee per ticket sold (no charge for free tickets issued) through the JBF System Technology. The Technology fees are subject to change with thirty (30) days written notice. If a franchisee needs additional license log-ins to the System Technology or additional emails, franchisee may be required to pay additional fees.

¹³The estimate provided by JBF for additional funds is based on information reported to JBF by its franchisees and on JBF and its Affiliate's industry experience and is an estimate for additional funds through the first sale (approximately three (3) months). Gross Sales and costs of sales may vary significantly depending on a number of factors. Depending on Gross Sales and costs of sales, cash flow from initial JBF Sales Events may not be sufficient to fund necessary pre-paid costs for succeeding JBF Sales Events, and some additional investment for working capital may be needed. Each franchisee should do an independent investigation into the costs of sales in his or her anticipated territory to determine the amount of additional working capital which may be required. Additional working capital may be required if sales are lower than we anticipate or costs are higher than we anticipate. Franchisees are responsible for advertising in advance of each semi-annual JBF Sales Event and for expenses incurred in hosting these JBF Sales Events. Such costs include, but are not limited to, office supplies, rack rentals or rack assembly, security, table rentals, drape, contract labor, food and beverage and other miscellaneous expenses incurred at the discretion of the franchisee. This estimate for additional funds includes the minimum royalties due for the first year of operations (\$5,250).

¹⁴In compiling this chart, we relied on our and our Affiliate's industry knowledge and experience. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only, and we cannot guarantee that you will not have additional expenses in starting the franchised JBF Consignment Sales Business. None of the estimated expenditures listed in the table which are payable to JBF are refundable. Payments made to others may or may not be refundable, depending upon what arrangements the franchisee makes with those persons. We do not offer financing for any of the above expenditures.

Item 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

(1) The equipment required for operating a new JBF franchise is listed in the Operations Manual, and consists of at least 4 laptops, 4 printers, 4 2D or higher scanners with the ability to read a QR Code and 3 PCI Compliant chip card credit processing readers (together the "Computer System") and clothing display racks, tables and other display equipment, which you may purchase or lease from any source as you determine as long as they meet our System Standards. Changes to the JBF System Technology are dynamic and all Franchisees should coordinate with JBF prior to purchasing any part of the Computer System to ensure that the purchased equipment is compatible with current and planned JBF System Technology. As your JBF Sales Event grows, you will be required to purchase additional computer system components for additional point of sale stations to handle larger volumes of customers. We currently recommend the following:

| GROSS SALES VOLUME PER JBF SALES EVENT | NUMBER OF POINT OF SALE STATIONS |
|----------------------------------------|----------------------------------|
| New JBF Sale | 4 |
| \$200,000 | 8 |
| \$350,000 | 12-16 |
| \$500,000 or more | 20 - 25 |

You are also required to acquire Microsoft Word and Excel, which you can acquire from any computer supplier. Your Computer System, Merchant services (credit card processing) and digital marketing services must be compatible with the JBF System Technology. If you will obtain Merchant Services from a vendor other than the system approved vendor, the vendor's services must be compatible with the JBF System Technology and you must incur the costs to have your vendor's services integrated into the JBF System Technology and must ensure that your Merchant Services are PCI compliant. You must use the accounting software designated by JBF with a standard chart of accounts. You are required to use all JBF System Technology covered by the Technology Fee, which technology and software tools may change from time to time (e.g. website, customer tagging software, point of sale system, customer service, accounting software, and surveying tools, database management, training module, company intranet, email marketing, marketing design, JBF Wallet, and other system technology tools). JBF reserves the right to implement and require franchisees to use and acquire new or additional computer hardware and/or software.

(2) JBF is the only approved supplier for the JBF System Technology which technology and tools may change from time to time (e.g. website, customer tagging software, point of sale system, accounting software, customer service and surveying tools, database management, training module, JBF intranet, email marketing, marketing design, and other system technology tools). JBF is also the only approved supplier of the Jump Start Guide.

(3) If JBF makes a group buying purchase of inventory to be resold at JBF Sales Events, Franchisees may be required to make a minimum purchase order from five hundred to three thousand dollars (\$500 - \$3,000) per JBF Sales Event, based on the gross sales of the Franchisee's previous JBF Sales Event. JBF may require the following minimum purchases: (a) five hundred dollars (\$500) if the gross sales of the Franchisee's previous JBF Sales Event were under one hundred thousand dollars (\$100,000); (b) two thousand dollars (\$2,000) if the gross sales of the Franchisee's previous JBF Sales Event were between one hundred thousand one and two hundred forty-nine thousand nine hundred ninety-nine (\$100,001 - \$249,999), and (c) three thousand dollars (\$3,000) if the gross sales of the Franchisee's previous JBF Sales Event were two hundred fifty thousand dollars (\$250,000) or over. If Franchisee hosts more than two (2) JBF Sales Events per year, for purposes of this calculation, the calculation will be based on the total of all JBF Sales Events during the previous Sale Season. JBF may also provide Franchisees with the option to make additional voluntary purchases.

(4) JBF requires that all marketing pieces be prepared by an approved vendor. To be considered for approval, the marketing vendor must apply as an approved vendor and meet JBF's marketing vendor requirements which may be modified from time to time. JBF's criteria for approving a marketing vendor include but are not limited to the following: (i) Vendor's signed agreement to adhere to the JBF Brand Guide and advertising requirements modified from time to time; (ii) evaluation of samples or portfolio of the vendor's previous work for other clients; (iii) evaluation of client references; (iv) willingness to enter into a work-for-hire agreement in the form prescribed by JBF; (v) ability to timely meet marketing requests; (vi) agreement to submit all pieces to JBF for approval; (vii) agreement to transfer all intellectual property rights in all marketing bearing the JBF Marks to JBF; (viii) agreement to transfer all marketing files in native format to JBF; (ix) agreement to comply with all copyright laws and indemnify JBF for any violations; (x) completion of JBF brand compliance training and payment of training fee and approval fee; (xi) degreed in graphic design through a minimum two (2) year program at an accredited

school; (xii) minimum three (3) years professional design experience; (xiii) proficiency in Adobe Creative Suite; (xiv) agreement to probationary period; and (xv) signed confidentiality agreement. Franchisees may apply to offer approved marketing as an approved marketing vendor to other JBF system franchisees.

(5) JBF Franchisees are often creative entrepreneurs with great ideas for new sponsorships or supplier arrangements. JBF loves the creativity of its franchisees, but, as a franchise system, JBF has to balance many obligations and commitments and the best interests of the brand and system as a whole, not just a single franchisee. JBF has the exclusive right to negotiate with vendors, suppliers or sponsors on a system-wide, regional, or national basis. If you would like to negotiate with a vendor, supplier, or sponsor in a manner that will affect more than just your local territory, you need to bring your idea to JBF and allow those negotiations to proceed through the JBF Franchise Support Center. Franchisees are prohibited from negotiating with sponsors, vendors, or suppliers on behalf of other franchisees, a geographic region, or the franchise system as a whole without first obtaining JBF's written consent.

(6) JBF Franchisees are also often collaborative and cooperative in sharing their ideas and concepts, and JBF encourages these cooperative efforts within the JBF Franchise System. Some franchisees may have skills that they are willing to offer to other franchisees for a fee. JBF requires that any franchisee who desires to offer any services, products, or goods to other franchisees first obtain the written approval of JBF. Franchisees are prohibited from negotiating with vendors or suppliers on behalf of other franchisees or the franchise system as a whole without first obtaining JBF's written consent. Franchisees should be mindful of their obligations, as set forth in Sections 1.5 and 8 of the Franchise Agreement to take steps to protect the confidentiality of the JBF Confidential Information and not to disclose Confidential Information outside of the JBF Franchise System. Franchisees collaborating with other franchisees should also be mindful that the definition of Confidential Information includes "ideas, concepts, methods or techniques of improvement relating to the JBF Consignment Sales Business and/or any JBF Sales Event developed by You in the course of fulfilling your obligations under this Agreement" and that as set forth in section 5.9 of the Franchise Agreement "JBF owns all intellectual property rights to advertising designs which advertise the brand or include the JBF Marks, regardless of whether those advertising designs are provided by JBF, you, or your vendor."

(7) Except for these items, each franchisee is permitted to purchase products and services from any United States source or supplier the franchisee selects in its discretion. Franchisees are prohibited from purchasing any item for resale at a JBF Sales Event from a foreign supplier, unless JBF has approved the transaction in advance. We do not currently require you to purchase any other item from JBF or from any other particular source. We do not have any other approved suppliers of required equipment or services. No officer of JBF owns an interest in any supplier (other than JBF) to franchisees.

(8) JBF's standards for required equipment and services are set forth in the Operations Manual. We permit you to select the supplier of your choice for all your purchases of equipment and services required to be made, except as set forth in this Item 8. Except for those items specified in this Item 8 above, you do not need to have the supplier of required equipment and services approved as long as you ensure that the equipment and services meet the standards set forth in the Operations Manual. Our requirements for marketing suppliers are set forth above. While we reserve the right to designate requirements for other suppliers, we do not currently restrict other suppliers, provided that the goods/services acquired meet the requirements of our system standards.

If you would like to use any goods or services in establishing and operating your JBF Consignment Sales Business or JBF Sales Event that we have not approved (for goods and services that must meet our standards and specifications or that require our approval of the supplier), you must first send us sufficient information, specifications and samples for us to determine whether the goods or services comply with our standards and specifications or the supplier meets our approved supplier criteria. We have the right to

inspect the proposed supplier's facilities and to require product samples and testing. You must pay our expenses to evaluate goods, services or suppliers. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease the goods or services or whether the supplier is approved. Our criteria for approving or revoking approval of suppliers includes: the supplier's ability to provide sufficient quantity of goods; quality and reliability of goods or services at competitive prices; production and delivery capability; dependability and general reputation; system uniformity; and impact on other supplier agreements. We are not required to approve any proposed supplier and we may disapprove a proposed supplier who does not meet our requirements. We may also disapprove a proposed supplier if the purchase would violate a contract with an existing supplier.

Periodically, we may review our approval of any goods, services or suppliers. We will notify you if we revoke our approval of goods, services or suppliers, and you must immediately stop purchasing disapproved goods or services, or must immediately stop purchasing from a disapproved supplier.

(9) We require that your computer equipment and software is compatible with the JBF System Technology and that your computer system has adequate privacy and security measures in place, in conjunction with your credit card payment processor, to prevent the theft or disclosure of customer information and JBF confidential information. We also require that franchisees purchase or lease nationally recognized brands of products that do not adversely affect the quality, uniformity or safety of the JBF System Technology. Changes to the JBF System Technology are dynamic, and all Franchisees should coordinate with JBF prior to purchasing any part of the Computer System to ensure that the purchased equipment is compatible with current and planned JBF System Technology. We do not permit JBF's franchisees to have sub-franchisees. You must use, in the development and operation of your JBF System, the Computer System that we periodically specify. JBF's modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. We cannot estimate the future costs of the Computer System (or additions, upgrades or modifications thereto) and that the cost to you of obtaining the Computer System (including software licenses) (or additions, upgrades or modifications thereto) may not be fully amortizable over the remaining term of the Franchise Agreement. JBF has the right to charge a reasonable systems fee for software or systems modifications and enhancements specifically made for JBF that are licensed to you and other maintenance and support services that JBF or JBF's affiliates furnish to you related to the Computer System.

Changes to technology are dynamic and not predictable within the term of the Franchise Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, JBF has the right to establish, in writing, reasonable new standards for the implementation of technology in the Computer System; and you agree to abide by those reasonable new standards established by us.

(10) Our total revenues for 2023 were two million seven hundred twelve thousand six hundred twenty-six dollars (\$2,712,626). The total revenue from franchisees' purchases of required products and services in 2023 was four hundred sixty-one thousand three hundred sixteen dollars (\$461,316). Approximately seventeen percent (17%) of JBF's total revenues in 2023, was derived from all franchisee purchases of required products and services. JBF has no affiliates who sell or lease products or services to franchisees, and we derive no revenues from any such affiliate or supplier.

(11) The estimated percentage of required purchases and leases by the franchisee to all purchases and leases by the franchisee of goods and services in ongoing operations of the franchised business is approximately ten to twenty percent (10% - 20%).

(12) JBF does not currently receive a rebate from any supplier or provider, but reserves the right to receive rebates in the future. In 2023, JBF did not receive any rebates. Some vendors and suppliers who may provide services to JBF franchisees may pay a sponsorship fee in order to present information at conferences sponsored by JBF, including the annual JBF franchise conference.

(13) We do not currently have any purchasing or distribution cooperatives. We reserve the right to establish both voluntary participation and mandatory participation purchasing or distribution cooperatives in the future. We may also occasionally facilitate wholesale group buying of new inventory, and if we do, may require minimum purchases from you. Franchisees may, but are not currently required, to participate in group buying arrangements facilitated by JBF. We do not have any other purchase arrangements with suppliers, but JBF has arranged discounts for its franchisees for purchases at several optional suppliers. The current suppliers which offer discounts to JBF franchisees are set forth in our Operations Manual. The list of suppliers offering discounts to JBF franchisees is subject to change without notice. JBF does not currently receive compensation from any supplier, but some suppliers may elect to pay a conference sponsorship fee to JBF in order to present information to franchisees at JBF conferences or events. We may offer optional printing services to the franchisees and receive less than market margins to no margin on those services. Prospective vendors and suppliers submit bid proposals which JBF management considers on a case-by-case basis. Management selects the suppliers based on their reputation for honesty, integrity, timely delivery, quality and price, as well as considering contractual commitments to existing suppliers. Typically, supplier approval will be completed within thirty (30) days after JBF's receipt of all requested information from the supplier. No officer owns an interest in any supplier to the JBF, JBF does not currently require franchisees to use the suppliers with whom it has arranged discounts but reserves the right to do so, and JBF does not currently receive any consideration from these suppliers other than as disclosed herein.

(14) We do not provide material benefits to franchisees based on a franchisee's purchase of particular products or services or use of particular suppliers.

(15) JBF reserves the right to require and to offer additional products or services in the future, for which it may charge a fee and earn a profit. JBF reserves the right to enter into agreements with additional vendors and suppliers and require franchisees to purchase the products or services from those additional suppliers. JBF reserves the right to enter into agreements with system vendors and suppliers that may result in JBF obtaining a rebate. JBF reserves the right to withdraw the approval of any vendor or supplier previously approved upon written notice.

Insurance.

You must purchase and maintain in effect policies of insurance throughout the Term of the Franchise Agreement. You may, but are not required to, participate in group insurance, if established, through an approved supplier. JBF also reserves the right to require, and may at any time require, you to procure a bond in such amount as may be determined from time to time by JBF and subject to such terms and conditions as JBF may specify from time to time, to cover franchisee's JBF Sales Events. You will be required to provide JBF with a copy of your insurance policies and any required bond. You are prohibited from hosting a JBF Sales Event without first obtaining the insurance we require. JBF has the right to increase policy limits or minimum liability protection or require different or additional kinds of insurance and all policies of insurance must name JBF and any other party designated by JBF as additional insureds. The current insurance requirements and bonding requirements are described below:

- (1) workmen's compensation insurance for all employees, as required by state law;
- (2) comprehensive general liability insurance covering all JBF Consignment Sale Business assets,

personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death or property damage of not less than One Million Dollars (\$1,000,000), or Three Million Dollars (\$3,000,000) in aggregate claims per year; and

(3) any other insurance required by the property owner or leasing company of the venue where your JBF Sales Events are held.

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.

| <u>Obligation</u> | <u>Section in Agreement</u> | <u>Disclosure Document Item</u> |
|--------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------|
| a. Site Selection and acquisition/lease | Not Applicable | 11, 12 |
| b. Pre-opening purchases/leases | 4.3 | 7, 8 |
| c. Site development and other pre-opening requirements | 4.1, 4.3, 5, Exhs. 9 & 14 | 7, 8 |
| d. Initial and ongoing training | 4.1, 5.8, 5.18, Exh. 14 | 7, 11 |
| e. Opening | 4.3, 5, Exh. 14 | 7, 8, 11 |
| f. Fees | 1.9, 1.15, 1.23, 1.26, 1.29, 1.34, 5.6, 5.7, 5.17, 5.20, 5.22, 5.23, Exh. 14 | 5, 6, 7 |
| g. Compliance with standards and policies/Operation's Manual | 1, 2, 4, 5, & 10 | 7, 8, 16 |
| h. Trademarks and proprietary information | 1, 2, 3, 5.12, 5.15, 5.19, 7, 8, & 11, 12 | 13 |
| i. Restrictions on products/services offered | 2, 3, 4.3, & 5.2 | 8, 12, 16 |
| j. Warranty and customer service requirements | 5.15 | Not Applicable |
| k. Territorial development and sales quotas | 3, 5.7, Exh. 1 | 11, 12 |
| l. Ongoing product/service purchases | 5.9 | NA |
| m. Maintenance, appearance and remodeling requirements | 4.3, 4.4, 4.5, 5.1, 5.15 | 6, 7, 8 |
| n. Insurance | 5.17 | 7, 8 |
| o. Advertising | 5.2, 5.3, 5.10, 5.11, 5.12, 5.13 | 6 |
| p. Indemnification | 16 | Not Applicable |
| q. Owner's participation/management/staffing | 1, 5.4, 5.15 | 7, 15 |
| r. Reports and records | 1.2, 5.15, 5.16 | Not Applicable |
| s. Inspections and audits | 4.3, 4.4, 5.16 | 11 |
| t. Transfer/Resale | 9 | 6 |
| u. Renewal | 6 | 6, 17 |
| v. Post-termination obligations | 8.1, 8.2, 11, 12 | 17 |
| w. Non-competition covenants | 8.3, 12 | 17 |
| x. Dispute resolution | 17 | N/A |

| <u>Obligation</u> | <u>Section in Agreement</u> | <u>Disclosure Document Item</u> |
|-------------------|-----------------------------|---------------------------------|
| y. Guarantee | 9.3, Exh. 2 | 1, 15 |

Item 10. FINANCING

We do not offer any direct or indirect financing to you. We do not guarantee your lease or notes or other obligations. We do have a list of approved vendors who offer financing. Franchisees are not required to obtain financing or to use an approved vendor.

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

Except as listed below, JBF is not required to provide you with any assistance:

- (1) Our Pre-Opening Obligations to You. Before your first sale, we will:
- a. Designate a Territory for the Franchise (Section 3); and
 - b. Provide you training and advice (Section 4.1). This training and advice are included in your initial franchise fee for up to two (2) trainees if obtained during your initial scheduled training, but you must pay all employee compensation, hotels, meals and all travel and other related expenses incurred by you and your employees in connection with this training (the training does not include sending a trainer to your first JBF Sales Event); and
 - c. Loan you a copy of the JBF Operations Manual (Section 4.2); and

We may also, but have no obligation to:

- a. Give you notice of any deficiency in your operations. You must correct such deficiencies. (Section 4.4); and
- b. Make suggestions for improvements. (Section 4.5).

You are solely responsible for finding a site for your sale within your Territory (Section 3). You must do venue research and complete a venue research form prior to the application being approved as a franchisee. Franchisee should ensure that a variety of venue sizes are available in the territory to accommodate sale growth. JBF currently recommends that your initial venue have a minimum of 10,000 square feet and that you also have venue options of approximately 20,000 square feet and 30,000 or more square feet. Typically, franchisees lease space from a third party for a few days before, during and after each semi-annual sale. Each franchisee must find and secure the site for holding its consignment sale. JBF does not find the site nor does JBF approve or assist the franchisee in leasing any site for a consignment sale within the franchisee's Territory. JBF will provide you with recommendations to aid you in selecting your site, but as long as your site is located in your Territory, you are not required to obtain JBF's approval of the site. You must hold your first sale within three hundred (300) days after you sign your franchise agreement or obtain JBF's consent for any extension in that time. If you do not locate a suitable site and hold your first sale within three hundred (300) days of signing this Agreement, JBF may terminate your

franchise agreement without refunding any of the initial fees you have paid. If you are acquiring an existing franchise as a transferee (buyer from an existing franchisee) or are renewing an existing franchise, the three hundred (300) day requirement will not apply, and you must continue to host a JBF Sales Event each Spring (January – June) and each Fall (July – December).

You are solely responsible for complying with all applicable building codes and local ordinances, for making security arrangements and for obtaining all required permits for holding a consignment sale. (Section 5.1 and 5.3) You are also responsible for advertising your sale, for obtaining signs, point of sale registers, and other equipment. (Section 5.9, and 5.11) You are also responsible for hiring and supervising persons who help you with your sale. (Section 5.12) You are also required to pay all sales and other taxes applicable to your sale and items sold during your sale. (Sections 5.12 & 16) JBF does not currently provide the franchisee with assistance in acquiring equipment, signs, fixtures, opening inventory or supplies. You are solely responsible for these items.

(2) Time Required for Holding Your First Sale. The average time between the signing of the franchise agreement and the payment of the initial franchise fee and opening your business with an active website and active marketing to customers for the first JBF Sales Event is approximately eight (8) weeks. You are allowed three hundred (300) days from the signing of the Franchise Agreement to hold your first JBF Sales Event, unless you are acquiring an existing franchise location as a transferee from an existing franchisee. (Section 3, 5.1 and 5.11) If you are acquiring an existing franchise as a transferee or are renewing an existing franchise, the 300 day requirement will not apply, and you must continue to host a JBF Sales Event each Spring (January – June) and each Fall (July – December). JBF has the right, in JBF’s sole discretion, to extend these periods in writing, but JBF is not obligated to do so. Factors affecting this time period are the time required to obtain business registration, sales tax permits, satisfactory financing if required, site lease negotiations, equipment purchases, which are generally available commercially without any delay or interruption, and the time necessary for JBF to train you and your owners and for you to train those persons who will help you with your sale. You and all persons who own a twenty-five percent (25%) or more interest in your entity must complete JBF’s Initial Training Program, including Online Training, Coaching, and Onsite Apprenticeship, before you hold your first JBF Sales Event or must obtain a written waiver from JBF. JBF reserves the right to grant or deny any request for a waiver in JBF’s sole discretion.

(3) Services We Provide During Your Franchise Agreement. We will:

- a. Not grant other franchises in your Territory or operate ourselves in your Territory while you are in compliance with the Franchise Agreement (Section 3); and
- b. Maintain JBF’s website (Section 5.19).

We may, but are not obligated to:

- a. Make periodic visits to the Franchisee and provide you with a copy of JBF’s report of deficiencies or violations of the Franchise Agreement. Any deficiencies or any violations of the Agreement noted in the report must be corrected within seven (7) days from the date of the report (Section 4.4);
- b. Provide franchisee with ongoing success coaching;
- c. Advise you of improvements and recommendations (Section 4.5); and

Except for your initial and supplemental training (see Training Program below), we do not develop products for you to sell; hire or train your employees; establish prices for items consigned to you for your

sale. JBF is not required to offer, but may offer online training resources and regional training events to you. This training may cover various topics relating to the JBF Consignment Sales Business and JBF Sales Event including but not limited to recalls, breakdown, marketing, top achiever discussions, business practices and social media.

(4) Advertising. You are solely responsible for your own advertising program, unless a regional or local advertising cooperative has been established in the geographic area encompassing your Franchise Territory. You are required to spend not less than three percent (3%) of the gross receipts from your prior sale for advertising each consignment sale you hold. You may spend that money in any manner and use any media available at your discretion, subject to JBF's rights to approve all advertising and any decisions made by a local or regional advertising cooperative in which you participate. You have no maximum amount, which you may spend for advertising.

JBF is not required to conduct national, regional or local advertising for you. We do not restrict you from advertising using any advertising media within your Territory which you select, so long as your advertising program is approved by JBF in advance. (Section 5.9).

We estimate that you will spend between five thousand and eight thousand dollars (\$5,000 - \$8,000) in advertising your initial sale.

JBF has engaged advertising agencies to design promotional materials, which include items that may be used in digital marketing, community papers, magazines, trade publications and on billboards. JBF will pay for initial ad campaign creations annually from the Marketing Brand Fund. (Section 5.9) You may choose to use these designed ads as a part of your Marketing Brand Fund fees or you may have an approved ad agency design something specific for your franchise, at your own expense, as long as the agency and created ad are approved by JBF. JBF owns all intellectual property rights to advertising designs which advertise the brand or include the JBF Marks, regardless of whether those advertising designs are provided by JBF, you, or your vendor.

In order to protect the integrity of JBF's marks, we do not permit you to use your own advertising, unless JBF has previously approved that advertising. (Section 5.9) We will not approve advertising which is false, inaccurate, or misleading or advertising which does not correctly use the trademarks and other symbols of JBF, or advertising which contains offensive material or which disparages the name or goodwill of JBF, as determined in JBF's sole discretion. (Section 5.9) JBF may, but is not required to, specify in the Operations Manual certain online posting and social media advertising that, when made in accordance with the System Standards on an approved platform, does not require pre-approval prior to posting. In all cases, JBF reserves the right to require removal or discontinuance of any advertising it determines in its reasonable judgment to be harmful to the brand or not in accordance with the JBF System Standards.

Before your use of any advertising or promotional materials, samples of all local and regional advertising and promotional materials not prepared or previously approved by JBF must be submitted to JBF for approval. You may not use any advertising or promotional materials that JBF has not previously approved in writing. If you do not receive JBF's written disapproval within fifteen (15) days after the date we receive the materials, the materials will be deemed to be approved. We shall have the right to terminate JBF's approval of any advertising materials at any time upon written notice to you. Your advertising, promotion and marketing materials must be clear, factual, not misleading and conform to all ethical advertising and marketing standards, as well as JBF's advertising and marketing policies, as we may periodically change. You must include notices of the Franchise System Website (defined below) in the manner we designate.

We do not currently require but may require you to list your JBF business in specified online

directories, and/or to participate in specified online search engine or pay per click programs designed to identify your business to consumers.

JBF is not required to but may retain the services, as a part of the Marketing Brand Fund, of a public relations consultant to provide general PR advice and best practices to JBF and franchisees regarding advertising, marketing and brand awareness. This does not include PR efforts to secure media or coverage for individual franchise locations. JBF may choose to discontinue this benefit at any time without notice.

We may, but are not obligated to, provide you with a webpage on JBF's Internet site that advertises, markets and promotes Just Between Friends, the products and services that they offer and sell, and/or the franchise opportunity (a "Franchise System Website"). If we provide you with a webpage on the Franchise System Website, you must (i) provide JBF the information and materials we request to develop, update and modify your webpage; (ii) notify JBF whenever any information on your webpage is not accurate; (iii) if we give you the right to modify your webpage, notify JBF whenever you change the context of your webpage; and (iv) pay JBF's then current initial fee and monthly maintenance fee for the webpage. We may also establish or authorize a third party to establish an email system in which you are required to participate. You must execute any agreements required by the third party provider and pay the provider any fees required to participate in the email system. We will maintain the Franchise System Website. We periodically may update and modify the Franchise System Website (including your webpage) and have final approval rights over all information on the Franchise System Website (including your webpage). We will only maintain your webpage while you are in full compliance with the Franchise Agreement and all System standards, and we reserve the right to remove your webpage if you are in default of such until you cure such default. You may not develop, maintain or authorize any other webpage, Internet site or social networking site (including but not limited to Facebook, Instagram, Pinterest, Twitter, Tik Tok, and Google Properties) that mentions or describes you or your JBF sale or displays any of the Marks without JBF's prior written permission. In the event we authorize you to use the Marks in an online or social media platform, you agree that we will have administrative access to such platform and agree to provide JBF with all access, log-in and password information for such online and/or social media platforms.

National Marketing Brand Fund

JBF has implemented a National Marketing Brand Fund wherein franchisees are currently required to contribute one percent (1%) of the of Franchisee's Gross Sales and may be required to contribute up to three percent (3%) with written notice. (Section 5.9) JBF is not required to spend any Marketing Brand Fund money in any franchise territory. Existing franchisees may have varying rates of participation based on their franchise agreements. JBF reserves the right to include caps or limits on contributions to the Advertising Fund. Currently, JBF has instituted a cap of three thousand five hundred (\$3,500) per year per franchise location. Under the current cap payment plan, if a franchisee exceeded three hundred fifty thousand dollars (\$350,000) in sales during the prior year and anticipates paying a capped fee during the current year, the franchisee will have an option to either pay one percent (1%) of Gross Sales for the Spring JBF Sales Event and the balance of the capped amount for the Fall JBF Sales Event or may choose to split the estimated capped fees in half by paying one thousand seven hundred fifty dollars (\$1,750) after the Spring JBF Sales Event and one thousand seven hundred fifty dollars (\$1,750) after the Fall JBF Sales Event. JBF intends to review the caps annually and may, once annually, affirm, increase, or decrease the caps. JBF does not anticipate making any annual cap increase which would exceed ten percent (10%) of the then-current capped amount in any given year. In addition to the Marketing Brand Fund Contributions, you must also spend at least three percent (3%) of your gross sales from the previous sale in advertising for the next sale. (Section 5.9)

We will administer the Marketing Brand Fund as follows:

(a) We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements and advertising resources. We may use any media or venue for advertisements and promotions including without limitation print, television, radio, internet or other media;

(b) We may use your contributions to meet or reimburse us for any cost of producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, internet, magazine, direct mail, social media, and newspaper advertising campaigns and other public relations activities; hosting an internet web page of similar activities; employing advertising agencies to assist therein; providing promotional brochures; conducting market research and analytics; and providing other marketing materials to franchisees). We will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the marketing fund, creation of marketing materials, and any employees or contractors used specifically for consumer marketing. We will not use marketing fund contributions for the direct solicitation of franchise sales;

(c) We expect to use all contributions in the fiscal year they are made or the following fiscal year. We will use any interest or other earnings of the marketing fund before we use current contributions. We intend for the marketing fund to be perpetual, but we have the right to terminate it if it is desirable to do so. We will not terminate the marketing fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share of the unused portion of the fund;

(d) We will have an accounting of the marketing fund prepared each year and will provide you with a copy if you request it. Franchisees may request an accounting of the marketing fund by submitting a written request via email to fsc@jbfsc.com. We are not required to have the annual accounting be reviewed or audited and reported on by an independent certified public accountant, but may require such review or audit at the marketing fund's expense;

(e) The marketing fund is not a trust, and we assume no fiduciary duty in administering the marketing fund;

(f) We are not required to spend any amount of the marketing fund on advertising in any particular franchisee's area or territory;

In 2023, JBF collected three hundred nineteen thousand, five hundred thirty-seven dollars (\$319,537) in Marketing Brand Fund Fees and spent the Marketing Brand Fund Fees as follows:

| Description | Percentage |
|--------------------------------------|------------|
| Content & Creative Asset Development | 47.0% |
| Marketing Technology | 18.8% |
| Brand Promotions | 12.3% |
| Administration & Support | 21.9% |

Except for salaries of any marketing personnel that may be employed by us and the reimbursement of overhead expenses directly related to the administration of the fund, we do not and will not receive

compensation for providing goods or services to the fund. No Marketing Brand Fund fees were used for solicitation of new franchisees in 2023. See ITEMS 6 and 9 for other advertising information.

Marketing Brand Fund Advisory Committee

JBF currently has a Marketing Brand Fund (MBF) Advisory Committee made up of approximately 4-6 franchisees selected by JBF from diverse backgrounds and geographic regions. Franchisees on the MBF Advisory Committee are invited to participate by JBF, but no franchisee is required to participate. Franchisees serving on the MBF Advisory Committee typically serve a one (1) year term and may be invited to continue for a second one (1) year term but are not currently permitted to serve more than two (2) one-year terms. In selecting franchisees for invitation, JBF uses reasonable efforts to ensure that franchisees on the MBF Advisory Committee come from diverse geographic regions and that the MBF Advisory Committee comprises franchisees with diverse gross sales. The Marketing Brand Advisory Committee serves in an advisory capacity regarding expenditures and administration of the National Marketing Brand Fund but does not have decision making authority. JBF reserves the right to change or dissolve the Marketing Brand Advisory Committee.

Advertising Cooperatives

If a local or regional advertising cooperative is formed in a geographic area that encompasses your Franchise Territory, we require you to participate in the local or regional advertising cooperative, to place your local advertising in a collaborative effort with other Just Between Friends franchisees in the geographic area. Any mandatory advertising cooperative will make advertising decisions based on a majority vote of all Franchise Territories located in the geographic area of the advertising cooperative. Each Franchise Territory in a local or regional cooperative will have one (1) vote (e.g. if Franchisee Jane Doe owns three (3) Franchise Territories in the area, Jane will have three (3) votes). Any Franchisor owned outlet located in an area with an advertising cooperative would not have a vote in any advertising cooperative decisions but would be obligated to participate in cooperative advertising with respect to any JBF Sales Events hosted by such Franchisor owned unit. All Franchise Territories in a local or regional advertising cooperative will share in the advertising costs of advertising initiatives adopted by the Cooperative. All contributions to the Advertising Cooperative will be credited toward your required minimum marketing and advertising expenditures.

(5) Computer Equipment Required. You must use in the operation of your JBF business, the Computer System we may periodically specify. As a part of the Computer System, we may require you to obtain specified computer hardware and/or software, including a license to use proprietary software developed by JBF or others. We currently require you to have the following Computer System components to start a new JBF Sales Event Business:

- 1 laptop computer with Microsoft Word and Excel to serve as the Master Computer
- 4 additional laptop computers with the ability to access the internet,
- 4 printers with ability to link to the laptop computers wired or wireless);
- 4 2D or higher scanners with the ability to read QR codes;
- 4 PCI compliant chip card credit card processing readers; and
- Access to Secure Internet

You will be required to purchase or lease the Computer System. The Computer System can be purchased from any computer retailer you choose as long as it meets our System Standards and is compatible with the JBF System Technology. You are not required to purchase or lease any particular brand of electronic cash register or computer hardware, but the Computer System must be compatible with the JBF System Technology, and you must ensure that it is PCI compliant. Changes to the JBF System

Technology are dynamic and all Franchisees should coordinate with JBF prior to purchasing any part of the Computer System to ensure that the purchased equipment is compatible with current and planned JBF System Technology.

The cost of purchasing or leasing such systems is estimated to be \$1,000 - \$1,500 per point of sale station, with a minimum of 4 point of sale stations, plus a Master Computer, required to start a new JBF Sales Event. As your JBF Sales Event grows, you will be required to purchase additional equipment for additional point of sale stations to handle larger volumes of customers. We currently recommend the following:

| GROSS SALES VOLUME PER JBF SALES EVENT | NUMBER OF POINT OF SALE STATIONS |
|----------------------------------------|----------------------------------|
| New JBF Sale | 4 (plus Master Computer) |
| \$200,000 | 8 |
| \$350,000 or more | 12-16 |
| \$500,000 | 20 - 25 |

You are solely responsible for maintaining, repairing, upgrading and updating these systems from time to time and for purchasing additional systems to meet the needs of your growing business. JBF has no obligations to maintain, repair, upgrade or update any of these systems for you. We estimate the annual cost of maintaining these electronic systems is approximately \$1,500.

As part of the Technology Fee, you are provided one (1) license/seat to the JBF System Technology, and you are required to use the JBF System Technology in operating your business. If Franchisee requests additional licenses/seats to the JBF System Technology, JBF will provide the additional licenses/seats but reserves the right to charge a reasonable fee for such additional licenses/seats. The license fees are subject to change with thirty (30) days written notice. The Computer System must be compliant with the JBF System Technology, and you should verify compliance with JBF before making your purchases.

You agree to incur the above costs in obtaining and maintaining the computer hardware and software comprising the Computer System (or additions or modifications). JBF has the right to charge a reasonable systems fee for software or systems modifications and enhancements specifically made for JBF that is licensed to you and other maintenance and support services that we furnish to you related to the Computer System. We will have independent, unlimited access to data on your Computer System and in the JBF System Technology, including sales figures. There are no contractual limitations on JBF's right to access this information and data. (Franchise Agreement – Section 5.12) We will have access to all the consignor's data information provided to JBF by each franchisee, but your status as a franchisee does not entitle you to access the data provided to JBF by other franchisees.

Changes to technology are dynamic and not predictable within the term of the Franchise Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, JBF has the right to establish, in writing, new standards for the implementation of technology in the System; and you agree to abide by those new standards established by us and to use such technology specified by us.

(6) The Operations Manual. You must comply with the Franchise Agreement, the Operations Manual and all applicable local, state and federal laws, rules and regulations that are applicable to the operation of your Franchise. A copy of the Table of Contents of the written portions of the Operations Manual is attached as [Exhibit C](#). The Operations Manual consists of a total of approximately 1,162 written pages, including a 180 page primary manual, multiple supplemental manuals, bulletins, and resources, plus videos

and tutorials. The Operations Manual may change, but you must comply with the Operations Manual even if there has been a change. The Operations Manual remains JBF's property. A copy of the Operations Manual will be loaned to you during the term of your Franchise Agreement. (Section 4.2).

(7) **TRAINING PROGRAM**

| <u>Subject</u> | <u>Classroom</u> | <u>On-The-Job</u> | <u>Location</u> |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------|------------------------------------|
| PRE-OPENING ONLINE TRAINING | | | |
| Foundations: Vision, Values, Business Basics, Planning Tools, KPIs, Venues, Finances, Customer and Event Management | 35 hours | 0 | Online |
| Marketing, Partnerships, Staffing, Inventory, Product Safety | 50 hours | 0 | Online |
| Sales Event Operations | 50 hours | 0 | Online |
| Online Training Review, Initial Business Coaching | 15 hours | 0 | Online |
| TOTAL PRE-OPENING ONLINE TRAINING | 150 hours (must be completed within 5 weeks) | 0 | |
| POST-OPENING ONSITE APPRENTICESHIP | | | |
| <u>Subject</u> | <u>Classroom</u> | <u>On-The-Job</u> | <u>Location</u> |
| Review & Practical: Sale Planning (Sale Schedule, Sale Week Prep) | 2 hours | 0 hours | A JBF Sales Event Designated by Us |
| Review & Practical: Sale Phases (Load in, Drop Off, Presale, Public Sale, Discount Days, Sorting Unsold Items, Pick Up, Load Out) | 1-2 hours | 9-12 hours | A JBF Sales Event Designated by Us |
| Review & Practical: Inventory (Consignor Development, Quality Control, Product Safety) | 2-3 hours | 1-2 hours | A JBF Sales Event Designated by Us |
| Review & Practical: Staffing your Sale | 2 hours | 1-2 hours | A JBF Sales Event Designated by Us |
| Review & Practical: Sales Floor, Signs/Branding, Customer Flow, Disaster Preparedness | 0 hours | 1-2 hours | A JBF Sales Event Designated by Us |
| Review & Practical: Customer Service, Marketing | 3-4 hours | 2 hours | A JBF Sales Event Designated by Us |
| Review & Practical: Point of Sale & Tags Management | 1-2 hours | 5 hours | A JBF Sales Event Designated by Us |
| Review & Practical: Group Collaboration and One-on-One Meetings with Trainer | 6-8 hours | 0 hours | A JBF Sales Event Designated by Us |
| TOTAL ONSITE APPRENTICESHIP (4-5 days) | 16-23 Hours over 2-3 days | 19-25 hours over 2-3 days | |

| POST-OPENING COACHING | | | |
|----------------------------------------------------------------------------------------------|-------------------------|--------------------------|------------------------|
| <u>Subject</u> | <u>Classroom</u> | <u>On-The-Job</u> | <u>Location</u> |
| Point of Sale & Tags Management Refresh | 1-2 Hours | 0 hours | Online |
| Pre-Event Coaching (Weekly One-on-One Meetings with Success Coach leading up to first event) | 12-15 Hours | 0 hours | Online |
| TOTAL POST-OPENING COACHING | 13-17 Hours | 0 hours | |
| TOTAL ALL INITIAL TRAINING | 179-188 Hours | 0 Hours | |

Training Program Description

Every franchisee, and if the franchisee is an entity, every owner of a twenty-five percent (25%) interest or more of the franchisee or who will be involved in the operational decisions of the franchised business, must attend and satisfactorily complete JBF's initial training program (including pre-opening online training, post-opening onsite apprenticeship, and post-opening coaching) or must obtain a written waiver from JBF. JBF reserves the right to grant or deny any request for a waiver in JBF's sole discretion. JBF's training program is customized to meet the needs of you and your owners. Some franchisees will have operated businesses for years, while others will be beginners in business. JBF's system and training program enables the experienced and the beginner to enjoy the possibility of success through careful and efficient operations, effective and aggressive marketing, and hard work. Every JBF Franchisee is assigned a Success Coach who will provide advice and guidance to the Franchisee throughout the Initial Training Program and beyond.

The JBF Initial Training Program takes place in 3 parts: Pre-Opening Online Training, Post-Opening Onsite Apprenticeship, and Post-Opening Coaching. The training materials consist of JBF's system technology, platforms and online materials, videos, lectures, Operations Manuals, examples of advertising materials, bar-coding or QR coding materials, forms for the organization of your consignment sale, consignor agreements and similar operational materials.

The Pre-Opening Online Training is self-paced, and we estimate it will take one hundred fifty (150) hours to complete it. You must complete your pre-opening online training before attending your Post-Opening Onsite Apprenticeship.

The Post-Opening Onsite Apprenticeship portion of the Initial Training Program is typically conducted in groups of new Franchisees and involves attendance by the franchisees at an approved JBF Sales Event over four to five (4-5) days, along with an assigned Success Coach or a Franchisee Trainer. The geographical location of the Onsite Apprenticeship will be determined by JBF. The Onsite Apprenticeship will include instruction followed by practical application. The entire initial training program, including Pre-Opening Online Training, Post-Opening Onsite Apprenticeship, and Post-Opening Coaching must be completed to JBF's satisfaction before Franchisee holds Franchisee's first JBF Sales Event, or the Franchisee must obtain a written waiver from JBF. JBF reserves the right to grant or deny any request for a waiver in JBF's sole discretion.

Initial Training Program Evaluations. The Initial Training Program will include objective milestones that you must achieve in order to successfully complete the Initial Training Program and hold your first JBF Sales Event. The Managing Owner is responsible for ensuring the franchise as a whole meets the milestones. The Franchisee will be evaluated near the completion of Pre-Opening Online Training portion of the Initial Training Program. If the Franchisee trainees have each completed the Online Training portion of the Initial Training Program, the Franchisee will be authorized to open. The Franchisee will be assessed again at six (6) weeks prior to the first scheduled JBF Sales Event to determine readiness to host a JBF

Sales Event. If the franchisee trainees, as a whole, are not meeting training requirements or achieving the training milestones, a default will be issued and Franchisee will not be authorized to host its first JBF Sales Event. Franchisee will be required to cure the default, which, depending on the nature of the default, could require Franchisee to do one or more of the following: (1) postpone and reschedule the sale dates, (2) one or more Franchisee trainees complete additional training and pay the costs of such training, (3) designate a new Managing Owner, (4) purchase additional inventory, (5) have JBF manage the first JBF Sales Event and Franchisee pay the costs of such management, and/or (6) such other cures JBF determines in its reasonable discretion. Any training defaults must be timely cured as set forth in the Notice of Default, and in no event may a training default remain uncured by the date which is four (4) weeks before the first JBF Sales Event. In the event the training defaults are not timely cured, JBF may exercise its legal and contractual rights which may include termination the Franchise Agreement without refunding the franchise fee.

Initial Training Program Trainers

The JBF Initial Training Program is currently overseen by our New Owner Launch Manager, Lendsey Stephens (See Item 2), who is also an owner and operator of a JBF Franchise in the State of Texas, although Ms. Stephens may not personally attend all training sessions. Your Onsite Apprenticeship will be conducted by Ms. Stephens, a Success Coach, and/or a Franchisee Trainer. Currently, all Success Coaches and Franchisee Trainers have at least six (6) months experience with the JBF brand. JBF reserves the right to designate substitute trainers.

Initial Training Program Required and Permitted Participants

Completion of the Initial Training Program (including Pre-Opening Online Training, Post-Opening Onsite Apprenticeship, and Post-Opening Coaching) is mandatory for each Managing Owner and for all owners of your franchise who will be involved in operational decisions or who own twenty-five percent (25%) or more of your franchise or franchise entity. Any twenty-five percent (25%) or more owner of your franchise and any owner who will be involved in operational decisions must attend and successfully complete JBF's training or must obtain a written waiver from JBF, which waiver may be granted or denied in JBF's sole discretion. All trainees must sign JBF's confidentiality agreement. JBF reserves the right to approve or deny non-owner trainee attendance at any training session in its discretion. If, at any time, your business entity makes the decision to take on a partner or any twenty-five percent (25%) owner of your franchise after the initial signing of the Franchise Agreement, we require that any such new business partner or twenty-five percent (25%) owner be fully trained in all aspects of the business, and they must complete the required JBF Initial Training Program. (Section 5.15).

Training Costs

The JBF Initial Training Program is included in the Initial Franchise Fee for up to two (2) participants when obtained at the same time, before Franchisee holds Franchisee's first JBF Sales Event. Additional owners or managers may participate in the Onsite Apprenticeship for an additional fee of two thousand dollars (\$2,000) per person. Such persons are required to obtain the training, and you are required to incur these charges if more than two (2) persons have a twenty-five percent (25%) or greater interest in the franchisee or will be involved in the operations of the franchise.

While the Initial Training Program is included in the Initial Franchise Fee for up to two (2) participants, you must pay all employee compensation, travel, hotel and living expenses of all those you sponsor to attend JBF's training. We estimate your cost for attending the JBF Initial Training to be between \$1,800-\$2,800 per person, including your meals and travel expenses. See Item 7.

Business partners that are added to your Franchised Business will be considered transferees and must complete the Initial Training Program (including Online Training, Onsite Apprenticeship, and Coaching). The training fee for the added business partners (up to two (2) owners) will be covered under

the stated Transfer/Resale Fee, and you can expect similar costs for their expenses during training. The Franchisee must pay all costs incurred by Franchisee in connection with attending and satisfying JBF's training requirement.

Timing For New Franchisee Training

JBF requires each new Franchisee and each owner of a twenty-five percent (25%) or greater interest in the franchise or who will be involved in the operational decisions of the franchised business to complete the JBF Initial Training Program (including Pre-Opening Online Training, Post-Opening Onsite Apprenticeship, and Post-Opening Coaching) within nine (9) months of the signing of the Franchise Agreement and before Franchise holds Franchisee's first JBF Sales Event. (Section 5.15). You are responsible for working with JBF to schedule and timely complete your training. Upon signing the Franchise Agreement, you must promptly coordinate your plan for completion of the Initial Training Program with JBF. You must receive written confirmation from JBF regarding the timing and location for your Onsite Apprenticeship. Remember that you must complete the entire Initial Training Program, including Pre-Opening Online Training, Post-Opening Onsite Apprenticeship, and Post-Opening Coaching and receive written confirmation from JBF that you have successfully completed the Initial Training Program before you hold your first JBF Sales Event. You have three hundred (300) days from the date you sign your Franchise Agreement to hold your first JBF Sales Event, unless you are acquiring an existing franchise location as a transferee from an existing franchisee.

Timing For Transferee Initial Training

If you are acquiring an existing franchise as a transferee, the 300 day requirement will not apply, and you must continue to host a JBF Sales Event each Spring (January – June) and each Fall (July – December). (Section 5.15) Thus, the timing for training may need to be much quicker (or transferee may need to make arrangements with the selling franchisee to manage the JBF Sales Event), as the Franchisee will have an obligation to continue hosting JBF Sales Events each Spring (January – June) and each Fall (July-December) and must complete training prior to managing the first sale following the transfer/resale.

Multi-Unit Owner Training

In the event Franchisee is an existing franchisee purchasing an additional franchise unit, Franchisee may, at JBF's discretion, only be required to complete the Initial Training Program prior to the first JBF Sales Event for the first franchise unit unless the Franchisee has retained for the additional locations a manager who has not previously completed the training program. If JBF does not require a multi-unit owner to complete the Initial Training Program for an additional franchise location, but the Franchisee requests the Initial Training, JBF will make the Initial Training Program available to the multi-unit owner for up to two (2) persons at no additional charge.

Jump Start Guide

In addition to the mandatory training described above, All new franchise owners must also pay for a Jump Start Guide to provide guidance and support during your first JBF Sales Event. All Jump Start Guides are existing, experienced JBF Franchisees. You must pay the Jump Start Guide fee which ranges from three thousand dollars (\$3,000) to four thousand dollars (\$4,000), depending on the duration requested and includes both compensation to the coach and the coach's travel expenses. Franchisees may choose the level of assistance but must participate in the program.

JUMP START GUIDE

| Jump Start Guide | Cost |
|-----------------------------------|-------------|
| Jump Start Guide– 3 days | \$3,000 |
| Jump Start Guide Premium – 5 days | \$4,000 |

Additional Training Requested By You

After your first JBF Sales Event, if you need and request additional training, JBF will provide additional training and support assistance for a small fee and for reimbursement of JBF's expenses if reasonably requested by you. (Section 4) Additional training will be provided at your request at a cost of seven hundred dollars (\$700) per day per trainer, plus reimbursement of JBF's expenses, subject to JBF's availability and at times and places acceptable to JBF in its sole discretion.

Additional Training Requested By JBF

We may offer or require additional training programs. If we require subsequent additional training, you must attend the training program. We reserve the right to charge a reasonable fee for the additional training, and you must pay the costs incurred for any attendees.

JBF System Standard or Technology Training

In addition to the new franchisee training, all franchisees may be required to attend periodic training regarding new JBF system standards or technology. JBF may charge a reasonable fee for the new JBF System Technology training, and Franchisees must cover all costs of their owners and/or employees to attend the training.

Ongoing Success Coaching

JBF also currently requires Franchisees, after completing the Initial Training Program, to continue with Ongoing Success Coaching. This Ongoing Success Coaching is typically conducted via telephone or video conference and is currently provided by existing franchisees under an agreement with JBF. Franchisee must attend all scheduled coaching sessions. You are not currently required to pay a fee for the Ongoing Success Coaching.

JBF Conference

Attendance at JBF's Annual Conference is mandatory if a conference is held. Conference fees may change annually depending on the conference venue and are currently estimated to be less than \$1,000 for one attendee. Conference fees are paid in advance and billed in two installments (Spring and Fall for next year's conference) if the conference fee is greater than \$500. The Conference fee does not include travel or lodging costs.

Item 12. TERRITORY

(1) You will be granted a specific Territory with specific geographic boundaries, which will be mutually acceptable to you and to us. Before you sign the Franchise Agreement, your Territory will be defined and attached as [Exhibit 1](#) to your Franchise Agreement.

(2) The minimum size of your territory will include a geographic area with at least 100,000 people, based upon recent generated publicly available demographic information. Generally, the maximum territory will initially be no more than 300,000 people. JBF currently uses a national mapping company in the franchise industry, to assist in determining territory size. Factors included in the determination of territory size may include zip codes, traffic patterns, household income, number of children under the age of 11 in the household, population, and other demographic factors and psychographic factors. The size and location of your Territory will be mutually agreed before you sign your Franchise Agreement. Franchisee must do venue research and complete a venue research form prior to the application being approved. Franchisee should ensure that a variety of venue sizes are available in the territory to accommodate Sale growth. JBF currently recommends that your initial venue have a minimum of 10,000 square feet and that you also have 20,000 square feet and 30,000 or more square feet options.

(3) Franchisees do not have to obtain approval of JBF before relocating the venue for their JBF Sales Event as long as the venue meets our system standards and is located inside the Franchise Territory. JBF does not typically allow relocation of a venue outside of the franchise territory or relocation of a franchise territory. In the limited circumstance that the Franchise Territory ceases to have an available venue, JBF may consider an adjustment to the franchise territory to allow for an acceptable venue. Any evaluation of a proposed adjustment to the franchise territory will include a number of factors including but not limited to evaluation of venues inside the existing and proposed territories, the demographics and populations of the existing and proposed territories, impacts on other franchisees and the JBF franchise expansion program, and whether the franchisee is otherwise in good standing. Relocation of your venue outside of your Franchise Territory and adjustments to Territory are matters within JBF's sole discretion, require JBF's prior written approval, and may require the franchisee to pay for JBF's costs and other fees and expenses.

(4) You do not have an option or right of first refusal to acquire any additional Territory or any additional franchises.

(5) Your Territory is exclusive to you, so long as you are in compliance with your obligations under your Franchise Agreement. Your Territory will not change because of the increase or decrease in the population of those living in your Territory.

JBF cannot alter your Territory without your prior written consent so long as you are in compliance with your obligations in your Franchise Agreement. Continuation of your rights to the Territory and continuation of your rights under your Franchise Agreement are dependent upon compliance with your obligations under the Franchise Agreement.

You are required to host at least two (2) temporary, in-person JBF Sales Events during each calendar year and must hold at least one (1) JBF Sales Event during each Sale Season (Spring Sale Season: January – June; Fall Sale Season: July – December). You may hold more two or more JBF Sales Events in any Sale Season. However, your election to hold more than one JBF Sales Event during a particular Sale Season will not excuse your obligation to hold at least one (1) JBF Sales Event during the following Sale Season. You must hold at least one (1) JBF Sales Event during the period between January and June each year and at least one (1) JBF Sales Event during the period between July and December each year.

Both JBF and its other franchisees are prohibited from establishing a children's and maternity consignment sales event located within your Territory, so long as you are in compliance with your obligations under your Franchise Agreement, unless you consent in writing within your sole discretion. If you do not comply with your obligations in your Franchise Agreement, JBF has the right to terminate your franchise; and JBF has the right to permit sales by JBF or other franchisees within your Territory. You should carefully read the Franchise Agreement and ensure that you timely remedy any and all defaults. Failure to do so may result in your loss of exclusivity in your Territory or in the termination of your franchise.

(6) So long as you are not in default of your obligations under your Franchise Agreement, we will not hold a children's and maternity consignment sales event and we will not allow other franchisees to hold a consignment sales event within your Territory. You are not prohibited from accepting consignors who live outside your Territory to participate in your sale. You are permitted to use public media, such as newspaper, radio, television and other electronic means of general solicitation to attract consignors who reside outside your Territory to participate in your sale, so long as you have not directly solicited their participation where the consignor lives in the territory granted to another franchisee. This prohibition on direct solicitation shall not apply to prohibit communications with consignors or customers who have voluntarily signed up to receive communications from you, regardless of where they live. The products

typically sold by you at your semi-annual JBF Sales Event do not belong either to you or to us, since they belong to the consignor. The consignor may attempt to sell its property at any consignment or other sale it deems appropriate.

We reserve all other rights for ourselves, including (by way of example and not as a limitation): (a) the right to develop and operate or grant others the right to develop and operate consignment businesses located outside the Territory on terms and conditions we deem appropriate, (b) the right to develop and operate or grant others the right to develop and operate consignment businesses under trade names, trademarks, service marks and commercial symbols which are different from the Marks if those businesses are targeted at demographics other than maternity and children ages 0-10, even though those consignment businesses may offer some products and services which are identical to products and services offered at your JBF Sales Event; (c) the right to produce and sell products using the Marks or other commercial symbols through other channels of distribution (including the Internet) including products and/or services that are identical or similar to, and/or competitive with, those of your JBF franchise, regardless of the nature or location of the customers; (d) the right to acquire the assets or ownership interests of one (1) or more businesses providing products and services similar to those provided at your JBF franchise, and franchise, license or create similar arrangements with respect to these businesses once acquired (even if the business is located within the Territory); (e) the right to be acquired by a business providing products and services similar to those provided at your JBF franchise, or by another business, even if such business operates franchises or other competitive businesses in the Territory; (f) the right to operate other retail outlets or enter into other lines of businesses offering dissimilar products or services under trademarks or service marks other than the Marks; and (g) engage in all other activities not prohibited by the Franchise Agreement. JBF is not required to pay you if we exercise any of the rights specified above inside or outside your Territory. Because we currently have no other franchise businesses, we do not currently experience conflicts between JBF and JBF franchises verses JBF and other franchise systems, which it might, but does not own or operate.

Item 13. TRADEMARKS

(1) Under the Franchise Agreement, we grant to you the right to operate the Franchise under the following principal trademarks: “JUST BETWEEN FRIENDS” with design, “JUST BETWEEN FRIENDS” without design; and “BETWEEN FRIENDS” and other trademarks, service marks, trade names and logo types currently used in the operation of the Franchise.

(2) The principal JBF marks are registered with the US Patent and Trademark Office (“USPTO”) on its principal register as follows:

- (a) "JUST BETWEEN FRIENDS" with design, No. 2,912,971 dated December 21, 2004;
and
- (b) “BETWEEN FRIENDS” without design, No. 3,866,423 dated October 10, 2010; and
- (c) “JUST BETWEEN FRIENDS” without design No 3,866,424 dated October 26, 2010.

JBF has filed all required affidavits with the USPTO. Registration number 2,912,971 was renewed on May 23, 2015, and Registration number 3,866,424 was renewed January 3, 2020, and 3,866,423 was renewed on February 11, 2016.

(3) Our principal marks are registered on the principal register of the USPTO.

(4) There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition or cancellation proceedings regarding the JBF marks. We are not aware of any determination which affects the ownership, use, or licensing of the JBF marks.

(5) There are no pending material federal or state court litigations regarding JBF's use or ownership of JBF's marks.

(6) There are no currently effective agreements which significantly limit JBF's rights to use or license the right to use JBF's marks.

(7) JBF will protect a Franchisee from infringement claims made if and only so long as the Franchisee uses these marks in accordance with the JBF System Standards and Operations Manual. We will protect the franchisee's rights to use these marks and indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of these marks, so long as franchisee uses these marks in accordance with the JBF System Standards and JBF Operations Manual, provides JBF with timely notice of the claim, suit or demand, and assists JBF in the defense. (Section 7).

(8) Your right to use the Marks is derived solely from the Franchise Agreement and is limited to your conduct of business in compliance with the Franchise Agreement and all applicable specifications, standards and operating procedures we prescribe during the term of the franchise. Any unauthorized use of the Marks by you will constitute an infringement of JBF's rights in and to the Marks. Your usage of the Marks and any goodwill established by such Marks will be for JBF's exclusive benefit and the Franchise Agreement does not confer any goodwill or other interests in the Marks upon you. Any goodwill associated with the Marks in your Territory automatically transfers to us, without the requirement of any act, upon Termination or Expiration of the Franchise Agreement. All provisions of this Agreement applicable to the Marks will apply to any additional proprietary trade and service marks and commercial symbols authorized for use by and licensed to you under the Franchise Agreement. You may not at any time during or after the term of the Franchise Agreement contest, or assist any other person in contesting the validity or ownership of any of the Marks.

You must use the licensed Marks in full compliance with the rules prescribed by JBF periodically. (Section 7) You are prohibited from using any licensed Mark as part of any business name or the name of any other entity, or with any prefix, suffix or other modifying words, term designs of symbols other than logo types licensed by JBF to you, or in any other manner not explicitly authorized by us. (Section 7)

(9) You must immediately notify JBF of any apparent infringement of or challenge to your use of any Marks, or claim by any person of any rights in any Marks. You are required to notify JBF when you learn of any trademark being used by another which is identical to or confusingly similar with the registered marks. You are required to cooperate with JBF in any administrative or judicial proceedings involving JBF's marks and in the defense or prosecution of any trademark infringement proceedings. You may not communicate with any person other than JBF and JBF's counsel about such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate and the right exclusively to control any trademark infringement proceedings, administrative proceedings, litigation, proceedings before the Patent and Trademark Office, or other proceedings involving JBF's marks or arising out of any such infringement, challenge or claim. You agree to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of JBF's or JBF's affiliates' counsel, be necessary or advisable to protect and maintain JBF's interests in any such litigation, Patent and Trademark proceeding, or other proceeding or to otherwise protect and maintain JBF's interests in the Marks. (Section 7.3)

(10) If it becomes advisable at any time in JBF's sole discretion for JBF and/or you to modify or discontinue use of any Marks, and/or use one (1) or more additional or substitute trade or service marks, you agree to comply with JBF's instructions within a reasonable time after notice by us. The Franchise Agreement does not obligate JBF to pay you compensation in any manner as a result of the discontinuation or modification of any of the licensed Marks as a result of any proceeding or settlement or otherwise. JBF is not required to reimburse you for your direct expenses, loss of revenue, or promotional expenses in modifying or substituting a Mark. (Section 7.3)

(11) We are not aware of any superior prior rights or infringing uses that could materially affect your use of JBF's principal marks.

Item 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

(1) We do not own any patents or pending patent applications. JBF's Operations Manual, Training Materials, System Technology, order entry and bar coding software, and advertising materials are proprietary and copyrighted by us, but none of these copyrighted materials is currently registered with the U.S. Copyright Office.

(2) There are no current material determinations of the USPTO relating to trademarks or the US Library of Congress relating to copyrights or any court regarding any patent or copyright owned by JBF.

(3) JBF is not a party to any agreements which limit the use of any patent or copyright owned by it.

(4) JBF has no obligation to the franchisee under the Franchise Agreement to protect any patent, patent application or copyright owned by JBF or defend the franchisee against claims arising from the franchisee's use of any patented or copyrighted items.

(5) JBF knows of no patent or material copyright infringement that could materially affect the franchisee.

(6) JBF has developed proprietary confidential information comprising methods, techniques, procedures, information, systems and knowledge of and experience in operation of JBF Sales Events including (1) the confidential portions of this Agreement, (2) Operations Manual and Training Materials (3) venue selection criteria; (4) methods of efficiently and cost-effectively organizing and arranging the products sold at consignment Sales Events; (5) methods of operating the consignment Sales Events; (6) JBF's System Technology including order entry and bar coding or QR coding system; (7) knowledge of sales and profit performance of any one [1] or more JBF Sales Events; (8) knowledge of test programs, market research results, concepts or results relating to consignment items or categories; sources of products; and advertising, marketing and promotional programs; (9) knowledge of, specifications for, and suppliers of, Operating Assets and other products and suppliers; (11) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of consignment sales events; (12) training materials, and other manuals; (13) Customer lists; (14) Vendor lists; and (15) ideas, concepts, methods or techniques of improvement relating to the JBF Consignment Sales Business and/or JBF Sales Event developed by you in the course of fulfilling your obligations under this Agreement. We will disclose the Confidential Information to you in the initial training program, the Operations Manual and Training Materials and in guidance furnished to you during the term of the Franchise. In addition, in the course of the operation of the JBF Consignment Sales Business

or any JBF Sales Event, you or your employees may develop ideas, concepts, methods or techniques of improvement relating to the JBF Consignment Sales Business and/or a JBF Sales Event which will belong to JBF and which you agree to disclose to JBF and which we may then authorize for use in Just Between Friends Consignment Sales Businesses. (Any such information disclosed to or developed by you will be referred to in this Agreement as “Confidential Information”.) You will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of your JBF Consignment Sales Business and JBF Sales Events during the term of the franchise.

The Confidential Information is proprietary and, except to the extent that it is or becomes generally known in industry or trade, the Confidential Information is JBF’s trade secret and is disclosed to you solely for your use in the operation of your JBF Consignment Sales Business and JBF Sales Events during the term of the franchise. You (1) must not use the Confidential Information in any other business or capacity; (2) must maintain the confidentiality of the Confidential Information during and after the term of the Franchise; (3) must not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) must adopt and implement all reasonable procedures we periodically prescribe to prevent the unauthorized use or disclosure of any of the Confidential Information, including restrictions on disclosure to personnel of your JBF Consignment Sales Business and JBF Sales Events and the use of non-disclosure and non-competition agreements in a form we provide. JBF’s current form of confidentiality and non-competition agreements are attached as [Exhibit 7](#) and Exhibit 8 to the Franchise Agreement.

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

(1) Under the Franchise Agreement, you and your owners must at all times faithfully, honestly and diligently perform your and their obligations under the Franchise Agreement. You and they must continuously exert your and their best efforts to promote and enhance your JBF Consignment Sales Business and your JBF Sales Events. Neither you nor your owners can engage in any other business or activity that may conflict with your or their obligations under the Franchise Agreement. You are required to devote your personal time and attention in the supervision, operation and management of the Franchise. (Section 5.4) You need not be present on site at all times while any sale is in progress, but you must take an active role and personal responsibility for the organization and operation of each sale. You are not a passive investor, but you are to be actively engaged in the operations of the Franchise, and you are not to expect to derive profits solely from the efforts of others.

(2) If you are an entity, your owners (each person who holds a legal or beneficial ownership interest in you) must sign (and their spouses or domestic partners must consent to) a Guaranty (which is attached as [Exhibit 2](#) to each of the Franchise Agreement) agreeing to be bound by and guaranteeing your obligations under the Franchise Agreement. The spouse of an owner may also be required to consent to the guaranty. Every person who holds a legal or beneficial interest in Franchisee must also execute the Confidentiality Agreement attached to the Franchise Agreement as [Exhibit 7](#).

(3) Each onsite supervisor must be under the direct supervision of a franchise owner who has undergone JBF’s training and who has sufficient knowledge of JBF’s proprietary consignment procedures to operate your consignment and provide consignor and customer service.

(4) JBF has no specific qualifications which your onsite supervisors, team leaders, team members, or managers must meet, except that you are obligated to ensure that you obtain JBF’s consent before providing access to JBF’s Confidential Information to any person, and you must ensure that any persons who have access to JBF’s Confidential Information sign the Team Member Confidentiality Agreement in the form we prescribe from time to time and provide JBF a copy of such Confidentiality

Agreement before providing such person with access to JBF's Confidential Information. The current non-owner Team Member Confidentiality Agreement is attached as **Exhibit 8** to the Franchise Agreement. You must supervise and be responsible for all supervisors, team leaders, managers and other persons that assist you. The confidential information of JBF and all its trade secrets are to be kept confidential by all franchisees and their employees. (Sections 5.12 & 8) We do not place any restrictions on your employees, but we will look to you to ensure that each franchise owner and each employee of the franchise complies with your obligations under the Franchise Agreement, including your obligations in the Operations Manual. There is no requirement that each onsite supervisor own any minimum equity in the franchise. We require that all twenty-five percent (25%) or more owners of the entity which owns the franchise sign a personal guarantee and actively participate in the management and operations of the business and undergo JBF's training unless JBF has provided a written waiver for a particular owner. JBF reserves the right to grant or deny, in its sole discretion, any request for an individual waiver.

Item 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require that you offer and sell only those products and services JBF has approved for JBF Sales Events and only in the manner approved by us. You must offer all goods and services that we designate for JBF Sales Events. JBF has the right to add new or additional products and services which you must offer at your JBF Sales Events. There are no restrictions in the Franchise Agreement on JBF's right to do this. You will discontinue selling and offering for sale any products, merchandise, or services that we at any time decide to disapprove in writing. You may not offer or sell any products or services from or via any venue (or via any other means such as the internet, Facebook, eBay, craigs list or other social media) other than your JBF Sales Event without JBF's prior written consent.

You are currently permitted to offer on consignment new and gently used maternity and children's clothing, toys and baby equipment, shoes, furniture, games and similar items. (Sections 5.1 and 5.2). You may sell approved items generally to the public or to other dealers or wholesalers from your JBF Sales Events. You may not import items from foreign suppliers for resale at a JBF Sales Event. You may not sell items prohibited by JBF. You may not sell recalled items. JBF has the right, in its sole discretion, to change the types of authorized goods and services permitted to be sold by you for the benefit of your consignors. For example, JBF may, on occasion, add additional types of items permitted to be sold- such as evening gowns, graduation and prom dresses and similar specialty items. All items offered, for sale, on behalf of your consignors must be clean and safe and free from damage or defect. (Section 5.12(b)).

Some franchisees, as a means of marketing their JBF Sales Events, rent booth space at approved trade shows in the franchise Territory and during these trade shows offer some items for sale, such as JBF logoed items. JBF currently permits these sales as long as the trade show is within the franchisee's territory, all items offered for sale are tagged and sold using the JBF point of sale system, and royalties are paid on such sales. You are prohibited from conducting any sales without using the JBF system, reporting such sales to JBF, and remitting royalties due.

JBF establishes strict policies regarding consumer safety and recalled items. These policies are included in the Operations Manual, and you must strictly comply with these policies. You are prohibited from selling any items which are subject to a safety recall by the Consumer Products Safety Commission. JBF may also identify other items, not subject to a formal recall by the consumer products safety commission, but which have been identified by JBF's safety recall specialist or other national safety organizations as posing a particular safety risk to the public, as prohibited. You may not sell any item, JBF has designated as prohibited. In addition, some states have laws regarding the sale of bedding, car seats and/or other items. You are prohibited from selling any item prohibited by the laws of the state where your Territory is located, and you must strictly comply with all laws and regulations applicable to your Territory.

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.

| <u>Provision</u> | <u>Section in Franchise Agreement</u> | <u>Summary</u> |
|---------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Length of the franchise | Sections 1.30 & 6 | The term is 5 years from the date the Agreement is signed. |
| b. Renewal or extension of the term* | Section 6 | If you are in good standing and pass a background check and credit check at the time of renewal, you can renew for successive 5-year terms by signing a then current form of the franchise agreement and paying a renewal fee of \$3,000, plus the actual costs of the background and credit check. |
| c. Requirements for franchisee to renew or extend | Section 6 | You may renew the Franchise Agreement if you: have fully complied with the provisions of the Franchise Agreement and your obligations to us during the initial franchise term are not in default of any provision of the Franchise Agreement or any other agreement with us; have given timely written notice of your intent to renew; pass a background check and credit check; sign a then-current Franchise Agreement, which may have materially different terms and conditions than your original Franchise Agreement; update all information with JBF (including social media accounts and access); comply with then-current training requirements; pay the renewal fee and background and credit report fee; and sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement. |
| d. Termination by franchisee | Section 10.3 | Subject to state law, you may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and fail to begin to cure our breach within 30 days of receiving your written notice. |
| e. Termination by franchisor without cause | Not Applicable | We must have cause to terminate your Franchise Agreement. |
| f. Termination by franchisor with cause | Section 10.2 | We can terminate only if you or your owners commit one of several violations. Cause for |

| <u>Provision</u> | <u>Section in Franchise Agreement</u> | <u>Summary</u> |
|-------------------------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | termination under one franchise agreement is cause for termination of other franchise agreements which may affect multi-unit rights. |
| g. "Cause" defined - curable defaults | Section 10.2 | Under Franchise Agreement, you do not correct a violation of any law, ordinance, rule or regulation of a governmental agency within 72 hours; you fail to provided required certificates of insurance/bonding within 5 days after you receive notice from us; and you do not pay us, JBF's affiliates or authorized manufacturers, suppliers or distributors within 10 days after written notice. |
| h. "Cause" defined – non-curable defaults | Section 10.2, | (a) you Fail to host your first JBF Sales Event within 300 days or obtain a written extension from us; or (b) after the first year, you fail to hold a minimum of 2 JBF Sales Events in each year or obtain a waiver and pay the minimum estimated royalty; or (c) you or your owners make or attempt to make a Transfer/Resale that fails to comply with this Agreement; or (d) you make an assignment for the benefit of your creditors, are adjudged bankrupt, become insolvent, enter into voluntary or involuntary liquidation or any proceeding in bankruptcy is filed involving Franchisee which is not dismissed within 30 days, or a receiver or trustee is appointed over the assets of Franchisee; or (e) you or your owners, members, directors, officers, or managers are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime or offense involving dishonesty, deceit, moral turpitude or any other crime that is likely to adversely affect the reputation of JBF and the goodwill associated with the Marks; (f) you are enjoined from engaging in any type of business; or (g) You engage in gross negligence, intentional violation of any material applicable law, rule or regulation, or commit acts of bad faith in the operation of its Franchise; or (h) you violate any health or safety law, ordinance or regulation or operate the franchise in a manner that presents a health or safety hazard to the public, including knowingly selling recalled items; (i) you fail to provide required certificates of insurance/bonding before taking possession of any venue for a JBF Sales Event; (j) you maintain |

| <u>Provision</u> | <u>Section in Franchise Agreement</u> | <u>Summary</u> |
|--------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | false or materially inaccurate or incomplete books and records; (k) you or your owners make any false, dishonest, deceptive or materially inaccurate or misleading statement to JBF, its suppliers, customers or the general public; (l) you misuse the Marks, the Operations Manual or the System; (m) you are in default under any other agreement with JBF and fail to cure the default within the applicable cure period, if any; (n) you fail to obtain JBF's permission and provide JBF with a signed copy of such person's nondisclosure agreement before disclosing JBF's Confidential Information to any person; (o) you fail on 2 or more separate occasions within any twelve (12) consecutive month period to submit when due financial statements, reports or other data, information or supporting records, to pay when due the Royalty Fees, Advertising Fund contributions, technology fees and update assessments, amounts due for purchases from JBF, JBF's affiliates or authorized manufacturers, suppliers or distributors, consignors to your JBF Sales Event, or other payments due to JBF or JBF's affiliates, or otherwise fail to comply with this Agreement, whether or not such failures to comply are corrected after notice thereof is given to you; (p) you fail to hold a JBF Sales Event during each Spring and each Fall on 2 or more separate occasions during any 24 month period. |
| i. Franchisee's obligations on termination/non-renewal | Section 11 | Upon termination/expiration, you must: (a) Immediately stop using the Operations Manual, the System and the Marks; (b) Immediately cease to use or access the JBF System Technology, JBF Systems and any other Confidential Information, agree not to use it in any business or for any other purpose, and ensure that all of your owners or employees who have been granted access to JBF System Technology, JBF Systems and any other Confidential Information, also immediately cease all access; (c) Immediately assign, convey, and deliver to JBF the following (JBF agrees to be responsible for any charges it incurs after the effective date of the assignment and receipt of the assigned item, and Franchisee agrees to pay and be solely responsible for all charges incurred by Franchisee prior to the assignment, plus all |

| <u>Provision</u> | <u>Section in Franchise Agreement</u> | <u>Summary</u> |
|------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>interest, collection costs and other related fees and expenses associated with and arising with respect to such charges): (i) all copies of the Operations Manuals, (ii) the JBF System Technology and other software used in operating the franchised business, (iii) past, present and prospective customer lists and data and consignor lists and data (including without limitation all customer and consignor data stored with third party software providers [e.g. Eventbrite, TicketSpice, Constant Contact, Sign Up Genius]); (iv) vendor lists, (v) online accounts, social media accounts, or platforms associated with the Marks or the Franchised Business, (vi) all telephone numbers and email addresses, (vii) all digital images prepared by or for JBF or licensed by JBF, (viii) all digital images containing the Marks, (ix) any signs, equipment or other items containing or bearing the Marks (if franchisee has purchased non-proprietary equipment or items bearing the Marks, the JBF Marks must be removed before purchased non-proprietary items will be allowed to stay in franchisee’s possession), and (x) any other Confidential Information which JBF has provided to you, which you have developed or to which JBF has given you access ; (d) Not directly or indirectly at any time identify any business with which you are associated as a current or former Just Between Friends Consignment Sales Business or franchisee; (e) Not use any Mark or Trade Dress or any colorable imitation of any Mark or Trade Dress in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol or Trade Dress that suggests or indicates an association with us; (f) Pay within 10 days all amounts owed to JBF; (g) Reimburse JBF for all its reasonable costs and attorneys’ fees, expenses and costs incurred in the termination of the Franchise and in enforcing its rights and remedies under this Agreement; (h) Comply with the Non-Competition provisions in this Agreement; (i) Comply with the Confidentiality provisions in this Agreement; and (j) Comply with all other provisions of this Agreement which apply after termination.</p> |

| <u>Provision</u> | <u>Section in Franchise Agreement</u> | <u>Summary</u> |
|---------------------------------------------------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| j. Assignment of contract by franchisor | Section 9.1 | We may assign the Franchise Agreement without your consent |
| k. "Transfer" by franchisee-defined | Sections 1.33, 1.34, 9 | Transfer includes any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest or change of ownership in you, the Franchise Agreement, the assets of your JBF business or any interest in the franchise or business. You may transfer your duties to a related entity but only with JBF's written consent. (Any material change in ownership of the franchise will require the transfer/resale fee [\$7,500] and the training of additional owners.) |
| l. Franchisor approval of transfer by franchisee | Section 9.2 | Transfers/Resales require JBF's prior written consent, which will not be unreasonably withheld. |
| m. Conditions for franchisor approval of transfer | Section 9.3 | The new owner must: be of good moral character and meet JBF's then-current standards for franchisees (including but not limited to passing a credit and background check), have sufficient business experience, aptitude and financial resources to operate your JBF business; not own (or its affiliates may not own) an interest in or perform services for a Competitive Business (defined below); successfully complete the initial training program (in addition to its required representatives) and pay the travel and living expenses for such training; upgrade, modernize, and equip the JBF business in accordance with JBF's then current requirements and specifications for a JBF Consignment Sales Business; assume all obligations under your franchise agreement and sign a new franchise agreement and other related agreements on JBF's then current form for a new term (which may differ materially from the terms in the Franchise Agreement). You must pay all amounts due JBF and affiliates; you must pay JBF a transfer/resale fee of \$7,500; you and your owners deliver a general release in favor of JBF and its officers, directors, employees and agents; you and your owners (and immediate family members) agree to comply with the post-termination non-competition covenants and confidentiality obligations (See "p" below); and you must reimburse JBF for reasonable expenses we incur |

| <u>Provision</u> | <u>Section in Franchise Agreement</u> | <u>Summary</u> |
|---------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | in investigating and processing the new owner. We must approve the material terms and conditions of the proposed transfer/resale. All equipment must be in good working condition. |
| n. Franchisor's right of first refusal to acquire franchisee's business | Section 9.5 | We can match any offer to purchase your Franchise and if we do, you must sell to us. |
| o. Franchisor's option to purchase franchisee's business | Section 9.6 | We can match any offer to purchase your Franchise and if we do you must sell to us. |
| p. Death or disability of franchisee | Section 9.7 | The death, disability, or dissolution of you or owners holding 25% or more in equity shall not automatically involve a default unless the successor does not comply with the Franchise Agreement or does not complete required training. |
| q. Non-competition covenants during the term of the franchise | Section 8.3 | Neither you nor any 10% or greater equity owner may compete with the Franchise during the term of the Franchise Agreement. |
| r. Non-competition covenants after the franchise is terminated or expires | Section 12 | Neither you nor any owner may compete with the Franchise business for 3 years after termination. |
| s. Modification of the agreement | Section 17.12 | We cannot change your Franchise Agreement without your consent. However, we may change the Operations Manual without your consent and you are required to comply with changes in the Operations Manual. Modifications to the JBF Operations Manual become effective upon delivery of written notice to you, unless the notice specifies a longer period. You must implement every change before the next sale. |
| t. Integration/merger clause | Section 17.12 | All agreements between the parties are in the Franchise Agreement and its exhibits. Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations JBF made in the Franchise Disclosure Document. |

| <u>Provision</u> | <u>Section in Franchise Agreement</u> | <u>Summary</u> |
|---------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| u. Dispute resolution by arbitration or mediation | Section 17.7 | Subject to state law, all disputes (except injunctive relief) must be submitted to binding arbitration in the city and state of JBF's principal place of business (currently Berks County, Pennsylvania), and mediation is a condition precedent to filing an arbitration action. |
| v. Choice of forum | Section 17.7 | County and State of JBF's principal place of business (currently Berks County, Pennsylvania). (subject to state law) See Exhibit F to this Disclosure document for state specific disclosures. |
| w. Choice of law | Section 17.8 | Pennsylvania law applies except for matters regulated by the United States Trademark Act or to any other federal laws (subject to state law). See Exhibit F to this Disclosure document for state specific disclosures. |

JBF is required to register the offer and sale of its franchise in various states before it is permitted to make an offer or sale. In some of those states, JBF may be required to make changes to its Franchise Agreement and/or in the disclosure document applicable in those states. Franchisees in those states will be governed by the Franchise Agreement and/or addenda to them and will be provided the required disclosures, agreements and/or addenda applicable in their particular state.

Item 18. PUBLIC FIGURES

We do not use any public figure to promote JBF's Franchise or the JBF System but JBF reserves the right to do so.

Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

(2) The below financial performance representation is based on the historic information of existing outlets within the JBF system. All information presented is derived from information provided to JBF by existing franchisees, and JBF has not independently verified or audited the information provided to it. The financial information presented below comes from Annual Franchisee Profit and Loss Statements (P&L's) or through information gathered from the JBF System Technology. We ended the 2022 calendar year with 149 franchises and ended the 2023 calendar year with XXX franchises. During 2022 and 2023,

no franchisor owned locations hosted JBF Consignment Sales Events or otherwise generated revenue. Accordingly, this financial performance representation does not include any franchisor owned locations.

(3) This financial performance representation provides information on the number of JBF Sales Events held, the Gross Sales earned by franchisees, and the Gross Margin (amount available to pay expenses after Cost of Goods Sold). It does not provide information on all the costs and expenses required to operate a JBF Franchised Business. Each franchisee should do an independent investigation into the costs and expenses of JBF Sales Events in Franchisee's anticipated territory.

(4) Written substantiation pertaining to these financial performance representations is available for inspection at our principal business address and will be provided upon reasonable request.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

[Intentionally Blank; Item 19 financial performance representations on the following three (3) pages]

Tables 1-5: Gross Sales

Table 1 compares the annualized average and median Gross Sales in 2022 and 2023 for franchisees who conducted two or more JBF Sales Events. To provide additional detail, Tables 2-5 show the top ten and bottom ten Gross Sales in 2022 and 2023 along with the region in which the franchise is located and the season of the first JBF Sales Event conducted by the franchise location. For purposes of this Item 19, “Gross Sales” means all revenue from sales conducted at, from or through the JBF Consignment Sales Business (including online sales), whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, but (1) excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (2) excluding JBF Sales Event admission fees or entry charges collected; (3) excluding booth rental fees to an approved vendor or organization for booth space at a JBF Sales Event ; and (4) reduced by the amount of any documented refunds, credits and discounts the JBF Consignment Sales Business in good faith gives to customers and your employees.

Table 1 – 2022 and 2023 Average and Median Gross Sales Comparison

| | 2022 | 2023 | \$ Variance | % Variance |
|----------------|-------------------------------------------------------|------------------------------------------------------|-------------|------------|
| Average | \$299,082 <i>Units met or exceeded average: 48</i> | \$353,420 <i>Units met or exceeded average:46</i> | \$54,338 | + 18.2% |
| Median | \$221,483 <i>Units met or exceeded median: 69</i> | \$228,939 <i>Units met or exceeded median: 70</i> | \$7,456 | + 3.4% |
| Highest | \$1,738,609 | \$1,940,750 | \$202,141 | + 11.6% |
| Lowest | \$9,753 | \$11,213 | \$1,460 | + 15.0% |

Table 2 – 2022 Top Ten Gross Sales

| Region | First Sale | Total Gross Sales for 2022 |
|----------|-------------|----------------------------|
| Eastern | Fall 2009 | \$1,738,609 |
| Central | Spring 2015 | \$1,364,837 |
| Eastern | Spring 2009 | \$1,358,372 |
| West | Spring 2009 | \$1,247,538 |
| Northern | Fall 2015 | \$1,078,598 |
| Northern | Fall 2009 | \$1,037,826 |
| Central | Spring 2004 | \$1,023,854 |
| Eastern | Spring 2014 | \$973,619 |
| Eastern | Spring 2016 | \$922,969 |
| Eastern | Spring 2006 | \$724,016 |

Table 3 – 2022 Bottom Ten Gross Sales

| Region | First Sale | Total Gross Sales for 2022 |
|-----------|-------------|----------------------------|
| Southwest | Fall 2009 | \$52,494 |
| Northern | Fall 2014 | \$48,881 |
| Central | Fall 2010 | \$46,993 |
| Northern | Spring 2020 | \$40,859 |
| Southwest | Fall 2019 | \$36,491 |

| | | |
|----------|-------------|----------|
| Eastern | Fall 2021 | \$29,193 |
| West | Fall 2020 | \$18,201 |
| West | Fall 2021 | \$13,098 |
| Northern | Spring 2022 | \$12,732 |
| Eastern | Spring 2022 | \$9,753 |

Table 4 – 2023 Top Ten Gross Sales

| Region | First Sale | Total Gross Sales for 2023 |
|----------|-------------|----------------------------|
| Eastern | Fall 2009 | \$ 1,940,750.66 |
| West | Spring 2009 | \$ 1,680,859.35 |
| Eastern | Spring 2009 | \$ 1,610,032.41 |
| Central | Spring 2015 | \$ 1,515,995.35 |
| Northern | Fall 2015 | \$ 1,437,998.51 |
| Eastern | Spring 2016 | \$ 1,419,091.14 |
| Northern | Fall 2009 | \$ 1,413,127.47 |
| Eastern | Spring 2014 | \$ 1,171,073.93 |
| Central | Spring 2004 | \$ 1,096,010.92 |
| Eastern | Fall 2009 | \$ 1,000,252.63 |

Table 5 – 2023 Bottom Ten Gross Sales

| Region | First Sale | Total Gross Sales for 2023 |
|-----------|-------------|----------------------------|
| Central | Spring 2012 | \$ 60,072.15 |
| Southwest | Fall 2019 | \$ 59,774.92 |
| Central | Spring 2021 | \$ 52,519.60 |
| Northern | Spring 2022 | \$ 49,027.81 |
| Northern | Fall 2022 | \$ 39,447.52 |
| Northern | Fall 2022 | \$ 38,947.29 |
| Northern | Spring 2022 | \$ 29,741.63 |
| Eastern | Spring 2022 | \$ 28,284.24 |
| Northern | Fall 2022 | \$ 14,275.95 |
| Western | Spring 2022 | \$ 11,213.09 |

Table 6: Gross Margin

This table compares average and median franchisee Gross Margin (“GM”) from 2022 to 2023, presented as a percentage of Gross Sales. GM is a key data element for a retailer showing the amount of available cash to be used to pay expenses after the cost of goods sold. GM is calculated by deducting the cost of

goods sold from Gross Sales. The cost of goods sold is the product cost, the major component of which for JBF franchisees is the amount paid to consignors for their goods sold. The GM calculations are based on information obtained from franchisee Profit and Loss Statements (“P&Ls”). Not all franchisees provided reporting to us. The 2022 calculations are based on 133 collected P&Ls, and the 2023 calculations are based on 142 collected P&Ls.

| | 2022 | 2023 | Variance |
|------------|-------------------------------------------------------|-------------------------------------------------------|------------------|
| Average GM | 42.4% <i>Units met or exceeded average: 58</i> | 42.3% <i>Units met or exceeded average: 73</i> | - 0.1 % points |
| Median GM | 41.4% <i>Units met or exceeded median: 66</i> | 42.5% <i>Units met or exceeded median: 72</i> | + 1.1 % points |
| Highest GM | 64.6% | 56.8% | -7.8 % points |
| Lowest GM | 18.6% | 18.1% | - .5 % points |

Other than the preceding financial performance representation, Just Between Friends Franchise System, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Tracy Panase, CEO, Just Between Friends Franchise System, Inc., 78 Grandview Blvd., Reading PA 19609, tpanase@jbfsale.com, or 610.739.4766, and to the Federal Trade Commission, 600 Pennsylvania Avenue, NY, Washington, DC 20580 (1-8787-FTC-HELP) and to the appropriate state regulatory agency. See [Exhibit D](#) to this Disclosure Document for the names and contact information for state administrators.

Item 20. OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
SYSTEM WIDE OUTLET SUMMARY
For Years 2021 - 2023

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---------------|------|----------------------------------|--------------------------------|------------|
| Franchised | 2021 | 155 | 153 | -2 |
| | 2022 | 153 | 149 | -4 |
| | 2023 | 149 | 148 | -1 |
| Company Owned | 2021 | 8 | 5 | -3 |
| | 2022 | 5 | 11 | +6 |
| | 2023 | 11 | 12 | +1 |
| Total Outlets | 2021 | 163 | 158 | -5 |
| | 2022 | 158 | 160 | +2 |
| | 2023 | 160 | 160 | 0 |

TABLE 2
TRANSFERS/RESALES OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(other than the Franchisor)
For Years 2021 - 2023

| State | Year | Number of Transfers |
|------------|------|---------------------|
| California | 2021 | 0 |
| | 2022 | 1 |
| | 2023 | 0 |
| Colorado | 2021 | 3* |
| | 2022 | 3 |
| | 2023 | 2 |
| Indiana | 2021 | 2 |
| | 2022 | 0 |
| | 2023 | 0 |
| Minnesota | 2021 | 2 |
| | 2022 | 0 |
| | 2023 | 1 |
| Missouri | 2021 | 1* |
| | 2022 | 2 |
| | 2023 | 0 |
| New Jersey | 2021 | 0 |
| | 2022 | 2 |
| | 2023 | 0 |
| Oklahoma | 2021 | 1 |
| | 2022 | 1* |
| | 2023 | 2 |

| | | |
|--------------|------|-----|
| Oregon | 2021 | 0 |
| | 2022 | 1 |
| | 2023 | 0 |
| Pennsylvania | 2021 | 4* |
| | 2022 | 4 |
| | 2023 | 1* |
| Texas | 2021 | 5 |
| | 2022 | 5* |
| | 2023 | 5* |
| Washington | 2021 | 0 |
| | 2022 | 1 |
| | 2023 | 2 |
| Total | 2021 | 18* |
| | 2022 | 19* |
| | 2023 | 12* |

Transfers/Resales marked with an asterisk (*) indicate that the number includes one or more partial transfers to an existing partner (2021: CO: 1 partial transfer, PA: 2 partial transfers, MO: 1 partial transfer; 2022: OK: 1 partial transfer, OR: 1 partial transfer, TX: 1 partial transfer; 2023: PA: 1 partial transfer, TX: 1 partial transfer).

TABLE 3
STATUS OF FRANCHISED OUTLETS
For Years 2021 – 2023

| 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 |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
| AR | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| AZ | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| CA | 2021 | 11 | 1 | 0 | 0 | 1 | 0 | 11 |
| | 2022 | 11 | 0 | 0 | 0 | 0 | 0 | 11 |
| | 2023 | 11 | 0 | 0 | 0 | 2 | 0 | 9 |
| CO | 2021 | 11 | 0 | 0 | 0 | 0 | 0 | 11 |
| | 2022 | 11 | 0 | 0 | 0 | 0 | 0 | 11 |
| | 2023 | 11 | 0 | 0 | 0 | 0 | 1 | 10 |
| CT | 2021 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DE | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| FL | 2021 | 12 | 2 | 1 | 1 | 0 | 0 | 12 |
| | 2022 | 12 | 1 | 3 | 0 | 0 | 0 | 10 |
| | 2023 | 10 | 1 | 0 | 0 | 0 | 0 | 11 |
| GA | 2021 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IA | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

| 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 |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
| ID | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| IL | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| IN | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| KS | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 1 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| LA | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| MD | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| MI | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 2 | 0 | 0 | 0 | 0 | 6 |
| MN | 2021 | 10 | 0 | 0 | 0 | 1 | 0 | 9 |
| | 2022 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| | 2023 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| MO | 2021 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | 2022 | 7 | 0 | 0 | 1 | 0 | 0 | 6 |
| | 2023 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| NH | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

| 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 |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
| NJ | 2021 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2022 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| NV | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| OH | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OK | 2021 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | 2022 | 8 | 0 | 0 | 0 | 2 | 0 | 6 |
| | 2023 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| OR | 2021 | 15 | 0 | 0 | 0 | 0 | 0 | 15 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| PA | 2021 | 15 | 0 | 0 | 0 | 0 | 0 | 15 |
| | 2022 | 15 | 0 | 0 | 0 | 0 | 0 | 15 |
| | 2023 | 15 | 0 | 0 | 0 | 0 | 1 | 14 |
| SC | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| SD | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| TN | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| TX | 2021 | 32 | 0 | 0 | 0 | 0 | 0 | 32 |
| | 2022 | 32 | 1 | 0 | 0 | 2 | 1 | 30 |
| | 2023 | 30 | 0 | 0 | 1 | 0 | 0 | 29 |

| 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 |
|--------------|-------------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
| UT | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| VA | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 1 | 0 | 2 |
| WA | 2021 | 11 | 0 | 0 | 0 | 0 | 0 | 11 |
| | 2022 | 11 | 1 | 0 | 0 | 1 | 0 | 11 |
| | 2023 | 11 | 0 | 0 | 0 | 1 | 0 | 10 |
| WI | 2021 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| | 2022 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | 2023 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| TOTAL | 2021 | 155 | 5 | 1 | 2 | 4 | 0 | 153 |
| | 2022 | 153 | 8 | 3 | 2 | 6 | 1 | 149 |
| | 2023 | 149 | 6 | 0 | 1 | 4 | 2 | 148 |

TABLE 4
STATUS OF COMPANY OWNED OUTLETS
For Years 2021 – 2023

| Col. 1 | Col. 2 | Col. 3 | Col. 4 | Col. 5 | Col. 6 | Col. 7 | Col. 8 |
|--------|--------|--------------------------|----------------|-----------------------------|----------------|-----------------------------|----------------------------|
| State | Year | Outlets at Start of Year | Outlets Opened | Reacquired From Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets At End of The Year |
| CA | 2021 | 0 | 0 | 1 | 1 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 2 | 0 | 0 | 2 |
| CT | 2021 | 0 | 0 | 1 | 1 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| FL | 2021 | 0 | 2 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 3 | 0 | 0 | 1 | 4 |
| | 2023 | 4 | 0 | 0 | 0 | 1 | 3 |
| GA | 2021 | 0 | 0 | 1 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| ID | 2021 | 1 | 0 | 0 | 1 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| IL | 2021 | 1 | 0 | 0 | 1 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| MI | 2021 | 1 | 0 | 0 | 1 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | | | | 0 | 0 |
| MN | 2021 | 0 | 0 | 1 | 1 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| NC | 2021 | 2 | 0 | 0 | 1 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |

| Col. 1 | Col. 2 | Col. 3 | Col. 4 | Col. 5 | Col. 6 | Col. 7 | Col. 8 |
|---------------|-------------|--------------------------|----------------|-----------------------------|----------------|-----------------------------|----------------------------|
| State | Year | Outlets at Start of Year | Outlets Opened | Reacquired From Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets At End of The Year |
| OH | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 1 | 1 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| OK | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 2 | 1 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| OR | 2021 | 1 | 1 | 0 | 1 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| TX | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 2 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| UT | 2021 | 1 | 0 | 0 | 1 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| VA | 2021 | 1 | 0 | 0 | 1 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 1 | 1 | 0 | 0 |
| WA | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 1 | 1 | 0 | 0 |
| | 2023 | 0 | 0 | 1 | 0 | 0 | 1 |
| Totals | 2021 | 8 | 3 | 4 | 10 | 0 | 5 |
| | 2022 | 5 | 4 | 6 | 2 | 1 | 11 |
| | 2023 | 11 | 0 | 4 | 1 | 2 | 12 |

TABLE 5
PROJECTED NEW FRANCHISED OUTLETS
As of December 31, 2023

| State | Franchise Agreements Signed but Outlet Not Opened | Projected New Franchised Outlets in Next Fiscal Year | Projected New Company owned Outlets in the Current Fiscal Year |
|----------------|---------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------|
| Alabama | 0 | 1 | 0 |
| Arizona | 0 | 1 | 0 |
| California | 0 | 1 | 0 |
| Florida | 0 | 2 | 0 |
| Georgia | 0 | 2 | 0 |
| Illinois | 0 | 1 | 0 |
| Kentucky | 0 | 2 | 0 |
| Maryland | 0 | 2 | 0 |
| Massachusetts | 0 | 1 | 0 |
| Michigan | 0 | 1 | 0 |
| Mississippi | 0 | 1 | 0 |
| North Carolina | 0 | 2 | 0 |
| Ohio | 0 | 1 | 0 |
| Oregon | 0 | 1 | 0 |
| South Carolina | 0 | 1 | 0 |
| Texas | 0 | 2 | 0 |
| Virginia | 0 | 2 | 0 |
| TOTAL | 0 | 24 | 0 |

(1) A list of all current franchisees and the address and telephone number of each of their outlets is found at [Exhibit G](#) of this Disclosure Document. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

(2) A list of the name, city and state, and current business telephone number or if unknown, the last known home telephone number of every franchise who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year is found at [Exhibit H](#) of this Federal Disclosure Document. No franchisee has failed to communicate with JBF within the last ten (10) weeks prior to the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other

buyers when you leave the system.

(3) In the last three (3) years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Just Between Friends Franchise System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

(4) JBF has a franchise advisory council (“FAC”) made up of franchisees elected by other franchisees from the various geographic regions. The FAC brings to JBF ideas and suggestions for improvements for possible implementation for the entire system. JBF is not obligated to accept any suggestion but JBF will consider all suggestions in good faith. JBF also currently has a Marketing Brand Advisory Board made up of franchisees selected by JBF from diverse backgrounds and geographic regions. The Marketing Brand Task Force serves in an advisory capacity regarding expenditures and administration of the National Marketing Brand Fund. No franchisee is required to serve on either the FAC or the Marketing Brand Task Force. Other than these two (2) advisory groups, there are no franchisee organizations associated with the JBF system which have been created, sponsored or endorsed by JBF or which use the JBF Marks which have requested to be included in this Disclosure Document.

Item 21. FINANCIAL STATEMENTS

Attached at [Exhibit B](#) to this Disclosure Document are the AUDITED financial statements for JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC. for the years ended December 31, 2021, December 31, 2022, and December 31, 2023. The audited annual statements were audited by independent certified public accountants licensed in Oklahoma using US generally accepted auditing standards and presented in accordance with US generally accepted accounting principles.

[Exhibit B](#) may also contain updates in the form of the unaudited balance sheet and income statement for the calendar quarters or months since December 31, 2023. The unaudited financial statements were prepared by management in good faith and are believed by management to present fairly the financial condition of JBF as of the end of the calendar month stated, but the unaudited financial statements do not contain customary year-end adjustments or notes which accompany audited financial statements or a report or opinion of an independent certified public accountant.

Item 22. CONTRACTS

Attached as [Exhibit A](#) is the form of the Franchise Agreement. The Franchise Agreement includes the following Exhibits:

- [1](#) Territory Described
- [2](#) Owner’s Guaranty
- [3](#) General Release Upon Renewal
- [4](#) General Release Upon Assignment/Transfer/Resale
- [5](#) Assignment upon Termination
- [6](#) Franchise Entity, Ownership Information, and Partner Agreements
- [7](#) Confidentiality and Non-Competition Agreement (Owner)
- [8](#) Non-Owner Team Member Confidentiality Agreement
- [9](#) Certification For First Sale
- [10](#) Use of Marks
- [11](#) JBF Website and Software Agreement
- [12](#) ACH Authorization Agreement
- [13](#) Transfer/Resale Addendum
- [14](#) Multi-Unit Addendum

The Franchise Agreement and Exhibits together constitute all proposed contracts, leases, options and purchase agreements.

Item 23. ACKNOWLEDGMENT OF RECEIPT BY PROSPECTIVE FRANCHISEE

Two (2) copies of the detachable acknowledgment of receipt in the following form are attached as the last two (2) pages of this Disclosure Document.

**EXHIBIT A
TO
JUST BETWEEN FRIENDS
DISCLOSURE DOCUMENT**

FORM OF FRANCHISE AGREEMENT
[attached]

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.



78 Grandview Blvd.
Reading, PA 19609
Tpanase@jbfsale.com
www.jbfsale.com
Phone 610.739.4766

Franchise Agreement:

TABLE OF CONTENTS

| | | |
|----|-----------------------------------------------------------|------|
| 1. | DEFINITIONS..... | A-1 |
| 2. | GRANT OF FRANCHISE..... | A-6 |
| 3. | TERRITORY..... | A-6 |
| 4. | DUTIES OF JUST BETWEEN FRIENDS..... | A-7 |
| | 4.1 TRAINING AND SUPPORT..... | A-7 |
| | 4.2 OPERATIONS MANUAL..... | A-7 |
| | 4.3 OPERATING REQUIREMENTS..... | A-8 |
| | 4.4 PERIODIC VISITS AND INSPECTIONS..... | A-8 |
| | 4.5 IMPROVEMENTS AND SUGGESTIONS..... | A-9 |
| | 4.6 FRANCHISE ADVISORY COUNCIL..... | A-9 |
| 5. | DUTIES OF FRANCHISEE..... | A-9 |
| | 5.1 GENERAL..... | A-9 |
| | 5.2 SALES BY YOU..... | A-10 |
| | 5.3 COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES..... | A-10 |
| | 5.4 PERSONAL INVOLVEMENT BY OWNERS..... | A-11 |
| | 5.5 FRANCHISE PAYMENTS..... | A-11 |
| | 5.6 INITIAL FEE..... | A-11 |
| | 5.7 CONTINUING ROYALTY..... | A-11 |
| | 5.8 JBF CONFERENCE..... | A-11 |
| | 5.9 CONSIGNMENT SALES INVENTORY..... | A-13 |
| | 5.10 LOCAL MARKETING..... | A-13 |
| | 5.11 LOCAL OR REGIONAL ADVERTISING COOPERATIVES..... | A-13 |
| | 5.12 ADVERTISING APPROVAL..... | A-13 |
| | 5.13 NATIONAL MARKETING BRAND FUND..... | A-14 |
| | 5.14 COMMENCEMENT OF OPERATIONS..... | A-15 |
| | 5.15 OPERATIONS..... | A-16 |
| | 5.16 BOOKS AND RECORDS..... | A-18 |
| | 5.17 INSURANCE..... | A-19 |
| | 5.18 COMPLETION OF TRAINING..... | A-20 |
| | 5.19 USE OF MARKS..... | A-21 |
| | 5.20 LATE FEE, INTEREST AND COSTS OF COLLECTION..... | A-21 |
| | 5.21 TECHNOLOGY UPDATE ASSESSMENTS..... | A-22 |
| | 5.22 NEW FRANCHISE TECHNOLOGY LICENSE & SET-UP FEE..... | A-22 |
| | 5.23 WEBSITE/TECHNOLOGY FEE..... | A-22 |

| | | |
|------------|--------------------------------------------------------------|-------------|
| | 5.24 OWNERSHIP OF CONSIGNOR/CUSTOMER INFORMATION..... | A-24 |
| | 5.25 COLLABORATION WITH OTHER FRANCHISEES..... | A-24 |
| | 5.26 GIFT CARD OR JBF BUCKS/CREDIT PROGRAMS..... | A-25 |
| 6. | TERM..... | A-25 |
| | 6.1 RIGHT TO RENEW..... | A-25 |
| | 6.2 NOTICE OF RENEWAL; PROCEDURE..... | A-25 |
| | 6.3 RENEWAL AGREEMENT..... | A-26 |
| | 6.4 RELEASES..... | A-26 |
| | 6.5 NO CONVICTIONS/LITIGATION..... | A-26 |
| | 6.6 HOLDOVER..... | A-26 |
| 7. | USE OF THE MARKS..... | A-26 |
| | 7.1 GOODWILL..... | A-26 |
| | 7.2 LIMITATION ON USE OF MARKS..... | A-27 |
| | 7.3 NOTICE OF INFRINGEMENT..... | A-28 |
| | 7.4 NO VARIANCE OF THE MARKS..... | A-28 |
| 8. | CONFIDENTIALITY..... | A-28 |
| | 8.1 CONFIDENTIAL INFORMATION..... | A-28 |
| | 8.2 NON-DISCLOSURE AGREEMENT..... | A-29 |
| | 8.3 IN-TERM NON-COMPETITION AGREEMENT..... | A-29 |
| 9. | TRANSFERABILITY..... | A-30 |
| | 9.1 JBF DELEGATION OF PERFORMANCE / TRANSFER..... | A-30 |
| | 9.2 NO TRANSFER WITHOUT APPROVAL..... | A-30 |
| | 9.3 CONDITIONS FOR APPROVAL OF TRANSFER..... | A-30 |
| | 9.4 ASSIGNMENT TO RELATED ENTITY..... | A-33 |
| | 9.5 RIGHT OF FIRST REFUSAL..... | A-33 |
| | 9.6 DEATH OR DISABILITY OF PRINCIPAL..... | A-34 |
| | 9.7 REQUIRED TRAINING..... | A-34 |
| | 9.8 REQUIRED TRAINING FOR NEW BUSINESS PARTNERS..... | A-34 |
| | 9.9 EFFECT OF CONSENT TO TRANSFER..... | A-34 |
| 10. | NON-COMPLIANCE AND TERMINATION..... | A-34 |
| | 10.1 NON-COMPLIANCE CHARGE..... | A-34 |
| | 10.2 OUR RIGHT TO TERMINATE..... | A-35 |
| 11. | OBLIGATIONS OF FRANCHISEE AFTER TERMINATION..... | A-36 |
| | 11.1 DUTIES OF FRANCHISEE ON TERMINATION..... | A-36 |
| | 11.2 EARLY TERMINATION DAMAGES..... | A-38 |
| | 11.3 NO OBLIGATION TO PURCHASE OR ASSUME DEBTS..... | A-38 |

| | | |
|------------|----------------------------------------------------------------|-------------|
| 12. | POST-TERMINATION NON-COMPETITION..... | A-38 |
| | 12.1 NON-COMPETITION..... | A-38 |
| | 12.2 APPLICATION TO TRANSFER..... | A-38 |
| | 12.3 EXPRESS ACKNOWLEDGEMENTS..... | A-38 |
| 13. | INDEPENDENT CONTRACTOR..... | A-39 |
| 14. | CONTINUING OBLIGATIONS..... | A-39 |
| 15. | REPRESENTATIONS AND WARRANTIES..... | A-39 |
| 16. | INDEMNIFICATION..... | A-40 |
| 17. | ENFORCEMENT..... | A-41 |
| | 17.1 INVALID PROVISIONS; SUBSTITUTION OF VALID PROVISIONS..... | A-41 |
| | 17.2 WRITTEN CONSENTS FROM JBF..... | A-41 |
| | 17.3 NO WAIVER..... | A-41 |
| | 17.4 CUMULATIVE REMEDIES..... | A-42 |
| | 17.5 SPECIFIC PERFORMANCE; INJUNCTIVE RELIEF..... | A-42 |
| | 17.6 DISPUTE RESOLUTION..... | A-42 |
| | 17.7 GOVERNING LAW..... | A-43 |
| | 17.8 LIMITATIONS OF CLAIMS AND CLASS ACTION BAR..... | A-43 |
| | 17.9 BINDING EFFECT..... | A-43 |
| | 17.10 COLLECTION EXPENSES..... | A-43 |
| | 17.11 ENTIRE AGREEMENT..... | A-43 |
| | 17.12 NO LIABILITY TO OTHERS; NO OTHER BENEFICIARIES..... | A-43 |
| | 17.13 CONSTRUCTION..... | A-43 |
| | 17.14 YOU MAY NOT WITHHOLD PAYMENTS DUE TO US..... | A-44 |
| | 17.15 JOINT AND SEVERAL LIABILITY..... | A-44 |
| | 17.16 MULTIPLE ORIGINALS..... | A-44 |
| | 17.17 TIMING IS IMPORTANT..... | A-44 |
| | 17.18 INDEPENDENT PROVISIONS..... | A-44 |
| 18. | NOTICES..... | A-44 |
| 19. | ELECTRONIC MAIL..... | A-44 |
| 20. | GOOD FAITH..... | A-45 |

EXHIBITS

| | |
|----------|-----------------------------------------------------------------|
| <u>1</u> | Territory Described |
| <u>2</u> | Owner's Guaranty |
| <u>3</u> | General Release Upon Renewal |
| <u>4</u> | General Release Upon Assignment/Transfer/Resale |
| <u>5</u> | Assignment upon Termination |
| <u>6</u> | Franchise Entity, Ownership Information, and Partner Agreements |
| <u>7</u> | Confidentiality and Non-Competition Agreement (Owner) |
| <u>8</u> | Non-Owner Team Member Confidentiality Agreement |

| | |
|---------------------------|------------------------------------|
| <u>9</u> | Certification For First Sale |
| <u>10</u> | Use of Marks |
| <u>11</u> | JBF Website and Software Agreement |
| <u>12</u> | ACH Authorization Agreement |
| <u>13</u> | Transfer/Resale Addendum |
| <u>14</u> | Multi-Unit Addendum |

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC. ®

FRANCHISE AGREEMENT

This Franchise Agreement is entered into this _____ (“Effective Date”) by and between JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC. (“JBF”) and _____ (“Franchisee”).

JUST BETWEEN FRIENDS has created and owns a unique and proprietary business System for the marketing, promotion, consignment, sale and resale of children’s and maternity clothing, toys, and other items, together with the sale of JBF hats, shirts, and other promotional items (“System”); and

JBF has invested substantial time, effort and expense in the System, has created substantial goodwill relating to the System, and has obtained extensive unique operating experience associated with its System; and

JBF is willing to sell to Franchisee, and after conducting an investigation and obtaining business, legal and financial advice from advisors of its own selection, Franchisee desires to purchase, a JBF Franchise in accordance with the terms and conditions of this Agreement.

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

1. DEFINITIONS.

The following terms are defined to have the meanings set forth below:

“**Agreement**” means this Franchise Agreement, and all exhibits and attachments to this Agreement, together with the Operations Manual, each as revised and modified in writing from time to time.

“**Books and Records**” means all bookkeeping, accounting, record-keeping and records retention system conforming to requirements prescribed by JBF from time to time and maintained by you, plus accurate financial reports and copies of all federal and state income tax returns relating to your JBF Consignment Sale Business. Each report and financial statement submitted by you to JBF must be verified and correct and signed by you personally if a sole proprietorship, by a general partner if a partnership, or by an executive officer or other authorized agent of yours if a corporation or a limited liability company.

“**Competitive Business**” means any business (other than the JBF Consignment Sales Business operated pursuant to this Agreement) that operates, or grants franchises or licenses to others to operate, a consignment sales business or other resale business offering maternity clothing, children’s furniture, equipment, toys, clothing and/or similar items.

“**Confidential Information**” means JBF’s trade secrets and other unique, proprietary or confidential information, methods, procedures, information, systems and knowledge of and experience in operation of JBF Consignment Sales Businesses and/or JBF Sales Events, including (1) the confidential portions of this Agreement, (2) Operations Manual and Training Materials (3) venue selection criteria; (4) methods of efficiently and cost-effectively organizing and arranging the products sold at consignment sales

events; (5) methods of operating the consignment sales events; (6) the JBF System Technology; (7) knowledge of sales and profit performance of any one [1] or more JBF Sales Events; (8) knowledge of test programs, market research results, concepts or results relating to consignment items or categories; sources of products; and advertising, marketing and promotional programs; (9) knowledge of, specifications for, and suppliers of, Operating Assets and other products and suppliers; (11) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of consignment sales events; (12) training materials, and other manuals; (13) Customer lists; (14) Vendor lists; (15) ideas, concepts, methods or techniques of improvement relating to the JBF Consignment Sales Business and/or JBF Sales Event developed by you in the course of fulfilling your obligations under this Agreement; and (16) any log-in or password information used to access other Confidential Information of the JBF franchise systems, software, and sites.

“Fictitious Business Name” means the trade name or d/b/a under which you are operating and which you are using to advertise your JBF Consignment Sales Business and JBF Sales Events to the public. You must obtain JBF’s approval before registering a fictitious name. You are required to file all appropriate state and local government registrations identifying your Fictitious Business Name and provide JBF with a copy of this information. For example, your business entity might be “ABC Corporation”, and your Fictitious Business Name might be “Just Between Friends of Timbuktu.” You agree that all contracts entered into by you will be executed in your official name and not in your Fictitious Business Name or trade name. Franchisee agrees not to use the name “JUST BETWEEN FRIENDS” or the initials “JBF” in its name, whether alone or in combination with any other portion.

“Franchise” means the rights and licenses granted by JBF to Franchisee pursuant to this Agreement.

“Franchisee” means the person or business entity named in the introduction and its permitted successors and assigns, as well as each and every shareholder, officer and director (in the case of a corporation), each manager and member (in the case of a limited liability company), or each partner (in the case of a partnership). Franchisee may also be referred to as “you” or “your”. If you are at any time a corporation, limited liability company, or partnership (each, an “Entity”), you agree and represent that: (1) you will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and are and will, throughout this Agreement’s term, remain validly existing and in good standing under the laws of the state of your incorporation or formation; (2) your organizational documents, operating agreement, or partnership agreement, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement’s restrictions; (3) [Exhibit 6](#) to this Agreement completely and accurately describes all of your owners (collectively, the “owners”) and their interests in you as of the Agreement Date; (4) you will identify a managing shareholder, partner, or member (“Managing Owner”) on [Exhibit 6](#) who will have management authority over the JBF Consignment Sales Business and your JBF Sales Events, and you acknowledge and agree that we shall have the right to rely on any decision made by the Managing Owner as your decision; and (5) each of your owners during this Agreement’s term will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and ancillary agreements between you and us. JBF’s current form of guaranty is attached to this Agreement as [Exhibit 2](#). Subject to JBF’s rights and your obligations under Section 9.6, you and your owners agree to sign and deliver to JBF a revised [Exhibit 6](#) to reflect any permitted changes in your ownership. Franchisee agrees to notify JBF in writing of any change to any contact information, including address(es), phone number(s), and Email(s) promptly upon such occurrence.

“Franchise Payments” means all sums due by Franchisee to Franchisor pursuant to the terms and conditions of this Agreement, including but not limited to the Initial Franchise Fee, New Franchise

Technology & Set-Up Fee, any and all Renewal Franchise Fees, any and all Sale Royalty Fees, all Marketing Brand Fund contributions, Technology Fees, Technology Update Assessments, fees for required purchases from JBF, and fees due from any voluntary purchases made to JBF.

“Franchise System” means the interdependent network composed of us, all Just Between Friends franchise, all Just Between Friends franchisees, and any other persons or business entities JBF has authorized to use the Marks, the System, or both.

“Franchise System Website” means the Internet site established by JBF to advertise, market, and promote Just Between Friends Consignment Sales Businesses, the products and services that they offer and sell, and/or the franchise opportunity.

“Good Standing” means during the Term(s) of this Agreement, you are not in default or threat of default under this Agreement, the financial obligations and/or any other agreement or legal obligation to us, and are operating your JBF Consignment Sales Business and JBF Sales Events in full compliance with this Agreement, the Operations Manual and the System Standards.

“Gross Sales”, “Gross Revenues” or “Gross Receipts” means all revenue from sales conducted at, from or through the JBF Consignment Sales Business and/or JBF Sales Events (whether or not in compliance with this Agreement), whether from cash, check, credit and debit card, digital currency, barter exchange, trade credit, or other credit transactions, but (1) excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; and (2) reduced by the amount of any documented refunds, credits and discounts the JBF Consignment Sales Business in good faith gives to customers and your employees. Sales of items consigned by you at a JBF Sales Event or otherwise using the JBF brand are included in the definition of “Gross Sales.” “Gross Sales” also includes sales Franchisee makes at tradeshows, marketing events and/or other locations using the marks and/or selling children’s and/or maternity items. While the right to make sales online is restricted, “Gross Sales” also includes any online sales. “Gross sales” also includes all insurance proceeds you receive for loss of business due to a casualty or similar event at your JBF Sales Event. You agree that every item sold on consignment at a JBF Sales Event, at a tradeshow, at a marketing event, or online or otherwise shall be priced, marked, inventoried, accounted for and sold utilizing the System and the computer programs required by the Franchisor, and you agree not to “pick and choose” which items are to be included in and accounted for by the System. Royalties from Gross Sales received for any reason other than a JBF Sales Event are payable within thirty (30) days of receipt.

“Individuals” means any and all individuals providing any mode or mean of assistance to your JBF Consignment Sales Business and/or your JBF Sales Events.

“Initial Franchise Fee” means the sum of twenty-four thousand nine hundred dollars (\$24,900) and payable by Franchisee to Franchisor upon execution of this Agreement by Franchisee and acceptance of this Agreement by Franchisor, except that the time of payment may be deferred in some states.

“Initial Training Program” means the training program developed and held by JBF to train franchisees in the operation of a Just Between Friends Consignment Sales Business. The Initial Training Program includes Pre-Opening Online Training, Post-Opening Onsite Apprenticeship, and Post-Opening Coaching.

“Just Between Friends”, “JBF”, “we”, “our” or “us” means Just Between Friends Franchise System, Inc., a Pennsylvania Corporation, and its successors and assigns.

“JBF Consignment Sales Business” means the business you will operate pursuant to this

Agreement.

“JBF Sales Event” means the temporary, in-person, consignment sale you agree to host in the Territory at least two (2) times during each twelve (12) month period during the Term, during which you will offer opportunities for the consignment, sale, and purchase of maternity clothes and children’s clothing, furniture, equipment and toys. You must host one (1) temporary, in-person JBF Sales Event in the period between January and June each year and one (1) temporary, in-person JBF Sales Event in the period between July and December each year. Online or curbside pick-up sales are not a substitute for your twice annual JBF Sales Event, which will be hosted at a venue location in your Territory.

“JBF System Technology” As part of the technology fee, you are provided once license to the JBF System Technology. If Franchisee requests additional licenses/seats to the JBF System Technology, JBF will provide the additional licenses/seats provided that the individual having access to the license log-in has executed a confidentiality agreement, and JBF reserves the right to charge a reasonable fee for such additional licenses/seats. The JBF System Technology may change from time to time (e.g. website, customer tagging software, point of sale system, accounting software, customer service and surveying tools, database management, training module, JBF intranet, email marketing, marketing design, JBF Wallet, and other system technology tools) as set forth in Section 5.19. You are required to use all the JBF System Technology in operating your business and must ensure that all equipment, merchant services, and digital marketing purchased by you are compatible with the JBF System Technology.

“Managing Owner” means a managing shareholder, partner, or member of Franchisee identified on [Exhibit 6](#) who will have management authority over the JBF Consignment Sales Business; JBF has the right to rely upon for any decision made by the Managing Owner as Franchisee’s decision.

“Marketing Brand Fund” means the national marketing fund which promotes the system brand and is described in Section 5.9 of this Agreement.

“Marks” means the trademarks “JUST BETWEEN FRIENDS,” “BETWEEN FRIENDS,” “JBF,” “JBF SALE” and all other trade names, trademarks, service names, service marks, signs, logos, emblems, symbols, designs, trade dress, or other graphic representations now or hereafter used by JBF in connection with the System, whether or not registered under international, federal or state law, rule or regulation.

“Missed Sale Royalty” means a royalty equal to the greater of (1) the Royalty payable for the previous Sale Season or (2) the amount of three thousand one hundred twenty-five dollars (\$3,125) if during the first 24 months of operations or \$5,750 if occurring after 24 months of operations. All Franchisees are required to host a JBF Sales Event during each Sale Season: Fall Sale Season (July – December) and Spring Sale Season (January –June). It is a breach of the Franchise Agreement to fail to hold the required sales during each Sale Season, except that if for any emergency reason, in the sole discretion of JBF, including health, child-birth, government prohibition, Act of God, or other extraordinary circumstance, Franchisee is not able to hold any one (1) semi-annual sale, Franchisee may apply to JBF for a one-time waiver and agrees to pay JBF a Missed Sale Royalty. Payment of a Missed Sale Royalty does not automatically entitle Franchisee to a Missed Sale Waiver, and JBF may deny any request for a waiver in its sole and absolute discretion. If the expiration of the franchise term is February 15th – June 30th of any fiscal year, the franchisee will be expected to host a Spring JBF Sales Event prior to the expiration of the term or pay a Missed Sale Royalty. If the expiration of the franchise term is August 15th – December 31st of any fiscal year, the franchisee will be expected to hold a Fall JBF Sales Event prior to the expiration of the term or pay a Missed Sale Royalty.

“Missed Sale Waiver” means an express written waiver obtained from JBF before Franchisee fails to hold a JBF Sales Event during any Sale Season. It shall be a material breach of this Agreement for any

Franchisee to fail to hold a JBF Sales Event during each Sale Season, unless Franchisee obtains JBF's express written consent to waive the requirement for a particular Sale Season for just cause shown by Franchisee, and Franchisee pays a Missed Sale Royalty. Franchisee is never automatically entitled to a Missed Sale Waiver, and JBF may deny any request for a Missed Sale Waiver in its sole and absolute discretion.

“New Franchise Technology License & Set-Up Fee” means that fee described in section 5.19.

“Operations Manual” means the policies, procedures, instructions, directives and bulletins published by JUST BETWEEN FRIENDS with respect to the System, as amended from time to time and may include one (1) or more separate written manuals or web manuals as well as web-based training programs, videos, computer software, webinars, information available on an Intranet site, other electronic media, bulletins, written or recorded reports and recommendations, and/or other written or recorded materials.

“Renewal Fee” means the amount set forth in Section 6.3(a).

“Sale Season” means the six month period in any calendar year: either the Spring Sale Season (January – June) or the Fall Sale Season (July – December).

“System” means the JBF business model, now or in the future developed, used and/or modified by JBF in the exercise of JBF's reasonable business judgment for the operation of Just Between Friends Consignment Sales Businesses and includes, but is not limited to the: method, procedures, policies, the JBF System Technology including the order entry system and point of sale software, Operations Manual, Training Materials, Marks, and standards of performance and operations, all of which JBF claims to be unique and proprietary, relating to the marketing, promotion, consignment, sale and resale of children's clothing, toys and other items and other permitted products and services, and all goodwill relating to JBF.

“Technology Fee” means that fee payable by Franchisee to JBF for the JBF System Technology. The Technology Fee includes one (1) license per franchise for the JBF System Technology and two (2) email addresses per franchise. If Franchisee requests additional licenses/seats to the JBF System Technology, JBF will provide the additional licenses/seats provided that the individual having access to the license log-in has executed a confidentiality agreement, and JBF reserves the right to charge a reasonable fee for such additional licenses/seats. Additional email addresses are, as of the date of this document, ten dollars (\$10) per month. As of the date of this Agreement, the Technology Fee is payable twice-annually (\$1,050 per twice-annual installment), but Franchisees can elect to make monthly installments in the amount of one hundred eighty-five dollar (\$185) per monthly installment. As of the issuance date of this disclosure document, JBF is offering the following discounts to multi-unit franchise owners: The primary location pays full price; second location receives a ten percent (10%) discount; third location receives a fifteen percent (15%) discount, and fourth location receives a twenty percent (20%) discount. JBF reserves the right to change or eliminate discounts offered. In addition, JBF does not currently charge but reserves the right to charge a commercially reasonable fee per ticket sold (no charge for free tickets issued) through the JBF System Technology. The Technology fees are subject to change with thirty (30) days written notice.

“Technology Update Assessments” mean those amounts periodically assessed to Franchisee on a pro rata basis for improvements and updates to technology as set forth in Section 5.21.

“Term” means the period that begins upon execution of this Agreement by both parties and shall end on the fifth annual anniversary of the date of execution, unless sooner terminated in accordance with this Agreement or extended by mutual written consent of the parties. If the expiration of the franchise term

is February 15th – June 30th of any fiscal year, the franchisee will be expected to hold a Spring JBF Sales Event prior to the expiration of the term. If the expiration of the franchise term is August 15th – December 31st of any fiscal year, the franchisee will be expected to hold a Fall JBF Sales Event prior to the expiration of the term.

“**Termination**” means the natural expiration of this Agreement due to the expiration of the Term, non-renewal or the termination of this Agreement prior to its normal expiration date under the circumstances set forth in Section 10.2, and separation of Franchisee and/or Franchisee’s owners from the JBF Franchise System for any reason.

“**Territory**” means the geographic area described in [Exhibit 1](#) in which you have the right to operate your JBF Consignment Sales Business subject to the terms and conditions of this Agreement.

“**Transfer or Resale**” means any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, conveyance, grant of a security interest or change of all or any part of the ownership in you, the Franchise Agreement, your JBF Consignment Sales Business, the assets of your JBF Consignment Sales Business or any interest in the franchise or business.

“**Transfer/Resale Fee**” means the amount set forth in Section 9.3(g).

2. GRANT OF FRANCHISE.

Subject to Franchisee’s continued compliance with this Agreement, JBF grants to Franchisee the right to open and operate one (1) JBF Franchise in the Territory for the Term. Franchisee agrees to use the Franchise, the System, the Operations Manual and the Marks only as permitted by JBF in accordance with this Agreement. Franchisee agrees not to sell any products or services using the Marks, the System or the Franchise, which are not permitted to be sold. You specifically agree to be obligated to perform the obligations of this Agreement, and continuously exert your best efforts to promote and enhance the business of the JBF Consignment Sales Business, for the full term of this Agreement.

3. TERRITORY.

Your Territory is described in [Exhibit 1](#) of this Agreement. Except as otherwise provided in this Agreement, and subject to your full compliance with this Agreement and any other agreement between and you and us, we will not hold or grant anyone else the right to hold a JBF consignment sale in the Territory during the Term.

Except as provided above, the rights granted to you under this Agreement are non-exclusive, and JBF has and retains all rights within and outside the Territory. We retain all rights with respect to JBF Consignment sales, the Marks, the Trade Dress and the System, including (by way of example only and not as a limitation): (a) the right to develop and operate or grant others the right to develop and operate JBF consignment sales events outside of the Territory on terms and conditions we deem appropriate; (b) the right to develop and operate or grant others the right to develop and operate consignment businesses under trade names, trademarks, service marks and commercial symbols which are different from the Marks if those businesses are targeted at demographics other than maternity and children ages 0-10, even though those consignment businesses may offer some products and services which are identical to products and services offered at your JBF Sales Events; (c) the right to produce and sell products using the Marks or other commercial symbols through other channels of distribution (including, but not limited to, the Internet) that sell products and/or services that are identical or similar to, and/or competitive with, those of the JBF Consignment Sales Business, regardless of the nature or location of the customers with whom such distribution channels do business, and pursuant to terms and conditions we deem appropriate; (d) acquire

the assets or ownership interests of one (1) or more businesses providing products and services similar to those provided at the JBF Consignment Sales Business, and franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of the businesses) are located or operating (including within the Territory); (e) be acquired by a business providing products and services similar to those provided at the JBF Consignment Sales Business, or by another business, even if such business operates franchises and/or licenses competitive businesses in the Territory; (f) the right to operate other retail outlets or enter into other lines of businesses offering dissimilar products or services under trademarks or service marks other than the Marks; and (g) engage in all other activities not expressly prohibited by this Agreement.

You specifically acknowledge that JBF may offer products on the System Website and that customers in your Territory and other Franchisee Territories may purchase JBF's products directly through JBF's website. You are not entitled to any payment or commission on products sold through the System Website, even if the customers purchasing the products are located within your Territory.

4. DUTIES OF JUST BETWEEN FRIENDS

4.1 Training and Support. JBF agrees to provide Franchisee with JBF's Initial Training Program prior to Franchisee's first JBF Sales Event; provided that this provision does not apply to the renewal of an existing Franchise. In the event Franchisee is an existing franchisee purchasing an additional franchise unit, Franchisee may request a waiver of some portions of the Initial Training Program for such additional franchise unit(s), and JBF may in its sole discretion grant or deny any such waiver request. Training will be conducted at a location and time selected by JBF. The Initial Training Program is included in the Initial Franchise Fee for up to two (2) trainees provided that the trainees obtain training at the same time and that trainees attend their initially scheduled training sessions. Franchisee agrees to pay for all travel, hotel, food and other expenses incurred by its personnel. In addition to the required Initial Training Program, JBF will provide reasonable support to Franchisee by answering questions from time to time. To the extent Franchisee desires more than reasonable and customary support and assistance, JBF, if available, will provide additional support, but Franchisee agrees to pay all expenses and reasonable fees in connection therewith. JBF also requires Franchisee to participate in ongoing franchise success coaching. This coaching is typically conducted via telephone or video conference. Franchisee must attend all scheduled coaching sessions. JBF may also offer or require subsequent additional training, and you must attend any required additional training.

4.2 Operations Manual. JBF agrees to loan Franchisee one (1) copy of the JBF Operations Manual. The Operations Manual will contain mandatory and suggested specifications, standards, operating procedures, policies, best practices, bulletins, directives and rules that we prescribe from time to time for Just Between Friends Consignment Sales Businesses, as well as information relative to other obligations you have in the operation of the JBF Consignment Sales Business. We may modify the Operations Manual at any time and from time to time to reflect changes in System Standards. You agree to keep a copy of the Operations Manual current and in a secure location. If there is a dispute over its contents, JBF's master copy of the Operations Manual controls. You agree that the Operations Manual's contents are confidential and that you will not disclose the Operations Manual to any person without first obtaining the written consent of JBF and ensuring such person has executed a Confidentiality Agreement in the form we may prescribe from time to time (a copy of the current non-owner Team Member Confidentiality Agreement is attached hereto as **Exhibit 8**), and providing JBF with a copy of the executed Confidentiality Agreement. You may not at any time print, copy, duplicate, record, or otherwise reproduce, or permit any reproduction of any part of the Operations Manual. If your copy of the Operations Manual is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at JBF's then-applicable charge.

At JBF's option, we may post some or all of the Operations Manual on a restricted Internet or

extranet site to which you will have access. If we do so, you agree to monitor and access the Internet or extranet site for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on an Internet or extranet site will be deemed to be Confidential Information (as defined in Section 8.1).

Franchisee agrees that this manual is and shall remain the property of JBF and is and shall be held by Franchisee in a strictly confidential manner in accordance with this Agreement. Franchisee agrees not to copy or distribute the Operations Manual or any portions thereof without the prior written consent of JBF. Franchisee's right to use the Operations Manual and the System Standards derives solely from this Agreement and is limited to the Term of this Agreement. You agree that you will not contest the ownership thereof by JBF.

4.3 Operating Requirements. JBF agrees to furnish Franchisee with a list of equipment, order entry systems, credit card machines, point of sale equipment, forms of documents, forms of reports and a description of all other items to be utilized in the operation of its JBF Franchise. The personal computers, printers, scanners and point of sale machines (together the "Computer System"), Microsoft Word and Excel, and clothing display racks may be purchased or leased from any source as you determine, as long as the equipment meets our specifications. You are required to use all the JBF System Technology and software tools covered by the Technology Fee, which tools may change from time to time (e.g. website, customer tagging software, accounting software, point of sale system, customer service and surveying tools, database management, training module, JBF intranet, email marketing, marketing design, JBF Wallet, and other system technology tools). JBF is the only approved supplier for the JBF System Technology. JBF reserves the right to designate new or additional products and may designate a specified supplier (which may be JBF or an affiliate) for such goods or products. Except for as specified by JBF to you, you are permitted to purchase products and services from any source or supplier you select, in your discretion, as long as the products and services purchased meet our standards. You must ensure that all equipment, merchant services (credit card processing), and digital marketing services purchased by you are compatible with the JBF System Technology. JBF shall have the right to inspect and test the equipment, products and other items of any supplier to ensure that such items meet or exceed the quality standards prescribed by JBF. Before JBF will provide franchisee with access to the website or secure groups and communications tools, Franchisee must complete the JBF Website and Software Agreement (attached as [Exhibit 11](#)). Prior to hosting your first JBF Sales Event, you must satisfactorily complete all training and complete and return to JBF the Certification for First Sale attached hereto as [Exhibit 9](#). Your hosting your first JBF Sales Event shall be conclusive evidence of your certification of each and every certification set forth on [Exhibit 9](#).

4.4 Periodic Visits and Inspections. Following commencement of operations, a JBF representative may make periodic visits to the JBF Franchise, with or without prior notice to Franchisee. We or JBF's agents have the right, at any reasonable time and without advance notice to you, to: (1) inspect the JBF Consignment Sales Business; (2) observe the operations of the JBF Consignment Sales Business for such consecutive or intermittent periods as we deem necessary; (3) interview personnel of the JBF Consignment Sales Business; (4) interview or survey customers of the JBF Consignment Sales Business during and following a visit to the JBF Consignment Sales Business; (5) interview your third-party vendors, landlords of the JBF Sales Event Venue and lenders in relation to the JBF Consignment Sales Business; and (6) inspect and copy any books, records and documents relating to the operation of the JBF Consignment Sales Business. You agree to fully cooperate with JBF in connection with any of those inspections, observations and interviews. You agree to present to your customers any evaluation forms we periodically prescribe and agree to participate and/or request your customers to participate in any surveys performed by or on JBF's behalf. At JBF's request, you further agree to engage, at your sole expense, any vendor we approve to conduct any inspections that we deem appropriate for the JBF Consignment Sales Business. You hereby authorize your third-party vendors, landlords and lenders to provide JBF with information we request relating to the JBF Consignment Sales Business. The JBF representative may make

a written report of the inspection, the condition of the JBF Franchise, the status of Franchisee's compliance with this Agreement and the JBF standards of operations contained in the Operations Manual. A copy of any written report rendered will be furnished to Franchisee. Franchisee agrees to correct any deficiencies and all violations of this Agreement or the Operations Manual noted in the report within fifteen (15) days after notice of the findings in the report is given to Franchisee. In the event JBF contacts you regarding any issue, you agree to promptly respond to JBF within forty-eight (48) hours of receipt of the communication.

4.5 Improvements and Suggestions. From time to time, JBF may furnish the Franchisee with a suggested marketing and promotional program and suggested improvements in the products, services and operations of the Franchise. Franchisee agrees to use its good faith diligent efforts to implement all programs.

4.6 Franchise Advisory Council. There currently exists a franchise advisory council (“FAC”), the members of which are franchisees selected by other franchisees. Franchisee may be offered a chance to volunteer and serve as a representative to serve on this Council, but Franchisee shall not be required to serve on the Council at any time. The FAC brings to JBF ideas and suggestions for improvements for possible implementation for the entire system. JBF is not obligated to accept any suggestion but JBF will consider all suggestions in good faith.

5. DUTIES OF FRANCHISEE.

5.1 General. Franchisee agrees to operate the Franchise in strict compliance with this Agreement, the Operations Manual and all applicable laws, rules, and regulations. Franchisee agrees to host JBF Sales Events at least semi-annually, one (1) in the spring (January – June) and one (1) in the fall (July – December) unless Franchisee obtains from JBF a Missed Sale Waiver. It shall be a material breach of this Agreement for any Franchisee to fail to hold a JBF Sales Event during each Sale Season, unless Franchisee obtains JBF’s express written consent to waive the requirement for a particular Sale Season for just cause shown by Franchisee, and Franchisee pays a Missed Sale Royalty. Franchisee is never automatically entitled to a Missed Sale Waiver, and JBF may deny any request for a Missed Sale Waiver in its sole and absolute discretion.

Franchisee must hold its first sale is within three hundred (300) days of the execution of this Agreement. If you are acquiring an existing franchise as a transferee, the three hundred (300) day time period does not apply, and you must continue to host JBF Sales Events during each Sale Season: at least one (1) in the Spring Sale Season (January – June) and one (1) in the Fall Sale Season (July – December).

If the expiration of the franchise term is February 15th – June 30th of any fiscal year, the franchisee will be expected to host a Spring JBF Sales Event prior to the expiration of the term or pay a Missed Sale Royalty. If the expiration of the franchise term is August 15th – December 31st of any fiscal year, the franchisee will be expected to hold a Fall JBF Sales Event prior to the expiration of the term or pay a Missed Sale Royalty.

Franchisee agrees to comply with the standards of cleanliness, safety, courtesy, quality and efficiency established by JBF from time to time. Franchisee agrees to faithfully, honestly, diligently and in good faith promote and enhance the goodwill of JBF and the System. In all dealings with the public, Franchisee agrees to be courteous, polite and act with reasonableness and in good faith. You acknowledge and agree that operating and maintaining the JBF Consignment Sales Business according to System Standards are essential to preserve the goodwill of the Marks and the goodwill of all Just Between Friends Consignment Sales Businesses. Therefore, Franchisee agrees at all times to operate and maintain the JBF Consignment Sales Business according to each and every System Standard as periodically modified and

supplemented by us. System Standards may regulate any aspect of the JBF Consignment Sales Business.

5.2 Sales by You. You must conduct sales of products and services only from the Premises of your JBF Sales Event or from another approved venue in your Territory (such as a tradeshow in which you are marketing your JBF Sales Event) unless you obtain JBF's written permission. Subject to the advertising restrictions set forth in this Agreement, you may solicit and sell to customers regardless of their location, provided that you may not offer or sell any products or services from any location other than your JBF Sales Event or other approved live sale within your Territory, and you may not engage in direct mail or email marketing to customers where the customer lives in the territory granted to another franchisee unless the customer has signed up for your mailing list. You acknowledge that we, JBF's affiliates and other franchisees of JBF or JBF's affiliates may also solicit and sell to customers wherever located, including within your Territory, and we, JBF's affiliates, or any franchisee shall not owe you any payment for such sales, except that we, JBF's affiliates, or any franchisees shall not conduct a JBF Sales Event in your Territory while you are in compliance with this Agreement. Except in connection with the Franchise System Website (as defined in Section 5.19 below), you may not promote or sell any products or services, or engage in any promotional or similar activities, whether directly or indirectly, through or on the internet, or any other similar proprietary or common carrier electronic delivery system without JBF's written approval. For example, you may not take-in any consignment item and resell such item via E-bay, Craigslist, Facebook or any other internet or social media venue or hold a side-sale without JBF's prior written approval. You agree that every item sold by You will be sold at a JBF Sales Event or other approved venue and shall be priced, marked, inventoried, accounted for and sold utilizing the JBF System Technology required by the Franchisor, and You agree not to "pick and choose" which items are to be included in and accounted for by the System.

5.3 Compliance with Laws and Good Business Practices. You agree to secure and maintain in force and in your name all required licenses, inspections, permits, and certificates relating to the operation of the JBF Consignment Sales Business. You also agree to operate the JBF Consignment Sales Business in full compliance with all applicable laws, ordinances, and regulations, including, without limitation, all government regulations relating to worker's compensation insurance; unemployment insurance and withholding; labor and employment, payment of federal and state income taxes, social security taxes and sales taxes; recall laws; consumer privacy laws; intellectual property and music licensing; cyber security regulations; escheat laws and other regulations relating to gift certificates, gift cards or similar instruments, as applicable. You agree to ensure that all payment processing systems used by you are PCI compliant. Prior to hosting your first JBF Sales Event, you must complete the Certification for First Sale attached hereto as [Exhibit 9](#).

Without limiting your obligations with that may not be listed below, you specifically acknowledge the following:

- a. your obligation to maintain the privacy and security of consumer confidential information and to ensure that you have adequate security measures in place to prevent the theft of consumer credit card and other financial information;
- b. your obligation to ensure that your policies regarding any gift certificates, consignment sales credits, and/or JBF Bucks programs comply with the escheat laws applicable to your jurisdiction;
- c. your obligation to ensure that you obtain proper licensing and/or permissions for any intellectual property of another including but not limited to music played at your JBF Sales Event and artwork or photos used in your advertising;
- d. your obligation to ensure that your business and every JBF Sales Event are free from all forms of discrimination and conduct that can be considered harassing, threatening, violent, coercive or disruptive. All consignors, team members, employees, consumers, and other participants should be treated with courtesy and respect at all times;
- e. your obligation to timely respond (as soon as possible and at least within forty-eight (48) hours) to

- all communications regarding the franchised business, including without limitation communications from customers, consignors, and JBF;
- f. JBF is not the employer of any Individuals who provide assistance to your JBF Consignment Sales Business. JBF does not determine the working conditions, compensation, hours worked, the placement or termination of such Individuals. You are solely responsible for all Individuals providing assistance to you and your classification of such Individuals.
 - g. Your obligation to ensure that you are following applicable guidelines to limit the spread of communicable diseases.

All advertising you employ must be completely factual, in good taste (in JBF's judgment), and must conform to the highest standards of ethical advertising. You agree that in all dealings with us, your customers, your suppliers, your employees and with public officials, you will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You further agree to refrain from any business or advertising practice which may be harmful to the business of the JBF and the goodwill associated with the Marks and other Just Between Friends Franchisees.

You must notify JBF in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental unit, which may adversely affect your operation or financial condition or that of the JBF Consignment Sales Business, or of any notice of violation of any law, ordinance, or regulation.

Nothing in this Agreement, including without limitation the covenants in sections 5, 10 and 12 not to engage in any act injurious or prejudicial to the goodwill associated with the Marks or the System, shall be interpreted to prevent communications by Franchisee of truthful, factual information to any governmental body, agency, or regulator. No truthful, factual communications made by a Franchisee to any governmental body, agency, or regulator shall be deemed a violation of this Agreement.

5.4 Personal Involvement by Owners. Franchisee agrees that its purchase of the Franchise is not an investment contract and that its principal owners will personally devote their own substantial time, effort, and attention to the operations, management and supervision of the Franchise. Franchisee represents and warrants to JBF that its principal owners acquired the Franchise not as a passive investment and that they are not relying entirely upon the efforts of others to make a profit from the Franchise.

5.5 Franchise Payments. Franchisee agrees to pay all Franchise Payments promptly when due. Payments must be made in the manner specified from JBF from time to time, which may include, without limitation, advance ACH authorization. Franchisee will execute such payment authorizations as JBF may require from time to time, including but not limited to the ACH form attached hereto as [Exhibit 12](#).

5.6 Initial Fee. Franchisee agrees to pay JBF an Initial Franchise Fee of twenty-four thousand nine hundred dollars (\$24,900); provided that, the initial franchise fee shall not apply to a renewal of an existing Franchise (and the Renewal Fee shall apply) or to a Transfer/Resale (and the Transfer/Resale Fee shall apply). The Initial Fee is non-refundable and you agree that, upon receipt of payment, JBF will have fully earned the Initial Fee. Due to state regulations, in Maryland and Illinois, JBF has agreed to defer the payment of the initial franchise fee until after the new franchisees in those states have successfully completed the initial training.

5.7 Continuing Royalty. Franchisee agrees to pay JBF a Royalty promptly following the end of each JBF Sales Event and the close of any preceding month in which online sales were conducted. JBF currently requires this fee to be electronically submitted through its financial module, payable via ACH and reserves the right to change the method of payment by providing written notice to Franchisee. The current

applicable royalty as of the date of this Agreement is the greater of three percent (3%) of Gross Sales or the applicable minimum royalty for the year of operations. For years one and two of operations, the minimum royalty is five thousand two hundred fifty dollars (\$5,250). For years 3 and thereafter, the minimum royalty shall increase to \$10,500. Provided however, JBF will not invoice any franchisee for the year 3+ increased royalty until 2026. Prior to 2026, the minimum royalty of \$5,250 shall apply. If you are executing this agreement as a renewal of your franchise or as a part of a transfer, your minimum royalty shall be determined by the total years of operation of the franchise unit, not just the years of operation under this franchise agreement.

Franchisee may hold two or more events in any Sale Season. Franchisee agrees that holding more than one JBF Sales Event during a Sale Season and/or payment of the minimum royalty does not excuse Franchisee's obligation to hold a JBF Sales Event during the next Sale Season. For example, if Franchisee elects to hold two sales during the Spring Sale Season (January – June), Franchisee must also hold at least one sale during the Fall Sale Season (July – December).

To facilitate franchisees who are holding more than one Sales Event in a Sale Season, JBF's current billing practice (which may be changed upon notice to Franchisee) is to collect a royalty of three (3%) of Gross Sales following the conclusion of each Sales Event and to collect any additional amounts necessary to satisfy the minimum royalty obligation at the end of each Sale Season. One half of the annual minimum royalty obligation is assessed at the end of the Spring Sale Season, and if the Gross Sales are higher in the Fall Sale Season such that an adjustment is warranted, the royalties due for the Fall Sale Season will be appropriately adjusted. For illustration purposes, below is an example:

3 Sales Events: March Event: \$75,000 + August Event: \$85,000 + November Event: \$15,000 =
Annual Total: \$175,000 sales
March invoice of \$2,250 + *Spring Balance Invoice of \$375* = Total Spring MRO of \$2,625 royalties
August invoice of \$2,550 + November invoice adjusted from \$450 to \$75 to include the adjustment from spring = Total Fall MRO of \$2,625
Note that the second event in November takes into account the adjustment (like a credit) in spring to allow for the MRO to be an annual calculation.

The applicable Royalty percentage may be increased up to a total percentage of five percent (5%) by JBF providing written notice to Franchisee as follows: JBF will provide Franchisee with at least sixty (60) days' written notice of any royalty increase and will not increase the applicable royalty percentage more than one half percent (1/2%) in any sale season (Spring Sale Season: January – June; Fall Sale Season: July – December), and will not increase the royalty percentage more than one percent (1%) during any calendar year from the applicable percentage in the previous calendar year up to a five percent (5%) total royalty percentage.

It shall be a material breach of this Agreement for any Franchisee to fail to hold a JBF Sales Event during each Sale Season, unless Franchisee obtains JBF's express written consent to waive the requirement for a particular Sale Season for just cause shown by Franchisee, and Franchisee pays a Missed Sale Royalty. Franchisee is never automatically entitled to a waiver of its obligation to hold a JBF Sales Event each Sale Season, and JBF may deny any request for a waiver in its sole and absolute discretion.

Further, regardless of receipt of a prior waiver and/or payment of any Missed Sale Royalty, it shall be a material breach for Franchisee either to fail to hold at least one (1) JBF Sales Event during any twelve month period or to fail to hold a JBF Sales Event during any two (2) Sale Seasons occurring in any twenty-four (24) month period, either of which condition may result in termination.

5.8 JBF Conference. Attendance at JBF's Annual Conference is mandatory if a conference is held. Conference fees may change annually depending on the conference venue and, as of the date of this Agreement are estimated at less than \$1,000 per year for one attendee. Conference fees are paid in advance and billed in two installments (Spring and Fall) if the conference fee is greater than \$500. The JBF Conference fee covers attendance for one person and does not include travel or lodging costs.

5.9 Consignment Sales Inventory. You must purchase five thousand dollars (\$5,000) of inventory from third party sellers prior to holding your first JBF Consignment Sales Event. In addition to this requirement, in the event JBF makes a group purchase of inventory for resale at JBF Sales Events, JBF may require Franchisee to purchase a minimum order from five hundred to three thousand dollars (\$500 - \$3,000) per JBF Sales Event, based on the gross sales of the Franchisee's previous JBF Sales Event. JBF may require the following minimum purchases: (a) five hundred dollars (\$500) if the gross sales of the Franchisee's previous JBF Sales Event were under one hundred thousand dollars (\$100,000); (b) two thousand dollars (\$2,000) if the gross sales of the Franchisee's previous JBF Sales Event were between one hundred thousand one and two hundred forty-nine thousand nine hundred ninety-nine dollars (\$100,001 - \$249,999), and (c) three thousand dollars (\$3,000) if the gross sales of the Franchisee's previous JBF Sales Event were two hundred fifty thousand dollars (\$250,000) or over. JBF may also make additional voluntary buying opportunities available. For purposes of this calculation, if Franchisee holds more than two (2) JBF Sales Events per year, the calculation shall be based on the largest sale held during previous Sale Season. Nothing herein shall require JBF to make group inventory purchases.

5.10 Local Marketing. Franchisee agrees to spend not less than three percent (3%) of the Gross Sales from each prior JBF Sales Event by Franchisee in advertising and marketing for the next JBF Sales Event. In addition, you agree, if we in JBF's sole discretion so require, to list and advertise the JBF Consignment Sales Business in those business classifications as we prescribe from time to time, to list your JBF Consignment Sales Business in specified online directories, and/or to participate in specified online search engine or pay per click programs designed to identify your JBF Consignment Sales Business to consumers. If other Just Between Friends Consignment Sales Businesses are located within the directory's distribution area, we may require you to participate in a collective advertisement with those other Just Between Friends Consignment Sales Businesses and to pay your share of that collective advertisement.

5.11 Local or Regional Advertising Cooperatives. If a local or regional advertising cooperative is formed in a geographic area that encompasses your Franchise Territory, you agree to participate in the local or regional advertising cooperative and to place your local advertising in a collaborative effort with other Just Between Friends franchisees in the geographic area. Any mandatory advertising cooperative will make advertising decisions based on a majority vote of all Franchise Territories located in the geographic area of the advertising cooperative. Each Franchise Territory in a local or regional cooperative will have one (1) vote (e.g. if Franchisee Jane Doe owns three (3) Franchise Territories in the area, Jane will have three (3) votes). Any Franchisor owned outlet located in an area with an advertising cooperative would not have a vote in any advertising cooperative decisions but would be obligated to participate in cooperative advertising with respect to any JBF Sales Events hosted by such Franchisor owned unit. All Franchise Territories in a local or regional advertising cooperative will share in the advertising costs of advertising initiatives adopted by the Cooperative. All contributions to the Advertising Cooperative will be credited toward your required minimum marketing and advertising expenditures.

5.12 Advertising Approval. You agree that your advertising, promotion and marketing will be clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing, as well as the advertising and marketing policies that we prescribe from time to time. On each occasion before you use them, samples of all local advertising and promotional materials not prepared or previously approved by JBF must be submitted to JBF for approval. If you do not receive JBF's written disapproval within fifteen (15) days from the date we receive the materials, the materials will be deemed to

have been approved; provided however, that we shall have the absolute right, at JBF's sole discretion, to terminate any approval at any time upon written notice to you. You agree not to use any advertising or promotional materials that JBF has disapproved. At JBF's discretion, we may, from time to time, require you to submit reports to JBF in the form we prescribe, accurately reflecting your local advertising expenditures for the period specified. Promotion and marketing efforts using the newspapers, directories, and magazines of general circulation, internet web sites, commercial radio or television advertisements shall be permitted, regardless of the location of the advertiser. Franchisee agrees not to make unsolicited direct mail, e-blasts, hand bills and other forms of communications directed to specific customers inside another's Territory, except for any specific customers that personally signed up willingly on the Franchisee's mailing list. JBF owns all intellectual property rights to advertising designs which advertise the brand or include the JBF Marks, regardless of whether those advertising designs are provided by JBF, you, or a vendor. JBF may, but is not required to, specify from time to time in the Operations Manual certain online social media postings that, when made in accordance with the System Standards on an approved platform ([Exhibit 10](#)), do not require pre-approval prior to posting. In all cases, JBF reserves the absolute right, in its sole discretion, to require removal or discontinuance of any posting.

You agree that all advertising materials used by you will utilize only the JBF internet url designated by JBF from time to time. The current approved url is "JBFSale.com."

5.13 National Marketing Brand Fund. JBF has implemented a National Marketing Brand Fund, and Franchisee is required to contribute to the National Marketing Brand Fund in the amount of one percent (1%) of Gross Sales, which percentage may be increased up to three percent (3%) upon written notice.

Marketing Brand Fund contributions are in addition to your local advertising obligations set forth above. All Marketing Brand Funds received will be tracked separately from JBF's general funds and will be spent on System promotion, development and advertising in the region or nationally as the case may be. Your contribution to the Marketing Brand Fund shall be due and payable together with Sale Royalties within eighteen (18) days of the close of each JBF Sales Event.

JBF reserves the right to include caps or limits on contributions to the Advertising Fund. Currently, JBF has instituted an annual cap of three thousand five hundred dollars (\$3,500) per year per franchise location. Under the current cap payment plan, if a franchisee exceeded three hundred fifty thousand dollars (\$350,000) in sales during the prior year and anticipates paying a capped fee during the current year, the franchisee will have an option to either pay one percent (1%) of Gross Sales for the Spring JBF Sales Event and the balance of the capped amount for the Fall JBF Sales Event or may choose to split the estimated capped fees in half by paying one thousand seven hundred fifty dollars (\$1,750) after the Spring JBF Sales Event and one thousand seven hundred fifty dollars (\$1,750) after the Fall JBF Sales Event. JBF intends to review the caps annually and may, once annually, affirm, increase, or decrease the caps. JBF does not anticipate any annual cap increase which would exceed ten percent (10%) of the then-current capped amount. Marketing Brand Fund contributions may vary among franchisees based on their franchise agreements.

The Marketing Brand Fund is maintained and administered by JBF or its designee as follows:

- (a) JBF oversees all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. JBF does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Marketing Brand Fund. The program(s) may be local, regional or System-wide. JBF does not warrant the success or effectiveness of any particular marketing program.

(b) Franchisee's Marketing Brand Fund Contributions may be used to meet the costs of, or to reimburse JBF for its costs of, creating, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of creating, preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities, email marketing, developing and/or hosting an Internet web page or site and similar activities, employing advertising agencies to assist therein, and providing promotional brochures and other marketing materials to franchisees). All Marketing Fund Contributions shall be tracked separately from the general funds of JBF and shall not be used to defray any of JBF's general operating expenses, except for such reasonable costs and expenses, if any, that JBF may incur in activities reasonably related to the administration of the Marketing Fund, creation or production of any marketing piece, or implementation of a marketing initiative.

(c) JBF shall endeavor to spend all Marketing Brand Fund Contributions on marketing programs and promotions during the fiscal year within which such contributions are made and the following fiscal year. If excess amounts remain in any Marketing Brand Fund at the end of a fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest on or other earnings of the Marketing Brand Fund, and next out of prior year contributions and then out of current contributions.

(d) Although JBF intends the Marketing Brand Fund to be of perpetual duration, JBF has the right to terminate the Marketing Brand Fund at any time. The Marketing Brand Fund shall not be terminated, however, until all Marketing Brand Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis based on total Marketing Fund Contributions made in the aggregate by each franchisee.

(e) An accounting of the operation of the Marketing Brand Fund shall be prepared annually and shall be available to Franchisee upon request. JBF is not required to but retains the right to have the Marketing Brand Fund reviewed or audited and reported on, at the expense of the Marketing Brand Fund, by an independent certified public accountant selected by JBF.

(f) Franchisee acknowledges that the Marketing Brand Fund is not a trust and that JBF assumes no fiduciary duty in administering the Marketing Brand Fund. JBF has no obligation to expend the marketing funds in any particular geographic area.

5.14 Commencement of Operations. Within three hundred (300) days after this Agreement is signed, Franchisee agrees to hold its first JBF Sales Event at a location selected by Franchisee and approved by JBF; provided that this provision does not apply to a Renewal or Transfer/Resale of an existing Franchise. Franchisee shall not move the Franchise from the approved site to another location without the prior written consent of JBF. You agree not to hold a JBF Sales Event until:

a. you and, if you are an entity every person who owns twenty-five percent (25%) or more of the entity, has/have completed JBF's Initial Training Program to JBF's satisfaction, including Online Training, Coaching, and Onsite Apprenticeship, unless you have received an express written waiver from JBF, which waiver JBF may grant or deny in its sole discretion. JBF's online training is classroom instructional training conducted at your location, at your own pace and must be completed by all trainees within six (6) weeks of signing the Franchise Agreement. Coaching is typically conducted via telephone or video conferencing one to two (1-2) times per week through the First JBF Sales Event. Onsite Apprenticeship includes a combination of instruction followed by practical application at an approved JBF Sales Event. The geographical location and timing of the Onsite Apprenticeship will be determined by JBF;

- b. you meet all objective milestones established in your training program;
- c. you source and purchase inventory in the requisite amount which we establish;
- d. we determine that the JBF Consignment Sales Business has been equipped in accordance with JBF's requirements;
- e. the initial franchise fee and all other amounts due to JBF have been paid;
- f. you have furnished JBF with copies of all insurance policies required by Section 5.14 of this Agreement;
- g. you complete and return to JBF the Certification For First Sale attached hereto as [Exhibit 9](#);
- h. you perform any other acts necessary to open the JBF Consignment Sales Business; and
- i. you obtain JBF's approval to hold the first JBF Sales Event.

5.15 Operations. Franchisee agrees to:

(a) **General.** Operate the Franchise in accordance with all requirements, standards, specifications, methods, training, techniques and procedures prescribed by this Agreement and by the Operations Manual, holding not less than two (2) semi-annual JBF Sales Events each year except as set forth herein. At each sale, JBF shall be allocated sufficient space at no cost to JBF to advertise the System and to promote the further development and expansion of the System. By signing this Agreement, you indicate that you understand and acknowledge that every detail of the JBF Consignment Sales Business is important – not only to you, but to JBF and to other JBF franchisees – in order to develop and maintain high and uniform operating standards, to increase the demand for the products and services sold by all franchisees, to establish and maintain a reputation for operating uniform, efficient, high quality consignment sales, and to protect the goodwill of all Just Between Friends Consignment Sales Businesses. You also acknowledge that a fundamental requirement of the System, this Agreement, and other JBF franchises is adherence by all franchisees to JBF's uniform standards and policies, except for certain regional or individual differences we may from time to time approve or require.

(b) **Timely and Courteous Communications.** Ensure that you timely and courteously respond to all communications regarding the franchised business. You agree to respond as soon as possible (and at least within forty-eight (48) hours) to all communications including without limitation, communications from JBF, customers, and consignors, regardless of whether the communications are telephonic, email, text, or through social media or online platforms. You agree that all of your communications will be courteous.

(c) **Standards of Quality and Cleanliness.** Maintain or exceed the high standards of quality of items sold and safety, cleanliness, and appearance required by JBF. Only items that are free from damages and defects are eligible for sale in a JBF sale by Franchisee, and Franchisee must ensure that no recalled items are sold. Items that are not acceptable for sale in a JBF sale by Franchisee are clothing which is stained or damaged, recalled items, and items that are not in usable and working condition.

(d) **Computer System.** You agree to use in the development and operation of the

JBF Consignment Sales Business the “Computer System” that we specify from time to time. You acknowledge that we may modify such specifications and the components of the Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use proprietary software developed by JBF or others. JBF’s modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the Term. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto) and that the cost to you of obtaining the Computer System (including software licenses) (or additions or modifications thereto) may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications thereto). You further acknowledge and agree that JBF has the right to charge a reasonable systems fee for software or systems modifications and enhancements specifically made for JBF that are licensed to you and other maintenance and support services that we or JBF’s affiliates furnish to you related to the Computer System. We shall have independent, unlimited access to data on your Computer System, including gross sales figures. There are no contractual limitations on JBF’s right to access this information and data; however, we will not change or modify your books and records, accounting or gross sales reporting.

You acknowledge and agree that changes to technology are dynamic and not predictable within the Term. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to abide by those reasonable new standards established by JBF as if this Section were periodically revised by JBF for that purpose.

Although you agree to buy, use and maintain the Computer System according to JBF’s standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance and upgrading of the Computer System; (2) the manner in which your Computer System interfaces at JBF’s specified levels of connection speed with JBF’s and any third party’s computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained and upgraded. You agree to acquire additional components for the Computer System as your sale grows in accordance with JBF’s recommendations so that you have sufficient point of sale stations to handle the customer volume of your sale.

In addition, Franchisee agrees to use the JBF System Technology and report accurately, correctly and completely all information required to be reported to JBF in the system. Franchisee consents to the use by JBF of all information provided by Franchisee to JBF for any purpose that JBF determines appropriate in its sole discretion.

(e) **Individuals.** Be solely responsible for the hiring, firing, disciplining, training, safety, compensation, benefits, taxes, workers’ compensation, supervision and performance of any and all individuals providing any mode or mean of assistance to your JBF Consignment Sales Business and/or your JBF Sales Events (the “Individuals”). You specifically acknowledge and agree that you are not relying on JBF or any of its officers, agents or employees in making a determination regarding how you treat or classify the Individuals. You acknowledge your duty to conduct your own investigation and seek legal and accounting advice to determine in your judgment as an independent business owner how you will engage the Individuals, provided that you agree to comply with all local, state and federal laws and regulations and to be solely responsible for the selection, training, and conduct of all the Individuals. You agree to complete

and return to JBF the Certification For First Sale attached hereto as **Exhibit 9** prior to conducting your first JBF Sales Event. You further acknowledge and agree that you will not provide access to any of JBF's Confidential Information without obtaining JBF's consent and ensuring that the Individual first executes the Confidentiality Agreement in the form JBF may require from time to time, the current form of which is attached hereto as **Exhibit 7** for owners and **Exhibit 8** for non-owner Team Members. Each and every individual who will access Franchisor's Confidential Information and/or any site, program or system hosted, provided or maintained by or for Franchisor must have an individual log-in and password issued for such person to access such Confidential Information, site, program or system. No log-in or password may be issued or provided unless and until the Nondisclosure and Non-Competition Agreement attached hereto has been executed by such individual and provided to Us. It shall be a material default of this Agreement for Franchisee or any individual to whom Franchisee has provided access to Franchisor's Confidential Information and/or any site, program or system hosted, provided or maintained by or for Franchisor to provide access in violation of this provision or to share any log-in or password access to such Confidential Information, site, program or system.

(f) **Inventory.** Source and purchase children's and maternity inventory for resale in an amount sufficient to supplement your consignment sales and as specified by JBF in the Operations Manual from time to time.

(g) **Advertising and Promotion.** Use only promotion and advertising approved by JBF and be honest, truthful and in compliance with all applicable laws, rules and regulations in its advertisements and promotions of the Franchise and in the sale of approved goods, products or services.

(h) **Operating Expenses.** Pay JBF all Franchise Payments, including but not limited to the Initial Franchise Fee, any and all Renewal Franchise Fees, any and all Sale Royalty Fees, all Marketing Brand Fund contributions, Technology Fees, Technology Update Assessments, fees for required purchases from JBF, fees due from any voluntary purchases made to JBF, and other obligations due to JBF on or before the due date; and pay all other debts, duties, obligations and liabilities incurred by Franchisee in the establishment and operation of the Franchise. Franchisee will execute such payment authorizations as JBF may require from time to time, including but not limited to the ACH form attached hereto as **Exhibit 12**.

(i) **Standards of Performance.** Operate the Franchise free from gross negligence, willful misconduct, or bad faith in all its dealings with JBF and in all its dealings with suppliers, creditors, customers and the general public.

(j) **Sponsors and Affiliates.** Not permit any entity to be a sponsor or be affiliated with Franchisee in its marketing, promotions and advertising of its sale which is not approved by JBF (including not-for-profit entities), which approval will not be unreasonably withheld.

5.16 Books and Records. You will establish and maintain at your own expense, a bookkeeping, accounting, analytics, record-keeping and records retention system conforming to requirements prescribed by JBF from time to time. You must use the JBF System Technology accounting software with a standard chart of accounts and any other financial and/or reporting software which JBF may specify from time to time. You must provide your reporting the format specified by JBF from time to time, which may include, without limitation, answering questionnaires, surveys or completing other reporting regarding the income and expenses of the franchised business. JBF currently requires Franchisees to submit royalty reports through the financial module in JBF System Technology. You may be required to share your information, analytics and analytics properties, and key performance indicators with JBF and other franchisees. Upon

JBF's request, you must submit to JBF accurate financial reports, copies of all federal and state income tax returns, analytics and analytics properties, and such other reports and records relating to your JBF Consignment Sale Business, in the form required by JBF from time to time. Franchisees currently must provide JBF with bi-annual profit and loss statements in the format required by JBF. You agree that JBF has the right to use and disclose all reports and information provided by you for any purpose, including but not limited to inclusion in subsequent franchise disclosure documents and benchmarking for the franchise system. Each report and financial statement submitted by you to JBF must be verified and correct and signed by you personally if a sole proprietorship, by a general partner if a partnership, or by an executive officer or other authorized agent of yours if a corporation or a limited liability company. All items described in this paragraph above shall be included in the definition of "Books and Records." You will furnish to us, upon JBF's request, complete copies of all Books and Records, without cost to JBF, for inspection and copying. You agree that JBF may retain the services of third parties to provide analysis, reporting, benchmarking and other services using the Books and Records. In addition to any other legal obligation(s) which may exist, you will maintain and keep all records of or relating to your JBF Consignment Sale Business for the duration of this Franchise and at least two (2) years after Termination of this Agreement.

JBF has the right, at JBF's expense, during normal working hours to audit your Books and Records, including your tax returns with respect to the JBF Consignment Sale Business. If, however, the audit is made necessary by your failure to furnish the Books and Records or other information required by this Agreement, or to furnish those documents on a timely basis, or JBF's audit determines that you underreported sales by more than one percent (1%) of your Gross Sales or you failed to include all of the materials provided to your sale on a consignment basis, then we shall have a right to receive payment for the correct Royalty Fee and charge and recover from you one hundred twenty percent (120%) of JBF's audit costs. The above remedies are in addition to all JBF's other remedies and rights under this Agreement or under applicable law.

5.17 Insurance. Prior to commencement of your JBF Consignment Sales Business, you, must obtain, pay for and maintain the following insurance coverage in the minimum coverage amounts that we require, as modified from time to time, under policies of insurance issued by carriers of your choice and whom we approve: (1) workmen's compensation insurance for all employees, as applicable (2) comprehensive general liability insurance covering all JBF Consignment Sale Business assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death or property damage of not less than One Million Dollars (\$1,000,000), or Three Million Dollars (\$3,000,000) in aggregate claims per year. You may also be required by the property owner or leasing company of the venue where your JBF Sales Events are held to maintain other or additional insurance, and you agree to provide all such required insurance. You must maintain these policies in force during the entire Term of this Agreement. You are prohibited from hosting a JBF Sales Event without first obtaining the insurance we require. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. If you are unable to obtain insurance you may not operate the JBF Consignment Sales Business or hold any JBF Sales Event unless and until the appropriate insurance coverage is obtained. If you are unable to maintain insurance for the JBF Consignment Sales Business, you must immediately notify JBF and cease operating the JBF Consignment Sales Business. Each insurance policy must name JBF (and, if we request it, JBF's directors, employees, shareholders and affiliates) as an additional insured and loss payee and must provide JBF with thirty (30) days advance written notice of any material modification, cancellation, or expiration of the policy. All insurance must be issued by a properly licensed insurance company of recognized responsibility and in good standing in the state where you intend to operate your JBF Consignment Sale Business, and with no less than an "A" rating, designate JBF as an additional named insured, and be satisfactory to JBF in form, substance, and coverage.

JBF reserves the right to require, and may at any time require, franchisee to procure a bond in such amount as may be determined from time to time by JBF and subject to such terms and conditions as JBF may specify from time to time, to cover franchisee's JBF Sales Events. In the event JBF requires franchisee to obtain bonding, JBF will provide franchisee with written notice, and franchisee agrees to obtain such bond within sixty (60) days of JBF's notice and to maintain such bonding thereafter unless and until JBF provides written instructions to the alternative.

You must furnish JBF with a copy of each policy and/or bond you are to maintain, along with evidence of the payment of the premium for each. You must provide certificates of insurance and/or bonding: (1) upon request of JBF, (2) within ten (10) days after each policy is issued or renewed, and (3) thirty (30) days before taking possession of any venue for a JBF Sales Event. You must verify, prior to each JBF Sales Event, that the requisite insurance is in place and will cover all activities surrounding the JBF Sales Event, including set-up, take-down and clean-up.

Failure to maintain the insurance and/or bonding we require and provide the required documentation within the time frames specified can result in immediate termination of this agreement. Failure to maintain appropriate insurance and/or bonding is also an act of default of this Agreement. If you fail or refuse to obtain and maintain the insurance we specify, in addition to JBF's other remedies, we may (but need not) obtain such insurance for you and the JBF Consignment Sales Business on your behalf, in which event you shall cooperate with JBF and reimburse JBF for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for JBF's time incurred in obtaining such insurance.

Your obligation to maintain insurance coverage as described in this Agreement will not be reduced in any manner by reason of any separate insurance we maintain on JBF's own behalf, nor will JBF's maintenance of that insurance relieve you of any obligations to indemnify JBF under this Agreement.

5.18 Completion of Training. Franchisee agrees that its principals (including all owners of a twenty-five percent (25%) interest or more in any franchisee entity, all owners who will be actively involved in the franchise operations, regardless of ownership percentage, and each person responsible for managing any JBF Sales Event) will fully participate in and successfully complete the Initial Training Program and all subsequent or additional training requirements of JBF. Training for up to two (2) persons during the Franchisee's initial scheduled training session is included in the franchise fee, and JBF will not charge an additional training fee for such training. Should franchisee have more than two (2) owners with a twenty-five percent (25%) or more interest or should Franchisee require training for additional owners, JBF agrees to provide such training provided that Franchisee pays an additional training fee of two thousand dollars (\$2,000) per person for the third person and all subsequent persons requiring training. In addition, should Franchisee require additional training, Franchisee agrees to pay JBF a reasonable fee for such training, which may be revised from time to time, and agrees that the current additional training fee in the amount of seven hundred dollars (\$700) per day, plus expenses, is reasonable. Franchisee also agrees that Franchisee shall be responsible for paying the travel, hotel, food and other expenses associated with this training incurred by its representatives.

The Initial Training Program will include objective milestones that Franchisee must achieve in order to successfully complete the Initial Training Program and hold the first JBF Sales Event. The Managing Owner is responsible for ensuring the franchise as a whole meets the milestones. The Franchisee will be evaluated near the completion of Pre-Opening Online Training portion of the Initial Training Program. If the Franchisee trainees have each completed the Online Training portion of the Initial Training Program, the Franchisee will be authorized to open. The Franchisee will be assessed again at six (6) weeks prior to the first scheduled JBF Sales Event to determine readiness to host a JBF Sales Event. If the

franchisee trainees, as a whole, are not meeting training requirements or achieving the training milestones, a default will be issued and Franchisee will not be authorized to host its first JBF Sales Event. Franchisee will be required to cure the default, which, depending on the nature of the default, could require Franchisee to do one or more of the following: (1) postpone and reschedule the sale dates, (2) one or more Franchisee trainees complete additional training and pay the costs of such training, (3) designate a new Managing Owner, (4) purchase additional inventory, (5) have JBF manage the first JBF Sales Event and Franchisee pay the costs of such management, and/or (6) such other cures JBF determines in its reasonable discretion. Any training defaults must be timely cured as set forth in the Notice of Default, and in no event may a training default remain uncured by the date which is four (4) weeks before the first JBF Sales Event. In the event the training defaults are not timely cured, JBF may exercise its legal and contractual rights which may include termination the Franchise Agreement without refunding the franchise fee.

JBF also requires franchisees to participate in ongoing success coaching. This coaching is typically conducted via telephone. Franchisee agrees to attend all scheduled coaching sessions.

All new franchise owners must also pay for a Jump Start Guide to provide guidance and support during your first JBF Sales Event. All Jump Start Guides are existing, experienced JBF Franchisees. You must pay the Jump Start Guide fee which ranges from three thousand dollars (\$3,000) to four thousand dollars (\$4,000), depending on the duration requested and includes both compensation to the coach and the coach’s travel expenses. Franchisees may choose the level of assistance but must participate in the program.

JUMP START GUIDE

| Jump Start Guide | Cost |
|-----------------------------------|-------------|
| Jump Start Guide – 3 days | \$3,000 |
| Jump Start Guide Premium – 5 days | \$4,000 |

JBF may also offer or require subsequent additional training programs. If JBF designates any additional training program as required, you must attend the additional training program. JBF reserves the right to charge a reasonable fee for any additional training programs.

5.19 Use of Marks. Franchisee agrees to use the Marks solely in connection with the Franchise and solely in the sale of products and services approved by JBF (see Section 7 below). Franchisee agrees not to use the name “JUST BETWEEN FRIENDS” or the initials “JBF” in its name, whether alone or in combination with any other portion. Franchisee agrees to give notice to the public that Franchisee is an independently owned and operated business, that Franchisee is an authorized Franchisee of JBF, and that Franchisee is not owned or controlled by JBF. In the event Franchisee uses the marks in any online platform, page, or listing, Franchisee will be deemed conclusively to have agreed to the terms on [Exhibit 10](#).

5.20 Late Fee, Interest and Costs of Collection. In the event Franchisee fails to pay any amount to JBF at the time and in the amount when due, Franchisee agrees to pay JBF a late fee in the amount of seventy-five dollars (\$75.00) and interest at the rate of one and one half percent (1.5%) per month on the unpaid balance, including the late fee, until paid and to reimburse to JBF for all attorneys’ fees, expenses and costs of collection incurred by it. Franchisee grants JBF an unconditional right to deduct all such amounts owed from amounts held by JBF from Franchisee’s account. In the event that any payment to JBF is returned for insufficient funds or any ACH withdrawal is not processed due to insufficient funds, Franchisee shall remit to JBF a fifty dollar (\$50) Insufficient Funds Fee. The rights of JBF to receive late fees, interest, insufficient funds fees and reimbursement of its expenses and the right of set off are in addition to all other rights and remedies available to JBF at law, in equity, and as set forth in this Agreement. Should Franchisee continue in nonpayment after assessment of the late fee and/or the insufficient funds fee and notice, JBF reserves the right to pursue all other remedies available under the Agreement, including

but not limited to assessment of a non-compliance charge and/or termination.

When we receive a payment from you, JBF has the right in JBF's sole discretion to apply it as we see fit to any past due indebtedness of yours due to JBF or JBF's affiliates, whether for Royalty Fees, advertising contributions, purchases, late fees, interest, or for any other reason, regardless of how you may designate a particular payment to be applied. We may set off any amounts you or your owners owe JBF or JBF's affiliates against any amounts we or JBF's affiliates owe you or your owners. We shall have the right to require that any payments due to JBF or JBF's affiliates be made by certified or cashier's check in the event that any payment by check is not honored by the bank upon which the check is drawn. JBF has the right to accept payment from any other person or entity as payment by you. JBF's acceptance of that payment will not result in that other person or entity being substituted into this or any other agreement on your behalf. (You acknowledge that the inclusion of this Section 5.17 in this Agreement does not mean we agree to accept or condone late payments, nor does it indicate that JBF has any intention to extend credit to, or otherwise finance your operation of the JBF Consignment Sales Business.)

5.21 Technology Update Assessments. Franchisee agrees to pay JBF the costs incurred by JBF in modifications to the JBF System Technology, (including without limitation the intranet system, tagging, barcoding, QR coding, financial software, mobile apps, customer service software, point of sale system, JBF Wallet, and other software and technology) on a pro-rata basis with other franchisees, and such payment shall be made within fifteen (15) days after the date of the invoice to Franchisee for these costs. Franchisee agrees, without limitation as to other costs included, that any such assessment may include project management and system architecture labor costs. Technology update payments assessed to franchisees on a pro-rata basis will be spent on technology updates, but Franchisee acknowledges and agrees that technology changes rapidly, and system plans may change. JBF shall not be obligated to spend a technology update payment on any particular technological acquisition and may change or revise its technology update plans from time to time, including after assessment of a technology update payment. Franchisees of a new franchise location will not owe any technology update assessment payments during the first (1st) year of the franchise, as any such payments would be deemed satisfied by the New Franchise Technology License & Set-Up Fee.

5.22 New Franchise Technology License & Set-Up Fee. At the time of execution of this Agreement, if Franchisee is acquiring a new franchise location as opposed to purchasing an existing location from an existing franchisee or renewing an existing franchise location, Franchisee will pay JBF a one thousand five hundred dollar (\$1,500) technology license and set-up fee for each new franchise unit acquired. In the event that a JBF System Technology Update Assessment would require any Technology Update Assessment payments during the first (1st) year of the franchise, this New Franchise Technology License & Set-Up Fee will satisfy Franchisee's obligations under such assessment such that Franchisee will not be responsible for payment of any such Technology Update Assessment payments during the first (1st) year of the franchise.

5.23 Website/Technology Fee. JBF has established an Internet site to advertise, market, and promote Just Between Friends Consignment Sales Businesses, the products and services that they offer and sell, and/or the franchise opportunity (a "Franchise System Website"). We may, but are not obligated to, provide you with a webpage on the Franchise System Website that references the JBF Consignment Sales Business. If we provide you with a webpage on the Franchise System Website, you must: (i) use JBF's internet domain name (jbf.sale.com) and not use any other domain name; (ii) be listed in the Franchise System Website and not to be listed in any other websites, without written request to JBF and prior approval from JBF; (iii) provide JBF the information and materials we request to develop, update, and modify your webpage; (iv) notify JBF whenever any information on your webpage is not accurate; (v) if we give you the right to modify your webpage, notify JBF whenever you change the context of your webpage; and (vi) pay JBF's then current initial fee and monthly maintenance fee for the webpage. We will own all

intellectual property and other rights in the Franchise System Website, including your webpage, and all information they contain (including, without limitation, the domain name or URL for your webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

Franchisee will pay a Technology Fee to JBF monthly which will include one (1) license per franchise for the JBF System Technology and two (2) email addresses per franchise. If Franchisee requests additional licenses/seats to the JBF System Technology, JBF will provide the additional licenses/seats provided that the individual having access to the license log-in has executed a confidentiality agreement, and JBF reserves the right to charge a reasonable fee for such additional licenses/seats. Additional email addresses are, as of the date of this document, ten dollars (\$10) per month. The technology and included software tools may change from time to time (e.g. website, customer tagging software, point of sale system, accounting software, customer service and surveying tools, database management, training module, JBF intranet, email marketing, marketing design, and other system technology tools). The Technology Fee is currently billed twice-annually in the amount of one thousand two hundred thirty dollars (\$1,230) per twice-annual bill. Franchisees can currently elect to pay the Technology Fee in monthly installments of two hundred fifteen dollar (\$215) per monthly installment, with monthly installments automatically processed via ACH. As of the issuance date of this disclosure document, JBF is offering the following discounts to multi-unit franchise owners: The primary location pays full price; second location receives a ten percent (10%) discount; third location receives a fifteen percent (15%) discount, and fourth location receives a twenty percent (20%) discount. JBF reserves the right to change or eliminate discounts offered. In addition, JBF does not currently charge but reserves the right to charge a commercially reasonable fee per ticket sold (no charge for free tickets issued) through the JBF System Technology. The Technology fees are subject to change with thirty (30) days written notice.

You agree that your advertising materials will use only the domain name, URL, or internet address designated by JBF from time to time, currently "JBFSale.com".

We will maintain the Franchise System Website. We periodically may update and modify the Franchise System Website (including your webpage). You acknowledge that JBF has final approval rights over all information on the Franchise System Website (including your webpage).

You may not develop, maintain or authorize any other webpage, Internet site or social networking site (including but not limited to Facebook, Instagram, Pinterest, Twitter, Tik Tok, and Google Properties) that mentions or describes you or your JBF sale or displays any of the Marks without JBF's prior written permission. To request permission to establish a social media or other online presence using the Marks, you must complete our then current Request Form (the current form is attached hereto as [Exhibit 10.](#)) In the event we authorize you to use the Marks in an online or social media platform, you agree that we will own any rights you have in the platform and to all data, analytics, analytics properties, reviews and other information generated through the platform, and will have administrative access to such platform. You agree to provide JBF with all access, log-in and password information for such online and/or social media platforms. You also agree to abide by our internet, advertising, and social media guidelines developed from time to time. We reserve the right to revoke any approvals granted, for any reason.

Even if we provide you a webpage on JBF's Franchise System Website, we will only maintain such webpage while you are in full compliance with this Agreement and all System Standards we implement (including, without limitation, those relating to the Franchise System Website). If you are in default of any obligation under this Agreement or JBF's System Standards, then we may, in addition to JBF's other remedies, temporarily remove your webpage from the Franchise System Website until you fully cure the default. We will permanently remove your webpage from the Franchise System Website upon this Agreement's expiration or termination.

In connection with JBF's Franchise System Website, we have established and may continue to operate or authorize through a third-party provider an email system. You agree to participate in any email system we establish and execute any agreements and pay all fees required by the third party provider.

All advertising, marketing, and promotional materials that you develop for the JBF Consignment Sales Business must contain notices of the Franchise System Website's domain name in the manner we designate. You may not develop, maintain, or authorize any other Internet site or social networking site (including but not limited to Facebook, Instagram, Pinterest, Twitter, Tik Tok, and Google Properties) that mentions or describes you or your Center or displays any of the Marks without JBF's prior written approval and without assigning rights in the site to JBF. In the event we authorize you to use the Marks in an online or social media platform, you agree that we will own any rights you have in the platform and to all data, analytics, analytics properties, reviews and other information generated through the platform, and will have administrative access to such platform. You agree to provide JBF with all access, log-in and password information for such online and/or social media platforms. You also agree to abide by our internet, advertising, and social media guidelines developed from time to time. We reserve the right to revoke any approvals granted, for any reason.

JBF may, but has no obligation to, provide a Facebook (or other similar platform) communications page to facilitate franchisees ability to share information. If JBF provides such a page, it may not be regularly monitored by JBF, and no communications or postings made on such page will constitute any notice or communication to JBF. If you elect to use any communications page provided, you must follow the terms and conditions for usage which may be established from time to time and communicated to you.

5.24 Ownership of Consignor/Customer Information. Franchisee agrees that all information collected by Franchisee or under Franchisee's control concerning existing and potential consignors and/or customers belongs to JBF, including without limitation any consignor and/or customer information, agreements, communications, and reviews and all customer and consignor data stored with a third party software provider (e.g. Eventbrite, TicketSpice, Constant Contact, Sign Up Genius). Upon termination of the Franchise for any reason, Franchisee agrees to deliver and assign all such data to JBF (including without limitation all customer and consignor data stored with third party software providers (e.g. Eventbrite, TicketSpice, Constant Contact, Sign Up Genius).

5.25 Collaboration with Other Franchisees. JBF Franchisees are often collaborative and cooperative in sharing their ideas and concepts, and JBF encourages these cooperative efforts and encourages all franchisees to freely exchange information, ideas, and concepts within the JBF System. JBF also encourages neighboring franchisees to engage in cooperative joint advertising. Franchisees should keep in mind that, as set forth in section 8.1 above, ideas, concepts, methods or techniques of improvement relating to the JBF Consignment Sales Business which they or their employees develop in the course of the operation of the JBF Consignment Sales Business will belong to JBF so that the system as a whole can benefit from those. Apart from the general system-wide sharing, some franchisees may have skills or products that they are willing to offer to other franchisees for a fee. JBF requires that any franchisee who desires to offer any services, products, or goods to other franchisees first obtain the written approval of JBF, which approval shall not be deemed an endorsement of any product or service being offered. Franchisees are prohibited from negotiating with vendors or suppliers on behalf of other franchisees or the franchise system as a whole without first obtaining JBF's written consent. While collaborating within the JBF Franchise System, Franchisees should be mindful of their obligations, as set forth in Sections 1.5 and 8 of this Agreement to take steps to protect the confidentiality of the JBF Confidential Information and not to disclose Confidential Information outside of the JBF Franchise System. Franchisees collaborating with other franchisees should also be mindful that the definition of Confidential Information includes "ideas, concepts, methods or techniques of improvement relating to the JBF Consignment Sales Business developed by you in the course of fulfilling your obligations under this Agreement" and that as set forth in

section 5.9 “JBF owns all intellectual property rights to advertising designs which advertise the brand or include the JBF Marks, regardless of whether those advertising designs are provided by JBF, you, or your vendor.”

5.26 Gift Card or JBF Bucks/Credit Programs. Should any Franchisee desire to establish a gift card or other program offering Credit, JBF Bucks, or other Smartpay options for use at Franchisee’s JBF Sales Events, Franchisee must first obtain JBF’s written consent. Without limitation as to other conditions of approval, Franchisee must ensure that the program will comply with all escheat laws applicable to the Territory and that adequate safeguards are in place to ensure that the funds representing the value of such credit are held for the benefit of the credit recipient.

6. TERM.

This Agreement shall begin upon execution by both parties and shall end on the fifth annual anniversary of the date of execution, unless sooner terminated in accordance with this Agreement or extended by mutual written consent of the parties. Franchisee may renew and extend this Agreement for successive five (5) year terms by giving written notice to JBF of Franchisee’s election to renew at least three (3) months prior to expiration, provided that:

6.1 Right to Renew. Subject to the provisions of this Section 6 (including each subsection), and if you (and each of your owners) have substantially complied with all provisions of this Agreement, including operating the JBF Consignment Sales Business in accordance with System Standards and with all other agreements between you (and your owners) and JBF or JBF’s affiliates, then on expiration of the Term of this Agreement, if you agree to update and/or upgrade all equipment, including the Computer System, in accordance with the then existing requirements of new franchisees then you will have the right to renew the Franchise for an additional term of five (5) years by signing a new Franchise Agreement in the then-current form which may have terms materially different than this Agreement, provided, however, that you pass a background and credit report screening in the same manner as that required of new franchisees, you must update all information with JBF (including social media accounts and access); you must pay JBF a renewal fee of three thousand dollars (\$3,000) at the time of renewal of the Franchise and reimburse JBF for the actual cost of the background and credit report screening.

6.2 Notice of Renewal; Procedure. You agree to give JBF written notice of your election to renew the Franchise no more than one hundred eighty (180) days and at least ninety (90) days prior to the expiration of the Term. If you fail to notify JBF of your election to renew the Franchise within the prescribed time period, we need not grant you a renewal term. We agree to give you written notice (“Our Notice”), not more than sixty (60) days after we receive your notice of JBF’s decision: (1) to grant your renewal request; (2) to grant your renewal request on the condition that you correct deficiencies in your operation of the JBF Consignment Sales Business under the time period specified (or the operation of any other JBF Consignment Sales Business in which you or your owners have an interest); (3) to grant your renewal request on the condition that you update and/or upgrade equipment to be in compliance with JBF’s then current System Standards under the time period specified; (4) not to grant your renewal request based on JBF’s determination that you and your owners have not substantially complied with this Agreement during the Term or were not in full compliance with this Agreement and all System Standards on the date you gave JBF written notice of your election to renew; or (5) not to grant your renewal request because we no longer maintain a franchise program for Just Between Friends Consignment Sales Businesses. Renewal of the Franchise will be conditioned on your continued compliance with all the terms and conditions of this Agreement up to the date of expiration, in addition to your compliance with the obligations described in JBF’s Notice, which may include actions to cure any operating deficiencies or to bring the JBF Consignment Sales Business into compliance with then-applicable System Standards.

6.3 Renewal Agreement. If you satisfy all the other conditions to renew the Franchise, you agree to execute the form of standard franchise agreement and any ancillary agreements we then customarily use in granting franchises for the operation of Just Between Friends Consignment Sales Businesses (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement, we may offer you a renewal franchise agreement. Upon renewal, provisions in the Franchise Agreement related to payment of an initial franchise fee, requirement to complete initial training, and timing of the first sale shall not apply and shall be replaced with the following:

(a) There shall be no initial franchise fee required to be paid upon renewal, and, you must pay the renewal fee of three thousand dollars (\$3,000), plus reimburse JBF for the actual cost of the background and credit report screening; and

(b) There shall be no requirement to complete initial training upon renewal unless additional training modules/requirements have been added to the training program, in which case you shall complete such new or additional training modules/requirements; and

(c) The provision requiring the first sale of a new franchise within three hundred (300) days shall not apply upon renewal, and the franchisee shall continue to hold not less than two (2) JBF Sales Events each calendar year, holding at least one JBF Sales Event during each Sale Season.

6.4 Releases. You and your owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against JBF and JBF's affiliates, owners, officers, directors, employees, agents, successors, and assigns. We will consider your or your owners' failure to sign the agreements and releases and to deliver them to JBF for acceptance and execution (together with the renewal fee) within thirty (30) days after their delivery to you to be an election not to renew the Franchise.

6.5 No Convictions/Litigation. Both prior to entering into this Agreement and throughout the term (including any renewal term of this Agreement), you and your owners must not have been convicted of any felony or allegation of fraud or misrepresentation and must not have been enjoined from engaging in any form of business, and must not be the subject of any pending litigation. You may be required to pass a credit check and background investigation to be eligible to renew this Agreement.

6.6 HoldOver. In the event the term of this Agreement expires and the Parties have not entered into a written franchise renewal agreement, but the franchisee continues to operate the franchised business with the written consent of JBF, the franchise agreement shall be deemed to be extended on a month to month basis, and all terms of this franchise agreement shall continue to apply. The parties further agree that in the event Franchisee has continued to operate the franchised consignment sales business without the written consent of JBF, JBF shall be entitled to enforce all rights and remedies set forth in this Agreement, regardless of the expiration date. Nothing in this paragraph shall be construed to require JBF to consent to a holdover or month to month continuation of this Agreement. In the event Franchisee does not enter into a written renewal franchise agreement upon the expiration of this Agreement, JBF shall, in its sole discretion, be entitled to exercise any and all legal and contractual remedies available to it.

7. USE OF THE MARKS.

7.1 Goodwill. Franchisee acknowledges that valuable goodwill is attached to the Marks, the System and the Operations Manual and that Franchisee will adopt and use the Marks, the System, and the Operations Manual only in the manner and to the extent specifically permitted by this Agreement. You

acknowledge that your right to use the Marks and Trade Dress is derived solely from this Agreement and is limited to your operation of the JBF Consignment Sales Business pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures we prescribe from time to time during the Term. If you make any unauthorized use of the Marks and Trade Dress it will constitute a breach of this Agreement and an infringement of JBF's rights in and to the Marks and Trade Dress. You acknowledge and agree that all your usage of the Marks and any goodwill established by your use will inure to JBF's benefit exclusively, and that this Agreement does not confer any goodwill or other interests in the Marks or Trade Dress on you (other than the right to operate a JBF Consignment Sales Business in compliance with this Agreement). You agree that any benefit of goodwill associated with the Marks in the Territory shall only be loaned to you during the Term and that upon Termination or Expiration of this Agreement, without the necessity of any action and without any additional compensation or consideration, all goodwill shall automatically transfer back to JBF. All provisions of this Agreement applicable to the Marks and Trade Dress will apply to any additional trademarks, service marks, commercial symbols, designs, artwork and logos we may authorize and license you to use during the Term. You may not at any time during or after this Agreement's Term, contest or assist any other person in contesting the validity of, or JBF's rights to, the Marks or Trade Dress. All goodwill associated with the Marks, including any goodwill which might be deemed to have arisen through Franchisee's activities, shall inure directly and exclusively to the benefit of JBF, and Franchisee shall not at any time acquire any rights in the Marks or the System, except as specifically provided in this Agreement. Franchisee agrees that Franchisee will not register or attempt to register the Marks in Franchisee's own name or take any other action that undermines the rights of JBF in the Marks. Franchisee agrees not to permit any person or other entity to use the Marks or the System or the Operations Manual without the prior written consent of JBF.

7.2 Limitation on Use of Marks. Franchisee agrees not to do anything which would jeopardize, diminish, or cause harm or injury to JBF, the Marks, the System, or the Operations Manual. Franchisee's advertising or other use of the Marks shall not contain any material which may, in the good faith judgment of JBF, be in bad taste or inconsistent with clean wholesome public image of JBF, or bring discredit, disparagement, ridicule or scorn upon JBF, the Marks, or the System. Franchisee agrees not to make any use of the Marks in any advertising material which has not been approved in advance by JBF. Unless you have JBF's prior express written consent, you agree not to use any Mark as part of any corporate or trade name; with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos and additional trade and service marks licensed to you under this Agreement) or in any modified form; as part of any domain name, homepage, electronic address, or otherwise in connection with an Internet site (unless in connection with JBF's approved Franchise System Website (defined in Section 5.19)); or in any user name, screen name or profile in connection with any social networking sites, such as, but not limited to, Facebook, Instagram, Pinterest, Twitter, Tik Tok, and Google Properties. JBF has no obligation to consent to your use of any Mark or trade name in any form of electronic media and reserves all rights to own and control the use of all Marks and trade names in all forms of electronic media. Should we grant you written authorization to use the Marks in a form of electronic media, you agree that we will have ownership and control over the content associated with the Marks, administrative access to all such electronic media accounts, and log-in information and passwords to all such accounts. You may not use any Mark or any commercial symbol similar to the Marks, in connection with the performance or sale of any unauthorized services or products or in any other manner JBF has not expressly authorized in writing. You also may not use any Mark in advertising the transfer, sale or other disposition of the JBF Consignment Sales Business or an ownership interest in you without JBF's prior written consent. You agree to display the Marks in the manner we prescribe at the JBF Sales Events and in connection with advertising and marketing materials, and to use, along with the Marks, notices of trade and service mark registrations as we specify. You agree not to enter into any contracts under JBF's trade name or Mark and specifically agree to use your legal name for all contractual obligations. You further agree to obtain any fictitious or assumed name registrations as may be required under applicable law. You must provide to us, within thirty (30) days after execution of this Agreement, the identity of the Fictitious Business Name under which you are

operating your JBF Consignment Sale Business, if any.

7.3 Notice of Infringement. Franchisee agrees promptly to inform JBF in writing of any apparent infringement of or challenge to your use of any Mark, of any claim, demand, suit or proceeding alleging that use of the Marks, the System, or the Operations Manual infringes the rights of another. You agree not to communicate with anyone except JBF and JBF's counsel in connection with any such infringement, challenge or claim. JBF has the sole right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You agree to sign any documents, render any assistance, and do any acts that we or JBF's attorneys deem necessary or advisable in order to protect and maintain JBF's interests in any litigation or proceeding related to the Marks or to otherwise protect and maintain JBF's interests in the Marks. The obligations in this paragraph survive the termination of this Agreement. In the event JBF undertakes the defense or prosecution of any such claim or proceeding related to the Marks or the System, JBF shall bear all costs and expenses related to such litigation. Franchisee agrees to cooperate with JBF and do such things as are necessary or desirable to carry out such defense or prosecution.

7.4 No Variance of the Marks. Franchisee agrees not to use any of the Marks if such use may constitute trademark infringement, unfair competition, or a violation of state or federal law. Franchisee agrees not to alter the mark without prior consent of franchisor. If it becomes advisable at any time in JBF's sole judgment for the JBF Consignment Sales Business to modify or discontinue the use of any Mark or for the JBF Consignment Sales Business to use one (1) or more additional or substitute trade or service marks, you agree, at your expense, to comply with JBF's directions to modify or otherwise discontinue the use of the Mark, or use one (1) or more additional or substitute trade or service marks, within a reasonable time after JBF's notice to you. We need not reimburse you for your direct expenses of changing the signs of the JBF Consignment Sales Business, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

8. CONFIDENTIALITY.

8.1 Confidential Information. Franchisee agrees that JBF has developed and will develop trade secrets and other unique, proprietary or confidential information, methods, procedures, information, systems and knowledge of and experience in operation of JBF Consignment Sales Businesses not generally known in the consignment sale industry, including (1) the confidential portions of this Agreement, (2) Operations Manual (3) venue selection criteria; (4) methods of efficiently and cost-effectively organizing and arranging the products sold at consignment sales events; (5) methods of operating the consignment sales events; (6) JBF's proprietary order entry and bar coding system; (7) knowledge of sales and profit performance of any one [1] or more JBF Sales Events, including but not limited to gross sales and/or profit and loss data; (8) knowledge of test programs, market research results, analytics, analytics properties, concepts or results relating to consignment items or categories; sources of products; and advertising, marketing and promotional programs; (9) procedures and methods for the selection and training of personnel; (10) knowledge of, specifications for, and suppliers of, Operating Assets and other products and suppliers; (11) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of consignment sales events; (12) training materials, the and other manuals, including those providing methods of training personnel; (13) Customer lists; (14) Vendor lists; (15) ideas, concepts, methods or techniques of improvement relating to the JBF Consignment Sales Business developed by you in the course of fulfilling your obligations under this Agreement; and (16) any log-in or password used to access other Confidential Information or the JBF franchise systems. We will disclose Confidential Information to you in the initial training program, the Operations Manual and in guidance furnished to you during the term of the Franchise. In addition, in the course of the operation of the JBF Consignment Sales Business, you or your employees may develop ideas, concepts, methods or techniques of improvement relating to the JBF Consignment Sales Business which

will belong to JBF and which you agree to disclose to JBF and which we may then authorize for use in Just Between Friends Consignment Sales Businesses. (Any such information disclosed to or developed by you will be referred to in this Agreement as “Confidential Information”.) You will not acquire any interest in the Confidential Information, notwithstanding your involvement in contributing to it, other than the right to utilize it in the development and operation of your JBF consignment sales business during the term of the franchise. Upon termination, transferring, or expiration of this Agreement, and/or upon request by Franchisor, Franchisee shall within ten (10) calendar days, return any and all Confidential Information in Franchisee’s possession, custody, or control, including but not limited to, any and all written material, photographs, and other tangible items and documentation made available or supplied by the Franchisor. Franchisee’s access to all JBF Systems will cease immediately upon termination, transferring or expiration of franchise agreement. Franchisee also agrees upon the cancellation or termination of employment or contractor status of any authorized person to whom you have, with JBF’s permission, granted access to Confidential Information, that Franchisee will obtain from such person and return to JBF within ten (10) calendar days any and all Confidential Information in such person’s possession, custody, or control.

8.2 Non-Disclosure Agreement. Franchisee agrees that Franchisee’s right to use such information derives solely from this Agreement and use of such information provides Franchisee a competitive advantage in the marketplace. You agree that your relationship with JBF does not vest in you any interest in the Confidential Information other than the right to use it in the operation of the JBF Consignment Sales Business, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition and would result in irreparable injury to JBF for which there is no adequate remedy at law. You acknowledge and agree that the Confidential Information belongs to us, may contain trade secrets belonging to JBF and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the Term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent the unauthorized use or disclosure of the Confidential Information, including, without limitation, restricting its disclosure to your personnel and others and using non-disclosure and non-competition agreements, in the form we require from time to time, the current forms of which are attached as [Exhibit 7](#) for owners and [Exhibit 8](#) for non-owner Team Members with those having access to Confidential Information. JBF has the right to modify the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights. Each and every individual who will access Franchisor’s Confidential Information and/or any site, program or system hosted, provided or maintained by or for Franchisor must have an individual log-in and password issued for such person to access such Confidential Information, site, program or system. No log-in or password may be issued or provided unless and until the Nondisclosure and Non-Competition Agreement attached hereto has been executed by such individual and provided to us. It shall be a material default of this Agreement for Franchisee or any individual to whom Franchisee has provided access to Franchisor’s Confidential Information and/or any site, program or system hosted, provided or maintained by or for Franchisor to provide access in violation of this provision or to share any log-in or password access to such Confidential Information, site, program or system. In the event applicable law at any time makes all or part of Exhibit 7 or 8 unenforceable with respect to any holder of a legal or beneficial interest in Franchisee (and each member of his or her immediate family or household), and each officer, director, executive, manager or member of the professional staff, or any employees of Franchisee who will have access to Confidential Information, Franchisee shall have modified or updated Agreements in an enforceable form approved by Franchisor signed by each such Individual.

8.3 In-Term Non-Competition Agreement. You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a

free exchange of ideas and information throughout the Just Between Friends franchise system and among JBF franchisees if franchise owners were permitted to hold interests in any competitive businesses, as described below. Therefore, during the Term of this Agreement, neither you, nor any owner, nor any affiliate of you or any owner, nor any member of your or your owners' immediate family members shall: (1) have any direct or indirect interest as an owner in a Competitive Business (defined below), wherever located or operating (excluding an equity ownership of less than one percent (1%) of a publicly-traded company); (2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating; or (3) divert or attempt to divert any actual or potential business customer of the JBF Consignment Sales Business to a Competitive Business. The term "Competitive Business" means any business (other than the JBF Consignment Sales Business operated pursuant to this Agreement or another JBF franchise agreement) that operates, or grants franchises or licenses to others to operate, a consignment sales business or other resale business offering maternity clothing, children's furniture, equipment, toys, clothing and/or similar items. You agree to obtain similar covenants from the personnel we specify, including officers, directors, minority owners, personnel, and other persons attending JBF's training program or having access to Confidential Information and have each such individual sign the confidentiality and non-competition agreement in the form attached we specify from time to time, the current form of which is attached as [Exhibit 7](#) for owners and [Exhibit 8](#) for non-owner Team Members who will have access to JBF's Confidential Information. JBF has the right to modify the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights. You are also required to abide by the post-termination non-competition agreement as set forth in Section 12 of this Agreement. In the event applicable law at any time makes all or part of Exhibit 7 or Exhibit 8 unenforceable with respect to any holder of a legal or beneficial interest in Franchisee (and each member of his or her immediate family or household), and each officer, director, executive, manager or member of the professional staff, or any employees of Franchisee who will have access to Confidential Information, Franchisee shall have modified or updated Agreements in an enforceable form approved by Franchisor signed by each such Individual.

9. TRANSFERABILITY.

9.1 JBF Delegation of Performance / Transfer. You agree that JBF has the right to delegate the performance of any portion or all of JBF's obligations under this Agreement to third-party designees, whether these designees are JBF's agents or independent contractors with whom JBF has contracted to perform these obligations. This Agreement is fully transferable by JBF and will inure to the benefit of any person or entity to whom it is transferred, or to any other legal successor to JBF's interests in this Agreement.

9.2 No Transfer/Resale Without Approval. You understand and acknowledge that the rights and duties created by this Agreement are personal to you and your owners and that JBF has entered into this Agreement in reliance on the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you, your owners and your Managing Owner. Accordingly, neither this Agreement, the JBF Consignment Sales Business or its assets, nor any Interest of an owner, may be Transferred (see definition below) without JBF's advance written approval, which shall not be unreasonably withheld. Any Transfer/Resale that is made without JBF's approval will constitute a breach of this Agreement and convey no rights to or interests in this Agreement, in you, or in any JBF Consignment Sales Business. In addition to other requirements of approval of transfer/resale, JBF may withhold its consent, and no transfer/resale may be affected, unless (1) all fees and other payments due from Franchisee under this Agreement have been made, and (2) Franchisee is in full compliance with the provisions of this Agreement and the Operations Manual at the time of such proposed transfer.

9.3 Conditions for Approval of Transfer/Resale. If you are in full compliance with this Agreement (and you and your owners are in full compliance with all other agreements with JBF and its

affiliates), then subject to the other provisions of this Section 9 (including without limitation our right of first refusal), we will approve a Transfer/Resale that meets all the applicable requirements of this Section 9.3. The person or entity to whom you wish to make the Transfer/Resale and, if an entity, its Principals and Managing Owner (“Proposed New Owner”) must be individuals of good moral character and otherwise meet JBF’s then applicable standards for Just Between Friends franchisees, including but not limited to meeting minimum credit and liquidity requirements and satisfactorily passing a background check. If you propose to Transfer/Resell this Agreement, the JBF Consignment Sales Business or its assets or a controlling Interest in you, or make a Transfer/Resale that is one of a series of Transfers which taken together would constitute the Transfer of this Agreement, the JBF Consignment Sales Business or its assets or a controlling Interest in you, all of the following conditions must be met before or at the time of the Transfer:

- (a) the Proposed New Owner must have sufficient business experience, aptitude, and financial resources to operate the JBF Consignment Sales Business;
- (b) the Proposed New Owner must satisfactorily pass a credit and background check;
- (c) you must pay any amounts owed for purchases from JBF and JBF’s affiliates (for both this franchise unit and any other franchise unit in which you or your owners have an interest), and any other amounts owed to JBF or JBF’s affiliates which are unpaid;
- (d) neither the Proposed New Owner nor its owners (if the Proposed New Owner is an Entity) nor affiliates of either shall have a direct or indirect ownership interest in or perform services for a Competitive Business;
- (e) the Proposed New Owner (and its Managing Owner and Principals if an entity) and its other representatives determined by JBF must have successfully completed JBF’s training program;
- (f) the landlord must have consented to the assignment or sublease of the venue premises to the Proposed New Owner if the lease requires consent;
- (g) you shall have paid to JBF the Transfer/Resale Fee of seven thousand five hundred dollars (\$7,500); (In cases where more than one (1) individual has an interest in the franchise, and the interest of one (1) individual is transferred/sold to one of the other individuals with an existing interest in the franchise and who has already completed the initial training, the Transfer/Resale Fee is reduced to seven hundred fifty dollars (\$750);
- (h) you and your owners must execute a general release (in a form satisfactory to us) of any and all claims against JBF and JBF’s officers, directors, employees, and agents (currently [Exhibit 4](#));
- (i) we must approve the material terms and conditions of the proposed Transfer/Resale, including, without limitation, the price and terms of payment, as not so burdensome as to adversely affect the operation of the JBF Consignment Sales Business;
- (j) the Proposed New Owner must agree in writing to upgrade, modernize and equip the JBF Consignment Sales Business in accordance with JBF’s then-current requirements and specifications for Just Between Friends Consignment Sales Businesses within the time period we require;

(k) all equipment must be in good working condition, as required at the initial opening of the JBF Consignment Sales Business;

(l) if the transfer/resale is of this Agreement, the Proposed New Owner shall agree to assume all of your obligations under this Agreement in a form acceptable to JBF and shall agree to execute a new franchise agreement for a new term and any related documents with us, including the personal guarantees in JBF's then current form, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement; provided that the Proposed New Owner shall not be obligated to pay an initial franchise fee, the Territory description shall be the Territory set forth in this Agreement (with no variation in territory description), the allowed time period before the first JBF Sales Event shall not apply, and the minimum royalties applicable to the first Sale Season for the New Owner shall be based on the total number of years of operation for the franchised location, not just the years operated by the new franchisee.

(m) you and the proposed New Owner shall execute our then current form of transfer/resale addendum (the transfer/resale addendum as of the date of this Franchise Agreement is attached hereto as [Exhibit 13](#));

(n) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the Proposed New Owner's obligations to you are subordinate to the Proposed New Owner's obligation to pay Royalty Fees, advertising contributions, and other amounts due to us, JBF's affiliates, and third party vendors;

(o) you and your transferring/selling owners (and your and their immediate family members) will not, for three (3) years beginning on the transfer/resale's effective date, engage in any of the activities described in Section 12 below;

(p) the Proposed New Owner shall be responsible for the travel and living expenses (including all transportation costs, room, board and meals) incurred during the training program. You shall reimburse JBF for any reasonable expenses incurred by JBF in investigation and processing any Proposed New Owner where the transfer/resale is not consummated for any reason. We may, at JBF's option, require that you guarantee the performance, and obligations of the Proposed New Owner for a period of twelve (12) months after the transfer/resale;

(q) you must have properly offered JBF the opportunity to exercise JBF's right of first refusal as described in Section 9.6, and we must have then declined to exercise it;

(r) Franchisee or the prospective transferee has paid any and all brokerage fees that arise as a result of the transaction;

(s) Franchisee has provided JBF with full administrative access and rights to all social media accounts associated with the franchised business; and

(t) you, your owners, the transferee, and its owners must comply with such other requirements as we deem appropriate in our reasonable business judgment.

We may review all information regarding the JBF Consignment Sales Business that you give the Proposed New Owner, correct any information that we believe is inaccurate and give the Proposed New Owner copies of any reports that you have given JBF or JBF has made regarding the JBF Consignment Sales Business. You agree and understand that the JBF Consignment Sales Business or its assets may not be transferred, sold or assigned except in connection with a Transfer/Resale approved pursuant to Section

9 of this Agreement. You further agree to provide JBF a revised [Exhibit 6](#) to reflect any permitted changes in ownership. You must ensure that the [Exhibit 6](#) on file with JBF is at all times accurate and that a new [Exhibit 6](#) is submitted in the event of any voluntary or involuntary circumstances that would cause any change to the information disclosed on [Exhibit 6](#).

9.4 Assignment to Related Entity. Notwithstanding Section 9.3 above, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation, partnership or limited liability company which conducts no business other than the JBF Consignment Sales Business and, if applicable, other Just Between Friends Consignment Sales Businesses, in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the assets of the JBF Consignment Sales Business are owned, and the business of the JBF Consignment Sales Business is conducted, only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. Transfers of ownership interests in the corporation, partnership or limited liability company are subject to Sections 9.2 and 9.3 above. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur. You must also provide JBF with three (3) months' prior written notice to and obtain the written consent of JBF, which consent will not be unreasonably withheld, provided Franchisee complies with the following transfer/resale requirements in this Agreement:

- (a) Franchisee must be in full compliance with this Agreement, and Franchisee and Franchisee's owners must be in full compliance with all other Agreements with JBF;
- (b) Franchisee and Franchisee's owners must pay all costs, fees and other payments owed to JBF with respect to the franchise unit operated under this Agreement and with respect to any other JBF franchise unit in which you or your owners have an interest before the effective date of any transfer/resale;
- (c) The transferee of the franchise must be reasonably acceptable to JBF;
- (d) The transferee must sign a Franchise Agreement in its then current form for a new term;
- (e) If there is any change in the ownership of Franchisee (i.e. new owners are added as compared to a transfer to a wholly related entity with the same owners), the Franchisee or the transferee must pay JBF a Transfer/Resale Fee of seven thousand five hundred dollars (\$7,500),
- (f) Franchisee must release JBF and all its directors, officers, employees, agents, and other representatives from all liabilities and claims arising prior to the effective date of the transfer/resale, and
- (g) Franchisee must provide JBF with full administrative access to all social media accounts associated with the franchised business.

9.5 Right of First Refusal. With respect to a proposed transfer/resale of any right or interest by Franchisee to a third party, JBF shall have a thirty (30) day first right to match any bona fide offer to purchase, for the same price and on the same terms and conditions contained in such bona fide offer. Such 30-day period shall commence upon receipt by JBF of a copy of the bona fide offer, which shall specify all the material terms and conditions and shall name the proposed purchaser. If JBF elects not to exercise its right of first refusal within thirty (30) days, then Franchisee may sell the interest for the same price and on

the same terms and to the person named in the offer, subject to the approval by JBF and receipt by JBF of all items required in connection with an extension or renewal of this Franchise.

9.6 Death or Disability of Principal. The dissolution, death or disability of the Franchisee or any of Franchisee's twenty-five percent (25%) owners shall not, in and of itself, cause the termination of this Agreement. Upon the death or mental incapacity of any Principal of Franchisee or person holding any interest in the Franchise Agreement, in Franchisee, or in all or substantially all of the assets of the Just Between Friends franchise, an approved transfer/resale must occur within six (6) months. During the interim, however, the personal representative, estate and heirs of the Franchisee or of Franchisee's twenty-five percent (25%) owners, as the case may be, shall have all the rights, powers, duties, and obligations granted to and imposed on the Franchisee by this Agreement; and the personal representative, estate and heirs shall continue to operate the Franchise in accordance with the Agreement and the Operations Manual until such approved transfer/resale occurs. JBF shall continue to rely on the Managing Owner (as set forth on [Exhibit 6](#)) for decisions regarding the Franchise unless the Managing Owner is the person who has suffered the death or disability. In the event a new Managing Owner must be appointed, the person who assumes management of the Franchise shall be subject to the approval of JBF and must satisfactorily complete the Initial Training Program required of every owner. Failure to comply with these requirements may result in termination of the Franchise. In the event the death or disability of Franchisee's Principal leaves the franchise without a fully trained Managing Owner, JBF may require Franchisee to enter into a Management Agreement under which JBF will, for a reasonable fee and reimbursement of its costs, temporarily manage the Franchised Business and/or conduct a JBF Sales Event on behalf of Franchisee.

9.7 Required Training. The new owner(s) of the Franchise (or interest in the Franchise entity) must satisfactorily complete the Initial Training Program required of every owner as a condition of the transfer/resale.

9.8 Required Training for New Business Partners. If, at any time, your business entity makes the decision to take on a partner, member or shareholder after the initial signing of the franchise agreement and Disclosure Document, such change will be subject to the approval requirements set forth in Section 9.3 above. We require that any new approved business partner that is added to your company be fully trained in all aspects of the business. They will be expected to complete the required Initial Training Program. Business partners that are added will be considered a transfer/resale and their training fee (up to two (2) new owners) will be covered under the stated transfer/resale fee (seven thousand five hundred dollars (\$7,500)).

9.9 Effect of Consent to Transfer/Resale. JBF's consent to a proposed Transfer/Resale pursuant to this Section 9 will not constitute a representation of fairness of the terms of the contract between you and the Proposed New Owner, a guarantee of the JBF Consignment Sales Businesses prospects of success, or a waiver of any claims we may have against you, nor will it be deemed a waiver of JBF's right to demand exact compliance with any of the terms or conditions of this Agreement by the Proposed New Owner.

10. NON-COMPLIANCE AND TERMINATION.

10.1 Non-Compliance Charge. In addition to JBF's other rights and remedies, we may charge you a non-compliance charge in an amount up to five hundred dollars (\$500) per violation by you of any term or condition of this Agreement, including, without limitation, failure to pay (or to have adequate amounts available for electronic transfer of) amounts owed to JBF or JBF's affiliates or failure to timely provide required reports. You recognize that when you violate your obligations under this Agreement, JBF will devote time and expenses toward dealing with the non-compliance, and this charge is designed to compensate JBF for that time and expense and shall not be construed as a penalty.

10.2 Our Right to Terminate. We shall have the right to terminate this Agreement effective upon delivery of notice of termination to you, subject to compliance with any required notice and opportunity to cure specified by this agreement and applicable law, if:

(a) You (and your Principals) fail to fully participate in and satisfactorily complete the Initial Training Program (including the Training Milestones) and to hold your first JBF Sales Event in the time period required by this Agreement (within three hundred (300) days of this Agreement for new franchisees and continuing semi-annual JBF Sales Events for renewal franchises or transfers/resales) or otherwise obtain a written extension from JBF based on your demonstration of good cause;

(b) You fail to hold a JBF Sales Event in any Sale Season without obtaining a written Missed Sale Waiver in advance and paying a Missed Sale Royalty;

(c) You or your owners make or attempt to make a Transfer/Resale that fails to comply with this Agreement;

(d) You or your owners make an assignment for the benefit of your creditors, are adjudged bankrupt, become insolvent, enter into voluntary or involuntary liquidation or any proceeding in bankruptcy is filed involving Franchisee which is not dismissed within thirty (30) days, or a receiver or trustee is appointed over the assets of Franchisee;

(e) You or your owners, members, directors, officers, shareholders, partners or managers are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime or offense involving dishonesty, deceit, moral turpitude or any other crime that is likely to adversely affect the reputation of Just Between Friends and the goodwill associated with the Marks;

(f) You or your owners are enjoined from engaging in any type of business;

(h) You violate any law, ordinance, rule, or regulation of a governmental agency and fail to correct such violation within seventy-two (72) hours after you receive notice from JBF or a third party;

(i) You fail to provide requested certificates of insurance/bonding within thirty (30) days before taking possession of any venue for a JBF Sales Event or within five (5) days after you receive notice from us;

(j) You or your owners fail to pay when due any monies owed to us, JBF's affiliates, consignors at your JBF Sales Events, or authorized manufacturers, suppliers or distributors and do not correct such failure within ten (10) days after written notice thereof is given to you;

(k) You maintain false or materially inaccurate or incomplete books and records;

(l) You or your owners make any false, dishonest, deceptive, or materially inaccurate or misleading statement to JBF or to its suppliers, customers, or the general public;

(m) You misuse the Marks, the Operations Manual, or the System;

(o) You or your owners are in default under any other agreement with JBF or any

agreement with JBF's affiliates and fail to cure such default within the applicable cure period of such agreement, if any;

(p) You violate any health or safety law, ordinance or regulation or operate the franchise in a manner that presents a health or safety hazard to the public, including but not limited to knowingly selling recalled items;

(q) You fail to obtain JBF's permission and provide JBF with a signed copy of such person's nondisclosure agreement before disclosing JBF's Confidential Information to any person;

(r) You fail to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure within ten (10) days after written notice of such failure to comply is given to you or there is a course of action over time that indicates your inability or unwillingness to consistently operate the franchise at JBF's normally accepted operational standards;

(s) You fail on 2 or more separate occasions within any twelve (12) consecutive month period to submit when due financial statements, reports or other data, information or supporting records, to pay when due the Royalty Fees, Marketing Brand Fund contributions, Technology Fees and update assessments, amounts due for purchases from JBF, JBF's affiliates and/or authorized manufacturers, suppliers or distributors, consignors to your JBF Sales Event, or other payments due to JBF and/or JBF's affiliates, or otherwise fail to comply with this Agreement, whether or not such failures to comply are corrected after notice thereof is given to you; or

(t) You fail to hold a JBF Sales Event during each Sale Season (Spring (January – June) and Fall (July – December)) on 2 or more separate occasions during any 24 month period, regardless of the reason for the failure and payment of any fee associated with the missed sale.

10.3 Franchisee Right to Terminate. If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days.

11. OBLIGATIONS OF FRANCHISEE AFTER TERMINATION.

11.1 Duties of Franchisee on Termination. Upon Termination of this Agreement (including expiration, transfer/resale or other separation), Franchisee and Franchisee's owners agree to:

(a) Immediately stop using the Operations Manual, the System and the Marks; and

(b) Immediately cease to use or access the JBF System Technology, JBF Systems, all Social Media associated with the JBF Marks, and any other Confidential Information, agree not to use it in any business or for any other purpose, and ensure that all of your owners or employees who have been granted access to JBF System Technology, JBF Systems and any other Confidential Information, also immediately cease all access;

(c) Immediately assign, convey, and deliver to JBF the following (JBF agrees to be responsible for any charges it incurs after the effective date of the assignment and receipt of the assigned item, and Franchisee agrees to pay and be solely responsible for all charges incurred by Franchisee prior to the assignment, plus all interest, collection costs and other related fees and

expenses associated with and arising with respect to such charges):

- i. all copies of the Operations Manuals,
 - ii. the JBF System Technology and other software used in operating the franchised business,
 - iii. past, present and prospective customer lists and data and consignor lists and data (including without limitation all customer and consignor data stored with third party software providers [e.g. Eventbrite, TicketSpice, Constant Contact, Sign Up Genius]);
 - iv. vendor lists,
 - v. online accounts, social media accounts, or platforms associated with the Marks or the Franchised Business,
 - vi. all telephone numbers and email addresses,
 - vii. all digital images prepared by or for JBF or licensed by JBF,
 - viii. all digital images containing the Marks,
 - ix. any signs, equipment or other items containing or bearing the Marks (if franchisee has purchased non-proprietary equipment or items bearing the Marks, the JBF Marks must be removed before purchased non-proprietary items will be allowed to stay in franchisee's possession),
 - x. and any other Confidential Information which JBF has provided to you, which you have developed or to which JBF has given you access
- (d) Not directly or indirectly at any time identify any business with which you are associated as a current or former Just Between Friends Consignment Sales Business or franchisee; and
- (e) Not use any Mark or Trade Dress or any colorable imitation of any Mark or Trade Dress in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol or Trade Dress that suggests or indicates an association with us; and
- (f) Pay within ten (10) days all amounts owed to JBF; and
- (g) Reimburse JBF for all its reasonable costs and attorneys' fees, expenses and costs incurred in the termination of the Franchise, and in enforcing its rights and remedies under this Agreement; and
- (h) Comply with the Non-Competition provisions in this Agreement; and
- (i) Comply with the Confidentiality provisions in this Agreement; and
- (j) Comply with all other provisions of this Agreement which apply after termination.

11.2 Early Termination Damages. In the event that the Franchise Agreement is terminated by you or terminated by JBF with cause, both parties agree that it would be impracticable and extremely difficult to ascertain the amount of actual damages caused by the termination of this Agreement. Therefore, in the event of such a termination, you shall pay us, as liquidated damages, a Missed Sale Royalty for each JBF Sales Event which should occur during the period beginning on the termination date and continuing for the lesser of twenty-four months (24 months) or up to the expiration of the Franchise Agreement term.

11.3 No Obligation to Purchase or Assume Debts. Upon termination of this Agreement by JBF pursuant to Section 10.2, JBF shall have no obligation to purchase any equipment, inventory, or other items of Franchisee or to assume any leases, contracts or other obligations of Franchisee, and JBF shall not be required to return any fees or monies paid by Franchisee.

12. POST-TERMINATION NON-COMPETITION.

By reason of acquiring the Franchise, Franchisee agrees that Franchisee has received and will continue to receive throughout the Term valuable specialized training, trade secrets, and other confidential and proprietary information concerning JBF, including without limitation, information regarding the unique and proprietary operations, sales, promotions, data entry, marketing methods and techniques of JBF, all of which are owned by and valuable assets of JBF. Franchisee further agrees that, upon Termination, Expiration, Non-Renewal, and/or Transfer/Resale of the Franchise Agreement, any and all goodwill loaned to Franchisee automatically transfers back to Franchisor, and that the following non-competition restrictions are reasonable and necessary to protect Franchisor's valuable goodwill.

12.1 Non-competition. You and your owners and affiliates of you and your owners agree that for a period of three (3) years after the effective date of termination, expiration, non-renewal or transfer/resale or the date on which you stop operating the Consignment Sales Business, whichever is later, (the "Non-Competition Period") you or your owners or affiliates of you or your owners will not have any direct or indirect interest (including through a member of your or your owners' immediate family) as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, representative or consultant, in any Competitive Business (defined in Section 8.3 above) located or operating within the Territory or within twenty-five (25) miles of any JBF-owned, JBF affiliate-owned or franchised business; provided that Franchisee may be a passive investor in a publicly-held corporation listed on a national stock exchange or traded on the over-the-counter market. You further agree for the Non-Competition Period not to solicit any JBF franchisee or any customer, vendor, volunteer, contractor, consignor, or employee of the JBF Consignment Sales Business to divert business to a Competitive Business or engage in any conduct likely to be injurious or prejudicial to the goodwill of JBF, the Marks, the System or JBF.

12.2 Application to Transfer/Resell. These restrictions shall also apply after a Transfer/Resale, as provided in Section 9 above. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, JBF's enforcing the covenants made in this Section twelve (12) will not deprive you of your personal goodwill or ability to earn a living.

12.3 Express Acknowledgements. Franchisee expressly acknowledges that:

(a) Franchisee and Franchisee's principal owners possess skills and abilities of a general nature and has other opportunities for exploiting such skills; and

(b) The restrictions imposed by this Agreement are reasonable and necessary for the protection by JBF of its lawful and legitimate business assets; and

(c) Franchisee and Franchisee's principal owners, managers and employees have received special training and experience in the operation of the Franchise that would not have been available to them but for the grant of the Franchise; and

(d) Use or unauthorized disclosure of the Marks, the System, the Operations Manual, and/or Social Media associated with the Marks after termination would result in irreparable injury to JBF for which there is no adequate remedy at law; and

(e) Enforcement of the provisions of this Paragraph will not deprive Franchisee or any of Franchisee's principal owners, managers, or employees an ability to earn a living; and

(f) In the event that a court of competent jurisdiction determines that the provisions of this non-competition agreement are unreasonably broad or of unreasonable duration or otherwise unenforceable, the restrictions contained in this Section shall be reduced to the longest period and the largest geographical area which such court deems reasonable and enforceable under the circumstances. Franchisee agrees to cause Franchisee's owners, directors, members, shareholders, officers, partners, employees and other representatives to be bound by the non-competition agreements contained in this Section.

13. INDEPENDENT CONTRACTOR.

Franchisee and JBF are independent contractors; and neither is an agent, servant, fiduciary, partner, joint venturer, employee or representative of the other. Neither Franchisee nor JBF has any power or authority to bind the other in contract; and neither is responsible or liable for the acts or omissions of the other. Neither Franchisee nor JBF is under the direct control or supervision of the other. Franchisee agrees not to represent to anyone that Franchisee has any power or authority to obligate JBF to any obligation whatsoever or to act in any capacity whatsoever. Except as expressly authorized by this Agreement, neither Franchisee nor JBF will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than that of franchisor and franchisee. You agree to conspicuously identify yourself in all your dealings with customers, suppliers, public officials, personnel, and others as the owner of the JBF Consignment Sales Business pursuant to this Agreement, and agree to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials as we may require from time to time. You specifically agree to notify all of your employees and other individuals who provide assistance to your JBF Consignment Sales Business that such individual is providing assistance to you, as an independently owned and operated franchise, and not to JBF, and that JBF is not a joint employer of such individual.

14. CONTINUING OBLIGATIONS.

All obligations of this Agreement (whether yours or ours) which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire.

15. REPRESENTATIONS AND WARRANTIES.

Each party represents and warrants to the other that:

(a) The execution, delivery and performance of this Agreement has been duly authorized by all requisite actions and will not breach any other agreement to which such party is bound; and

(b) Such party has obtained all requisite consents and authorizations to consummate the transactions contemplated by this Agreement; and

(c) This Agreement is valid, binding and enforceable in accordance with its terms; and

(d) Such party has not incurred any obligations for which the other party shall be responsible without its prior written consent.

16. INDEMNIFICATION.

We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement, whether or not caused by either party's negligent or willful action or failure to act. We will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against you or your assets or on JBF in connection with the business you conduct, or any payments you make to JBF pursuant to this Agreement or any franchise agreement (except for JBF's own income taxes). We are not a joint employer of your employees and will have no liability for any obligations you owe to your employees or for any of your employment practices, including but not limited to any violations of state or federal labor and employment laws. You are solely responsible for maintaining the confidentiality of personally identifiable information of customers and employees of your franchised JBF business and we will have no liability for any breaches of security. You will provide JBF timely notice of customer and employee claims and submissions to your insurance carriers. **You agree to indemnify, defend, and hold harmless us, JBF's affiliates, and JBF's and their respective shareholders, members, directors, officers, employees, agents, successors, and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of your Franchise's operation, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by JBF's gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction.** You specifically acknowledge that you are solely responsible for compliance with all laws and regulations regarding consumer privacy and protection of consumer financial and credit card information and that your obligation to indemnify JBF includes any claims related to such matters. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and

costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witnesses' fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this Section. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section. Nothing herein shall be deemed to impose on Franchisee a duty to indemnify JBF for actions of JBF which violate its obligations to the Franchisee hereunder.

17. ENFORCEMENT.

17.1 Invalid Provisions; Substitution of Valid Provisions. To the extent that any part of this Agreement is deemed unenforceable because of its scope in terms of area, business activity prohibited, or length of time, you agree that the invalid provision will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision under the laws applied in the platform in which JBF is seeking to enforce it.

If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, standard or operating procedure we prescribed invalid or unenforceable, the advance notice and/or other action required or revision of the specification, standard or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provision enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.

17.2 Written Consents from JBF. Whenever this Agreement requires JBF's advance approval or consent, you agree to make a timely written request for it. JBF's approval or consent will not be valid unless it is in writing.

17.3 No Waiver. If at any time we do not exercise a right or power available to JBF under this Agreement or do not insist on your strict compliance with the terms of the Agreement, or if there develops a custom or practice which is at variance with the terms of this Agreement, we will not be deemed to have waived JBF's right to demand exact compliance with any of the terms of this Agreement at a later time. Similarly, JBF's waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and JBF will not affect JBF's rights with respect to any later breach. It will also not be deemed to be a waiver of any breach of this Agreement for JBF to accept

payments which are due to JBF under this Agreement.

17.4 Cumulative Remedies. The rights and remedies specifically granted to either you or JBF by this Agreement will not be deemed to prohibit either of JBF from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

17.5 Specific Performance; Injunctive Relief. Nothing in this Agreement bars JBF's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us, the Marks, and/or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). You further agree to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly.

17.6 Dispute Resolution. Except as set forth in Subsection 17.7(b), and subject to the condition precedent set forth in Subsection 17.7(a) any unresolved dispute between the Parties arising out of or relating to this Agreement shall be, pursuant to the Federal Arbitration Act, resolved exclusively by binding arbitration conducted in the city and state of our then current principal place of business (currently Reading, Pennsylvania) in accordance with the Commercial Rules of Arbitration of the American Arbitration Association. Each party hereby agrees to submit to arbitration and to cooperate with reasonable good faith diligence in the conduct of resolving all disputes arising hereunder or under any purchase order arising pursuant to this Agreement. Each party agrees to be finally bound for all purposes by the decision reached in arbitration, unless the contesting party can prove that the arbitration award was infected with fraud, misconduct or is manifestly contrary to law. Any dispute arising out of or in connection with this arbitration provision, including any question regarding its existence, validity, scope, or termination shall be referred to and finally resolved by arbitration. Each party agrees to submit to personal jurisdiction in the courts located in the county and state of our then current principal place of business (currently Berks County, Pennsylvania) with respect to any proceeding to enforce an award in arbitration. Each party also agrees that venue in the courts of our then current principal place of business (currently Berks County, Pennsylvania) is proper. Each party agrees not to contest venue or personal jurisdiction in any matter involving the interpretation or enforcement of any award granted in any arbitration conducted in accordance with this Agreement. The prevailing party in any arbitration proceeding brought to enforce this Agreement and an award in arbitration shall be entitled to recover all its attorneys' fees and expenses in addition to any other relief granted to it in arbitration or to which it shall be determined to be entitled.

(a) As a condition precedent to filing any action for arbitration, the Parties agree that all disputes, claims and disagreements which are subject to arbitration and which they are not able to resolve after negotiating in good faith shall be mediated by non-binding, mandatory mediation. The complaining Party must provide written notice to the other Party describing the nature of the dispute. The Parties shall then agree on a mediator within ten (10) days. If the parties are unable to agree on a mediator, the mediator shall be appointed in accordance with the Commercial Mediation Rules and Regulations of the American Arbitration Association. Mediation may be held via web meeting or telephone or in the city and state of our then current principal place of business (currently Reading, Pennsylvania) within thirty (30) days after a mediator has been selected or appointed.

(b) Notwithstanding the foregoing, arbitration shall not be used for any action requesting injunctive relief related to ownership or use of the Marks or violation of a confidentiality

or noncompetition provision of this Agreement, which will be submitted to a state or federal court serving our then current principal place of business (currently Reading, Pennsylvania). The Parties expressly agree that such court(s) shall have exclusive jurisdiction over any issues not subject to arbitration. You irrevocably submit to the jurisdiction of such courts, forsaking all other forums or venues, and waive any objection you may have to either the exclusive jurisdiction or venue of such courts. You further irrevocably agree not to argue that the city and state of our then current principal place of business (currently Reading, Pennsylvania) is an inconvenient forum or to request transfer of any such action to any court. Due to the danger of continuing irreparable harm, mediation will not be a condition precedent to a party filing an action seeking injunctive relief.

17.7 Governing Law. This Agreement was executed in Pennsylvania. Except to the extent governed by the United States Trademark Act of 1946 or other United States federal laws, this Agreement shall be governed by and interpreted and construed under Pennsylvania law (except for Pennsylvania conflict of law rules); provided, however, that any law regulating the sale of franchises or governing the relationship of a franchisor or franchisee shall not apply unless its jurisdictional requirements are met independently without reference to this Section.

17.8 Limitations of Claims and Class Action Bar. Any and all claims arising out of this Agreement or the relationship of you and JBF in connection with your operation of the JBF Consignment Sales Business, except for amounts due JBF or JBF's affiliates, must be made within one (1) year of the occurrence of the facts giving rise to such claims or from the date on which you or we should have, in the exercise of reasonable diligence, discovered such facts. Any proceeding will be conducted on an individual, not a class-wide, basis, and a proceeding between JBF and you or your owners may not be consolidated with another proceeding between JBF and any other person or entity, nor may any claims of another party or parties be joined with any claims asserted in any action or proceeding between JBF and you. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

17.9 Binding Effect. This Agreement is binding on and will inure to the benefit of JBF's successors and assigns and will be binding on and inure to the benefit of your successors and assigns, and, if you are an individual, to your heirs, executors and administrators.

17.10 Collection Expenses. Franchisee agrees to pay JBF all costs and expenses, including attorneys' fees and expenses, incurred by JBF in collecting royalties, fees and payments due to it under this Agreement.

17.11 Entire Agreement. This Agreement, together with the introduction and exhibits to it, constitutes the entire agreement between JBF and you concerning the subject matter of the parties, and there are no other oral or written understandings or agreements between JBF and you concerning the subject matter of this Agreement; provided that nothing in this Agreement or any related agreement is intended to disclaim the representations JBF has made in the Franchise Disclosure Document or its attachments and addenda delivered to you. This Agreement may be modified only by written agreement signed by both you and us, except that JBF can modify the Operations Manual at any time and from time to time.

17.12 No Liability to Others; No Other Beneficiaries. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement, and no other party shall have any rights because of this Agreement.

17.13 Construction. All headings of the various Sections and Subsections of this Agreement are for convenience only and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter

or plural, wherever applicable. Except where this Agreement expressly obligates JBF to reasonably approve or not unreasonably withhold JBF's approval of any of your actions or requests, JBF has the absolute right to refuse any request by you or to withhold JBF's approval of any action or omission by you. The term "affiliate" as used in this Agreement is applicable to any company directly or indirectly owned or controlled by us, or under common control, that sells products or otherwise transacts business with you.

17.14 You May Not Withhold Payments Due to Us. You agree that you will not withhold payment of any amounts owed to JBF on the grounds of JBF's alleged nonperformance of any of your obligations under this Agreement or for any other reason, and you specifically waive any right you may have at law or in equity to offset any funds you may owe JBF or to fail or refuse to perform any of your obligations under this Agreement.

17.15 Joint and Several Liability. If two (2) or more persons are the owners of the Franchise under this Agreement, their obligation and liability to JBF shall be joint and several.

17.16 Multiple Originals. This Agreement may be executed using multiple copies, each of which will be deemed an original, and electronic or pdf scan signatures may be deemed originals.

17.17 Timing Is Important. Time is of the essence of this Agreement. ("Time is of the essence" is a legal term that emphasizes the strictness of time limits. It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.)

17.18 Independent Provisions. The provisions of this Agreement are deemed to be severable. In other words, the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

18. NOTICES.

All notices required or permitted by this Agreement shall be hand delivered or sent either by commercial delivery service or by United States mail, postage or delivery charges prepaid, to such person at the last known address of such person. Any such Notice shall be deemed delivered and made upon receipt. Franchisee agrees that any notice may be sent by JBF to the address noted on the first page of this Agreement unless Franchisee has provided JBF with official written notice of a change of address. Franchisee further specifically acknowledges responsibility for ensuring that JBF has current contact information at all times.

19. ELECTRONIC MAIL.

You acknowledge and agree that exchanging information with JBF by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by JBF and JBF's employees, vendors, and affiliates ("Official Senders") to you during the Term of this Agreement.

You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person is employed by or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term of this Agreement.

This consent given in this Section 19 shall not apply to the provision of notice by either party under this Agreement pursuant to Section 18 unless we and you otherwise agree in a written document properly signed by both parties.

20. GOOD FAITH.

The parties to this Agreement agree to deal with each other honestly, fairly, and in nondiscriminatory, commercially reasonable manner.

IN WITNESS WHEREOF, the parties hereto have executed this JBF Franchise Agreement on the day and year first above written.

Franchisor:

**JUST BETWEEN FRIENDS
FRANCHISE SYSTEM, INC.**

By: _____
Tracy Panase, CEO

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION OR
LIMITED LIABILITY COMPANY):**

Entity Name: _____

Sign: _____

Print Signer Name: _____

Title: Managing Owner

**(IF YOU ARE AN INDIVIDUAL AND NOT
A LEGAL ENTITY):**

[Signature]

[Print Name]

[Signature]

[Print Name]

EXHIBIT 1

TERRITORY DESCRIBED

1. Franchisee agrees to use the JBF Franchise to market, promote, consign, sell and distribute maternity and children’s clothing, toys, and other approved products within the Territory, which shall consist of the following zip codes or other physical, political or natural boundaries:

2. The Territory Location shall be called:_____

FRANCHISE OWNER

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

(IF YOU ARE A CORPORATION OR LIMITED LIABILITY COMPANY):

Entity Name:_____

[Signature]

Sign:_____

[Print Name]

Print Signer Name:_____

Title: Managing Owner

[Signature]

[Print Name]

EXHIBIT 2
OWNERS' GUARANTY

(to be executed by every person with a twenty-five percent (25%) or greater ownership interest in the franchise and consented to by such individual's spouse or domestic partner)

In consideration of, and as an inducement to, the execution of the foregoing Franchise Agreement ("Agreement") by JBF ("us"), and _____ ("Franchisee"), each person signing this document (each a "Guarantor") hereby personally and unconditionally (1) guarantees to JBF and its successors and assigns that the Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including, without limitation, the non-disclosure provisions of Section 8.2 of the Agreement, the non-competition provisions of Sections 8.3 and 12.1 of the Agreement and the dispute resolution provisions of Section 17.7 of the Agreement.

Each of you consents and agrees to provide JBF with signed personal financial statements within ten (10) business days of your receipt of a written request for such statement.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchisee or any other person as a condition of your liability; and (3) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchisee fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on JBF's pursuit of any remedies against Franchisee or any other person; (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we 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; and (5) this Guaranty will continue and be irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

Each of you agree that fulfillment of any and all of Franchisor's obligations written in the Franchise Agreement or this Guaranty, or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to you for any reason. This is an important part of this Guaranty. You agree that nothing that you believe you have been told by us or our representatives shall be binding unless it is written in the Franchise Agreement or this Guaranty. Do not sign this Agreement if there is any question concerning its contents or any representations made.

Each of the undersigned represents and warrants that, if no signature appears below for such undersigned's spouse or domestic partner, such undersigned is not married and the assets used to qualify for the franchise are individual and not combined with a domestic partner.

[INTENTIONALLY LEFT BLANK]

This Guaranty is now executed as of the effective date of the Agreement.

GUARANTORS:

(sign)

(sign)

(sign)

(sign)

The undersigned, as the spouse or domestic partner of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by the Guarantor's spouse or domestic partner. Such consent also serves to bind the assets of the marital estate and jointly held assets to Guarantor's performance of this Guaranty.

Name of Guarantor

Name of Guarantor

Name of Guarantor's Spouse or Domestic Partner

Name of Guarantor's Spouse or Domestic Partner

Signature of Guarantor's Spouse or Domestic Partner

Signature of Guarantor's Spouse or Domestic Partner

Name of Guarantor

Name of Guarantor

Name of Guarantor's Spouse or Domestic Partner

Name of Guarantor's Spouse or Domestic Partner

Signature of Guarantor's Spouse or Domestic Partner

Signature of Guarantor's Spouse or Domestic Partner

EXHIBIT 3

GENERAL RELEASE UPON RENEWAL

For the JUST BETWEEN FRIENDS Franchise
granted to

pursuant to the Franchise Agreement

dated _____.

For good and valuable consideration, including the renewal of the Franchise Agreement dated _____, the undersigned Franchisee, for Franchisee and Franchisee’s owners, managers, representatives, successors and assigns, hereby releases, waives, settles and discharges all claims, actions, causes of action, rights, obligations, debts, duties, demands, damages and liabilities of every kind, character and description arising out of or in connection with (1) the franchise relationship, including without limitation the Franchise Agreement and all Exhibits thereto, (2) all other agreements related thereto, and (3) all actions and omissions relating thereto, arising from the beginning of time through the date hereof against every owner, officer, director, manager, employee, agent, attorney, accountant and other representative of Just Between Friends Franchise System, Inc. [Franchisor]. For franchises located in Washington, this release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

This Release was entered into with full knowledge of the legal purposes, intents and effects of the parties and was entered into voluntarily without any promise, inducement, threat, coercion, or intimidation of any kind and does not constitute an admission of wrongdoing of any kind, character and description by any party.

[Signature]

[Print Name]

Dated: _____

[Signature]

[Print Name]

Dated: _____

EXHIBIT 4

GENERAL RELEASE UPON ASSIGNMENT/TRANSFER/RESALE

For the JUST BETWEEN FRIENDS Franchise

granted to _____
pursuant to the Franchise Agreement

dated _____

For good and valuable consideration, including consent to the assignment of the Franchise Agreement dated _____, the undersigned Franchisee, for Franchisee and Franchisee’s owners, managers, representatives, successors and assigns, hereby releases, waives, settles and discharges all claims, actions, causes of action, rights, obligations, debts, duties, demands, damages and liabilities of every kind, character and description arising out of or in connection with (1) the franchise relationship, including without limitation the Franchise Agreement and all Exhibits thereto, (2) all other agreements related thereto, and (3) all actions and omissions relating thereto, arising from the beginning of time through the date hereof against every owner, officer, director, manager, employee, agent, attorney, accountant and other representative of Just Between Friends Franchise System, Inc. [Franchisor]. For franchises located in Washington, this release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

This Release was entered into with full knowledge of the legal purposes, intents and effects of the parties and was entered into voluntarily without any promise, inducement, threat, coercion, or intimidation of any kind and does not constitute an admission of wrongdoing of any kind, character and description by any party.

[Signature]

[Signature]

[Print Name]

[Print Name]

Dated: _____

Dated: _____

EXHIBIT 5

ASSIGNMENT UPON TERMINATION

This Assignment (“Assignment”) is executed this _____ (“Effective Date”) by and between **JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.** (“JBF”) and _____ (“Franchisee”).

Whereas, pursuant to the Franchise Agreement, JBF has given Franchisee notice of termination, transfer, or nonrenewal of the Franchise Agreement; and

Whereas, this Assignment is executed and delivered in accordance with the Franchise Agreement.

For good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties agree as follows:

Franchisee hereby assigns, transfers, conveys and delivers to JBF all of Franchisee’s rights, titles and interests in all telephone numbers, email addresses, online or social media accounts and platforms associated with the Franchised Business or the Marks, and mailing addresses used by Franchisee in the operation of Franchisee’s JBF Consignment Sales Business or any JBF Sales Event and all data relating to all past, present and prospective consignors and/or customers of Franchisee (including without limitation all customer and consignor data stored with third party software providers [e.g. Eventbrite, TicketSpice, Constant Contact, Sign Up Genius]).

[Signature]

[Signature]

[Print Name]

[Print Name]

Dated: _____

Dated: _____

EXHIBIT 6
FRANCHISE ENTITY, OWNERSHIP INFORMATION, AND PARTNER AGREEMENTS

[this Exhibit must be completed if Franchisee is an entity (e.g. LLC or Corporation) or if two or more individuals are acquiring the franchise, even if there is no formal entity]

ENTITY NAME: _____

STATE OF FORMATION: _____

FICTITIOUS NAME: _____

| <u>Franchisee Business Address</u> | <u>Business Phone Number(s)</u> |
|-------------------------------------------------------------------------------|---------------------------------|
| | |
| <u>Owner Name, Personal Address, Phone Number, and Personal Email Address</u> | <u>Ownership Percentage</u> |
| | |
| | |
| | |
| | |

Franchisee agrees to promptly notify JBF of any change of any of the above information (including addresses, phone numbers, and email addresses).

Franchisee and each undersigned owner hereby certifies:

1. All persons with any ownership interest in the franchise have been identified above, including the owner's name, address, and telephone number, and each owner's involvement or non-involvement in operational decisions regarding the franchise is truthfully and accurately reflected above. Each owner agrees to provide written notice to JBF of any change in contact information.

2. All owners have signed below, and the ownership interests set forth match the corporate records and documents for the franchise entity. The ownership interests and involvement in operational decisions as set forth above will not change during the franchise term, except in accordance with § 9 of the Franchise Agreement.

3. All owners who have a twenty-five percent (25%) or greater interest in the Franchise or who will be involved in the operational decisions regarding the franchise have completed an application and authorization for JBF to conduct a background screening.

4. All owners who have a twenty-five percent (25%) or greater interest in the Franchise or who will be involved in the operational decisions regarding the franchise will satisfactorily complete JBF's initial training program or will obtain a written waiver from JBF.

5. If any minority owner (twenty-four percent [24%] or less) who will not be involved in operational decisions of the franchise is listed, such nonoperational minority owner acknowledges and agrees that such nonoperational minority owner cannot acquire or assume a greater interest in the franchise or make decisions regarding franchise operations without complying with the terms set forth in this Exhibit G and the transfer/resale requirements set forth in the Franchise Agreement, including payment of a transfer/resale fee.

6. The corporate records and documents for the franchise entity reflect the owners' agreements regarding the following issues:

- a. what happens in the event of the death or disability of an owner.
- b. what happens in the event one (1) owner wishes to sell and the other owner(s) do(es) not.
- c. what happens in the event one (1) owner is no longer willing or able to perform duties necessary for the operation of the JBF Consignment Sales Business.
- d. owners' obligations to communicate with each other and the consequences of failing to communicate.

[Signature]

[Signature]

[Print Name]

[Print Name]

[Signature]

[Signature]

[Print Name]

[Print Name]

EXHIBIT 7

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This "Agreement" is made and entered into as of this _____ (“Effective Date”), by and among Franchisee, Covenantor and **JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.**, a Pennsylvania Corporation ("Franchisor").

“Franchisee:” _____

“Covenantor(s),” each being a person with a beneficial ownership interest in Franchisee or a spouse of a beneficial owner of Franchisee:

:

| | |
|--|--|
| | |
| | |

1. PREAMBLES.

Franchisor has executed or intends to execute a “Franchise Agreement” with Franchisee under which Franchisor grants to Franchisee certain rights with regard to a JBF Consignment Sales Business. Before allowing Covenantor to have access to the Confidential Information and as a material term of the Franchise Agreement necessary to protect Franchisor's confidential and proprietary information and trade secrets authorized or required by Franchisor from time to time for use in the operation of Franchisee's JBF Sales Events and Consignment Sales Business and Franchisor's proprietary rights in and Franchisee's right to use the Confidential Information, Franchisor and Franchisee require that Covenantor enter into this Agreement.

As a condition of Covenantor’s relationship or continued involvement with Franchisee or Covenantor’s appointment as a director or officer of Franchisee and to induce Franchisor to enter into the Franchise Agreement, Covenantor agrees to enter into this Agreement. Due to the nature of Franchisor's and Franchisee's business, any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

2. DEFINITIONS.

Certain terms that are capitalized in this Agreement are defined in this section or at the places they first appear.

2.1 “**Competitive Business**” means any business (other than a JBF Consignment Sales Business operated pursuant to a Franchise Agreement with JBF) that operates, or grants franchises or licenses to others to operate, a consignment sales business, pop-up sale, or other resale business offering maternity clothing, children’s furniture, equipment, toys, clothing and/or similar items.

2.2 “**Confidential Information**” means JBF’s trade secrets and other unique, proprietary or confidential information, methods, procedures, information, systems and knowledge of and experience in operation of JBF Sales Events and Consignment Sales Businesses, including (1) the confidential portions of this Agreement, (2) Operations Manual and Training Materials (3) venue selection criteria; (4) methods of efficiently and cost-effectively organizing and arranging the products sold at consignment sales events; (5) methods of operating the consignment sales events; (6) the JBF System Technology; (7) knowledge of sales and profit performance of any one [1] or more JBF Sales Events; (8) knowledge of test programs, market research results, analytics, analytics properties, concepts or results relating to consignment items or categories; sources of

products; and advertising, marketing and promotional programs; (9) procedures and methods for the selection and training of personnel; (10) knowledge of, specifications for, and suppliers of, Operating Assets and other products and suppliers; (11) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of consignment sales events; (12) training materials, the and other manuals, including those providing methods of training personnel; (13) Customer lists; (14) Vendor lists; (15) ideas, concepts, methods or techniques of improvement relating to the JBF Consignment Sales Business developed by franchisee or covenantor in the course of fulfilling your obligations under this Agreement, the Franchise Agreement or any Agreement between franchisee and covenantor; and (16) any log-in or password information used to access other Confidential Information and franchise system information.

3. **PROTECTION OF CONFIDENTIAL INFORMATION.**

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform his or her duties on behalf of Franchisee taking into consideration the confidential nature of the Confidential Information. Covenantor may not disclose the Confidential Information. Covenantor acknowledges and agrees that neither Covenantor nor any other person or entity will acquire any interest in or right to use the Confidential Information under this Agreement or otherwise other than the right to utilize it as authorized in this Agreement and that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and/or other JBF Businesses owned by Franchisor or franchisees. Each and every individual who will access Franchisor's Confidential Information and/or any site, program or system hosted, provided or maintained by or for Franchisor must have an individual log-in and password issued for such person to access such Confidential Information, site, program or system. No log-in or password may be issued or provided unless and until this Nondisclosure and Non-Competition Agreement has been executed by such individual and provided to Us. It shall be a material default of this Agreement for the undersigned to provide access in violation of this provision or to share any log-in or password access to such Confidential Information, site, program or system.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the term of the Franchise Agreement and thereafter, Covenantor: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or in written form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement, the restrictions on Covenantor do not apply to (a) disclosure or use of information, methods, or techniques which are generally known and used in the industry (as long as the availability is not because of a disclosure by Covenantor or Covenantor's agents, and such disclosure or use is not otherwise prohibited by this Agreement), provided that Covenantor has first given Franchisor written notice of Covenantor's intended disclosure and/or use; and (b) disclosure of the Confidential Information in legal proceedings when Covenantor is legally required to disclose it, provided that Covenantor has first given Franchisor the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to Franchisor that the information required to be disclosed will be treated confidentially.

4. **IN-TERM RESTRICTIVE COVENANT.**

Covenantor acknowledges and agrees that Franchisor and Franchisee would be unable to protect the Confidential Information against unauthorized use or disclosure and Franchisor would be unable to achieve a free exchange of ideas and information among JBF Sales Events and Consignment Sales Businesses if persons

authorized to use the Confidential Information were permitted to engage in, have ownership interests in or perform services for Competitive Businesses. Covenantor therefore agrees that, subject to applicable law, for as long as Covenantor is (a) a director or officer of Franchisee, or (b) an employee or contractor of Franchisee who will have access to Confidential Information, neither Covenantor nor Covenantor's spouse or domestic partner shall (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business; (ii) perform services as a director, officer, member, employee, manager, consultant, representative, agent or otherwise for any Competitive Business or (iii) divert or attempt to divert any actual or potential business customer of the JBF Consignment Sales Business to a Competitive Business. Covenantor further acknowledges that the restrictions contained in this Section will not hinder his or her activities or those of members of Covenantor's immediate family under this Agreement or in general.

5. **RESTRICTIVE COVENANT UPON TERMINATION OR EXPIRATION OF THE FRANCHISE AGREEMENT OR COVENANTOR'S ASSOCIATION WITH FRANCHISEE.**

Upon the first to occur of: (a) termination or expiration without renewal of the Franchise Agreement; or (b) the date as of which Covenantor is neither (i) a director, officer, general partner or managing member of Franchisee or (ii) an employee, contractor, vendor or other person with a business relationship with Franchisee who will have access to Confidential Information (each of these events is referred to as a "Termination Event"), Covenantor agrees that, subject to applicable law, for a period of three (3) years commencing on the effective date of a Termination Event, neither Covenantor nor Covenantor's spouse or domestic partner shall have any direct or indirect interest as a disclosed or beneficial owner in, or assist or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for, a Competitive Business located or operating within the Territory or within twenty-five (25) miles of any JBF-owned, JBF affiliate-owned, or franchised business.

6. **SURRENDER OF DOCUMENTS.**

Covenantor agrees that as of the effective date of a Termination Event, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.

7. **COSTS AND ATTORNEYS' FEES.**

In the event that Franchisor or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

8. **WAIVER.**

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one (1) or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

9. **SEVERABILITY.**

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise

intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that Franchisor will not enforce the section, paragraph, term or provision in question.

10. **RIGHTS OF PARTIES ARE CUMULATIVE.**

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

11. **BENEFIT.**

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third-party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

12. **EFFECTIVENESS.**

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Franchisee signs this Agreement.

13. **GOVERNING LAW.**

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the State of Pennsylvania without regard to its conflict of laws principles.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

Franchisee:

Print name of **Franchisee**

By: _____

Print Name: _____

Title: Managing Owner

Print name of **Covenantor**

Signature of **Covenantor**

Print name of **Covenantor**

Signature of **Covenantor**

Print name of **Covenantor**

Signature of **Covenantor**

Print name of **Covenantor**

Signature of **Covenantor**

Print name of **Covenantor**

Signature of **Covenantor**

EXHIBIT 8 - TEAM MEMBER
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This "Agreement" is made and entered into as of this _____ ("Effective Date") by and among Franchisee, Covenantor and **JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.**, a Pennsylvania Corporation ("Franchisor").

"Franchisee": _____

"Covenantor": _____, being an employee, contractor, vendor or other person with a business relationship with Franchisee who will have access to Confidential Information of Franchisee and/or Franchisor.

Address of Covenantor: _____

1. **PREAMBLES.**

Franchisor has executed or intends to execute a "Franchise Agreement" with Franchisee under which Franchisor grants to Franchisee certain rights with regard to a JBF Consignment Sales Business. Before allowing Covenantor to have access to the Confidential Information and as a material term of the Franchise Agreement necessary to protect Franchisor's confidential and proprietary information and trade secrets authorized or required by Franchisor from time to time for use in the operation of Franchisee's JBF Sales Events and Consignment Sales Business and Franchisor's proprietary rights in and Franchisee's right to use the Confidential Information, Franchisor and Franchisee require that Covenantor enter into this Agreement.

As a condition of Covenantor's relationship or continued involvement with Franchisee or Covenantor's appointment as a director or officer of Franchisee and to induce Franchisor to enter into the Franchise Agreement, Covenantor agrees to enter into this Agreement. Due to the nature of Franchisor's and Franchisee's business, any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

2. **DEFINITIONS.**

Certain terms that are capitalized in this Agreement are defined in this section or at the places they first appear.

2.1 **"Competitive Business"** means any business (other than a JBF Consignment Sales Business operated pursuant to a Franchise Agreement with JBF) that operates, or grants franchises or licenses to others to operate, a consignment sales business, pop-up sale, or other resale business offering maternity clothing, children's furniture, equipment, toys, clothing and/or similar items.

2.2 **"Confidential Information"** means JBF's trade secrets and other unique, proprietary or confidential information, methods, procedures, information, systems and knowledge of and experience in operation of JBF Sales Events and Consignment Sales Businesses, including (1) the confidential portions of this Agreement, (2) Operations Manual and Training Materials (3) venue selection criteria; (4) methods of efficiently and cost-effectively organizing and arranging the products sold at consignment sales events; (5) methods of operating the consignment sales events; (6) the JBF System Technology; (7) knowledge of sales and profit performance of any one [1] or more JBF Sales Events; (8) knowledge of test programs, market research results, analytics, analytics properties, concepts or results relating to consignment items or categories; sources of

products; and advertising, marketing and promotional programs; (9) procedures and methods for the selection and training of personnel; (10) knowledge of, specifications for, and suppliers of, Operating Assets and other products and suppliers; (11) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of consignment sales events; (12) training materials, the and other manuals, including those providing methods of training personnel; (13) Customer lists; (14) Vendor lists; (15) ideas, concepts, methods or techniques of improvement relating to the JBF Consignment Sales Business developed by franchisee or covenantor in the course of fulfilling your obligations under this Agreement, the Franchise Agreement or any Agreement between franchisee and covenantor; and (16) any log-in or password information used to access other Confidential Information and franchise system information.

3. **PROTECTION OF CONFIDENTIAL INFORMATION.**

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform his or her duties on behalf of Franchisee taking into consideration the confidential nature of the Confidential Information. Covenantor may not disclose the Confidential Information. Covenantor acknowledges and agrees that neither Covenantor nor any other person or entity will acquire any interest in or right to use the Confidential Information under this Agreement or otherwise other than the right to utilize it as authorized in this Agreement and that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and/or other JBF Businesses owned by Franchisor or franchisees. Each and every individual who will access Franchisor's Confidential Information and/or any site, program or system hosted, provided or maintained by or for Franchisor must have an individual log-in and password issued for such person to access such Confidential Information, site, program or system. No log-in or password may be issued or provided unless and until this Nondisclosure and Non-Competition Agreement has been executed by such individual and provided to Us. It shall be a material default of this Agreement for the undersigned to provide access in violation of this provision or to share any log-in or password access to such Confidential Information, site, program or system.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the term of the Franchise Agreement and thereafter, Covenantor: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or in written form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement, the restrictions on Covenantor do not apply to (a) disclosure or use of information, methods, or techniques which are generally known and used in the industry (as long as the availability is not because of a disclosure by Covenantor or Covenantor's agents, and such disclosure or use is not otherwise prohibited by this Agreement), provided that Covenantor has first given Franchisor written notice of Covenantor's intended disclosure and/or use; and (b) disclosure of the Confidential Information in legal proceedings when Covenantor is legally required to disclose it, provided that Covenantor has first given Franchisor the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to Franchisor that the information required to be disclosed will be treated confidentially.

4. **IN-TERM RESTRICTIVE COVENANT.**

Covenantor acknowledges and agrees that Franchisor and Franchisee would be unable to protect the Confidential Information against unauthorized use or disclosure and Franchisor would be unable to achieve a free exchange of ideas and information among JBF Sales Events and Consignment Sales Businesses if persons

authorized to use the Confidential Information were permitted to engage in, have ownership interests in or perform services for Competitive Businesses. Covenantor therefore agrees that, subject to applicable law, for as long as Covenantor is (a) a director or officer of Franchisee, or (b) an employee or contractor of Franchisee who will have access to Confidential Information, neither Covenantor nor Covenantor's spouse or domestic partner shall (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business; (ii) perform services as a director, officer, member, employee, manager, consultant, representative, agent or otherwise for any Competitive Business or (iii) divert or attempt to divert any actual or potential business customer of the JBF Consignment Sales Business to a Competitive Business. Covenantor further acknowledges that the restrictions contained in this Section will not hinder his or her activities or those of members of Covenantor's immediate family under this Agreement or in general.

6. **SURRENDER OF DOCUMENTS.**

Upon the first to occur of: (a) termination or expiration without renewal of the Franchise Agreement; or (b) the date as of which Covenantor is neither (i) a director, officer, general partner or managing member of Franchisee or (ii) an employee, contractor, vendor or other person with a business relationship with Franchisee who will have access to Confidential Information (each of these events is referred to as a "Termination Event"), Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.

7. **COSTS AND ATTORNEYS' FEES.**

In the event that Franchisor or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

8. **WAIVER.**

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one (1) or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

9. **SEVERABILITY.**

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that Franchisor will not enforce the section, paragraph, term or provision in question.

10. **RIGHTS OF PARTIES ARE CUMULATIVE.**

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

11. **BENEFIT.**

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third-party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

12. **EFFECTIVENESS.**

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Franchisee signs this Agreement.

13. **GOVERNING LAW.**

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the State of Pennsylvania without regard to its conflict of laws principles.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

Franchisee:

Print name of **Covenantor**

Print name of **Franchisee**

Signature of **Covenantor**

By: _____

Print Name: _____

Title: Managing Owner

Exhibit 9 to JBF Franchise Agreement
Certification to JBF for Authorization to Hold First JBF Sales Event

I, the undersigned, do hereby certify to Just Between Friends Franchise System, Inc. the following:

1. I understand that it is my responsibility to ensure that my JBF Consignment Sales Business and each JBF Sales Event operate in accordance with all laws, rules, and regulations.
2. I have obtained a consultation with the advisor(s) of my choice regarding the laws applicable to consignment sales operations in my territory and the classification, payment, and treatment of Individuals providing assistance to my Business.
3. All individuals with operational control over the franchise or who have a twenty-five percent (25%) or more interest in the franchise have completed the JBF Initial Training Program or have obtained a written waiver from JBF, and the franchise has met all training milestones.
4. I have met all training milestones and received confirmation from my assigned coach that I have met 6-Week to First Sale Benchmarks.
5. I have received adequate training, and I understand the legal requirements of operating a JBF Consignment Sales Business in my Territory.
6. I will use my best efforts to operate my JBF Consignment Sales Business in accordance with all JBF operating requirements and all laws, rules, and regulations.

Franchisee

(signature)

Date

Print Name _____

Title: Managing Owner

**Exhibit 10 to JBF Franchise Agreement
Use of JBF Marks**

I, _____, the undersigned Franchisee, for Franchisee, its owners, guarantors, managers, representatives, successors and assigns, hereby:

1. Acknowledge and Agree my rights to use the “JBF Marks” (all trademarks, service marks, trade names and logo types currently used in the operation of the Franchise) are granted via the franchise agreement, and I retain use rights only so long as I am a Franchisee in good standing and if my use of the Marks is in full compliance with the rules prescribed by JBF;

2. Acknowledge and Agree that Just Between Friends Franchise owns all intellectual property rights to advertising designs which utilize the brand or include the JBF Marks, regardless of whether those designs are provided by JBF, myself, or a vendor;

3. Assign to JBF administrative rights to and ownership of any platforms utilizing the JBF Marks; I understand that JBF has no obligation to but has the right to monitor, modify, and/or update my location’s social media platforms;

4. Assign to JBF any and all rights I may have and all information, data, and/or reviews generated via social media and other online platforms using the JBF Marks or referencing my franchised business;

5. Agree to diligently monitor and update any social media platforms utilized for my territory. I agree to promptly and courteously respond to any and all comments, concerns, questions, and/or postings made on my location’s social media platforms; I agree not to allow any social media platform to “go stale” without first obtaining JBF’s written consent;

6. I agree to comply with JBF’s social media and advertising policies as modified from time to time;

7. Understand JBF may, but is not required to, specify from time to time in the Operations Manual certain online social media postings that, when made in accordance with the System Standards on an approved platform which do not require pre-approval prior to posting;

8. Understand that in all cases, JBF reserves the absolute right, in its sole discretion, to require removal or discontinuance of any posting or the use of any platform;

9. Agree that if JBF establishes a relationship with a vendor who manages social media, I will grant administrative access to such vendor;

10. Understand that JBF reserves the right to revoke approval to the use of any platform by providing written notice to me.

Franchisee:

Signature

Printed Name

Title: Managing Owner

Sign Date

Exhibit 11 to Franchise Agreement
Agreement Relating to Access to Just Between Friends' Website and Software

In consideration for **JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.'s ("JBF")** granting me access to its website, its software, any authorized online account, listing, or platform, and the user names and passwords of those with such access, I agree:

1. To use the information obtained solely in connection with my Just Between Friends franchise business and for no other purpose; and
2. To use the information obtained lawfully and in compliance with all applicable laws, rules and regulations, in compliance with the Just Between Friends Franchise Operations Manual and System and not in violation of the rights of others; and
3. Not to disclose, divulge or otherwise provide access to any information obtained to any person without the prior written consent of JBF; and
4. To use Information obtained only in a way that is honest and truthful, is not malicious or defamatory, and does not reflect unfavorably upon JBF and/or its franchisees, consignors, customers and/or the general public; and
5. To cease using the information obtained upon written request from JBF;
6. Upon written request from JBF, to take any and all steps necessary to assign rights to the information to JBF; and
7. To be solely responsible for all damages caused by my improper use of any information obtained.

Franchisee:

Signature

Printed Name
Title: Managing Owner

Sign Date

Exhibit 12
Just Between Friends Franchise System, Inc.
Electronic Funds Authorization Agreement

I (We)(Franchisee) authorize Just Between Friends Franchise System, Inc. (JBF) to initiate debit entries and/or credit corrections entries, electronic or otherwise, as authorized by the Franchise Agreement between Franchisee and JBF. Debit entries for all amounts owed by Franchisee to JBF pursuant to the Franchise Agreement are authorized by this Authorization Agreement and shall be made on such due dates as agreed in the Franchise Agreement or such other dates as Franchisee and JBF may agree upon from time to time. This authorization shall remain in full force and effect until terminated in writing by Franchisee pursuant to thirty (30) day notice. If for any reason any scheduled payment is returned unpaid by your bank, a \$50 per transaction inconvenience fee will be added to the current payment amount due.

Name of Authorized Signatory on Account

Signature

Sign Date

Location(s) the following information applies to

Banking Details

Please complete one (1) of the following options:

If you would like to **use a new account**, please provide the following regarding the account.

Name on Account: _____

Depository/Bank Name: _____

Transit, Routing, or ABA Number: _____

Account Number: _____

Your Tax Identification Number: _____

.....
If you would like to **use the account on file** with FranConnect, provide the last four numbers on the account for verification and initial below.

I authorize these charges to the account on file with last 4 numbers _____. _____
Initials

Technology Fee Payment Plan Election

Technology Fees are invoiced semi-annually. Please choose one (1) of the following payment plans:

- I would prefer to pay semi-annually for tech fees when invoiced.
- I would prefer to make automatic monthly payments for tech fees.

EXHIBIT 13
JUST BETWEEN FRIENDS FRANCHISE SYSTEM,
INC. ADDENDUM RE TRANSFER/RESALE

THIS ADDENDUM RE TRANSFER/RESALE (the “**Addendum**”) is made on this _____ (the “**Effective Date**”) by and between Just Between Friends Franchise System, Inc. (“**JBF**”), _____ (“**Selling Franchisee**”), and _____ (“**Transferee/Buyer**”).

RECITALS:

- A. JBF and Selling Franchisee are parties to a Franchise Agreement dated _____ whereby Selling Franchisee operates a Just Between Friends franchise in the Territory described in the Franchise Agreement and known as the _____ Franchise.
- B. Selling Franchisee has entered into an agreement with Transferee/Buyer whereby Transferee/Buyer has agreed to purchase the Franchised business from Selling Franchisee.
- C. Selling Franchisee, Transferee/Buyer, and JBF desire to enter into this addendum to acknowledge JBF approval of the transfer subject to the representations made herein and to acknowledge their understanding of certain provisions in the Franchise Agreement, given the transfer.

NOW THEREFORE, JBF, Selling Franchisee, and Transferee/Buyer, for good and valuable consideration, including but not limited to JBF’s approval of the transfer/resale of the franchise, the receipt, adequacy and sufficiency of which are acknowledged, agree as follows:

- 1. The above recitals are incorporated herein. Capitalized terms not defined herein shall have the meaning set forth in the Franchise Agreement.
- 2. As a material inducement to JBF’s consent to the transfer, Selling Franchisee represents and warrants to JBF that Selling Franchisee has satisfied and paid in full all obligations associated with all previous JBF Sales Events, including without limitation payment of all amounts owed to any venue and to any consignors. Selling Franchisee certifies that a review of Selling Franchisee’s books and records indicates that all checks issued through the franchised business have cleared except those identified on Schedule 1 attached hereto. Selling Franchisee and Transferee/Buyer agree that Selling Franchisee has provided Transferee/Buyer a credit against the purchase price in the amount _____.
- 3. As a condition precedent to this Agreement, Selling Franchisee represents, warrants, and covenants that Selling Franchisee has provided JBF with full administrative access and rights to all social media accounts associated with the franchised business, that Selling Franchisee will take no steps to remove or hinder JBF’s access to any social media account, and that Selling Franchisee will promptly and immediately upon request take any steps reasonably requested by JBF to ensure smooth transfer of all social media accounts.
- 4. The Parties acknowledge that Transferee/Buyer received JBF’s Franchise Disclosure Document (“**FDD**”) on _____ and that Transferee/Buyer has been conditionally approved as a franchisee of JBF subject to the terms and conditions of this Agreement and Transferee/Buyer’s (a) assumption of all _____.

obligations of Selling Franchisee, (b) compliance with the Franchise Agreement as modified by this Addendum, and (c) satisfactory completion of the initial training requirements.

5. The parties acknowledge that Selling Franchisee must pay all outstanding amounts owed to JBF and its affiliates as a condition precedent to approval of the transfer/resale. In the event Selling Franchisee or its owners owe any amount to JBF or its affiliates, JBF may require payment of the purchase price to JBF to satisfy outstanding obligations, with JBF paying the remainder of the purchase price to Selling Franchisee after satisfaction of all amounts owed to JBF.

6. Simultaneously with the execution of this Addendum, Transferee/Buyer will execute a Franchise Agreement, together with its accompanying exhibits, in the form attached to JBF's Franchise Disclosure Document, and Selling Franchisee will execute the [Exhibit 5](#) Release Upon Assignment. This addendum shall modify the Franchise Agreement to the extent expressly set forth herein.

7. The Parties acknowledge Transferee/Buyer's obligations to continue to host a JBF Sales Event each Spring (January – June) and each Fall (July – December) and to complete the Initial Training Program prior to hosting the first JBF Sales Event following the transfer/resale. The Parties acknowledge that approval of an application for a Missed Sale Waiver is not automatic and may be granted or denied in JBF's sole discretion. JBF will only grant a Missed Sale Waiver for just cause shown.

8. The next JBF Sales Event following the Effective Date will be: _____ . Selling Franchisee and Transferee/Buyer certify that they have conferred with JBF regarding Transferee/Buyer's training schedule, and any agreements among the Parties regarding the next JBF Sale, the training schedule, and responsibilities for the next sale to allow for Transferee/Buyer's training are set forth below:

9. JBF has made no representations to Selling Franchisee or Transferee/Buyer regarding the profitability of the franchise or the ability of the franchise to pay for the purchase price or to fund payments under any purchase/financing agreement between Selling Franchisee and Transferee/Buyer. Transferee/Buyer warrants that Transferee/Buyer has entered into the purchase agreement based on Transferee/Buyer's independent investigation and not in reliance on any representations by JBF not set forth in the Franchise Disclosure Document.

10. No initial Franchisee Fee will be due. Selling Franchisee and/or Transferee/Buyer shall submit the transfer/resale fee in the amount of _____ to JBF simultaneously with the execution of this Addendum and the Franchise Agreement.

11. Section 5.10 of the Franchise Agreement requires Transferee/Buyer to meet make certain minimum royalty payments. The applicable minimum royalty is determined by the franchise location's years of operation, not the years in which Transferee/Buyer has operated the franchise location.

12. In the event the transfer/resale includes Seller financing, the parties acknowledge the following:

- a. JBF will have no duty to monitor or ensure payment from Transferee/Buyer to Selling Franchisee.
- b. Collection of payments from Transferee/Buyer is solely the responsibility of Selling Franchisee.
- c. Selling Franchisee's rights to payment from Transferee/Buyer are subordinate to JBF's rights to royalties and other fees due under the Franchise Agreement.
- d. Should Transferee/Buyer default in payment to Selling Franchisee, JBF will have no obligation to declare Transferee/Buyer in default of the Franchise Agreement.
- e. Should any dispute between Transferee/Buyer and Selling Franchisee cause JBF to incur legal fees or costs, Selling Franchisee and Transferee/Buyer, jointly and severally, agree to reimburse JBF for such legal fees and/or costs upon demand.

13. Except as set forth in this Addendum the Franchise Agreement has not been altered or amended.

14. Transferee/Buyer and JBF hereby re-affirm their obligations under the Franchise Agreement, as amended.

15. Except for the obligations set forth in this Addendum and the Franchise Agreement, the Parties hereby fully and forever unconditionally release and discharge each other and their affiliates, and their respective owners, officers, directors employees, successors, assigns, agents, representatives from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever, in law or in equity, whether known or unknown, which may hereafter be discovered, however characterized or described, from the beginning of time until the date of this Agreement related to the Franchise Agreement. Nothing herein shall be deemed a release of (a) Selling Franchisee's obligations to indemnify JBF for any obligations arising from its ownership and operation of the franchised business prior to the Effective date of the transfer, (b) Selling Franchisee's post-termination obligations (including without limitation the confidentiality obligations, non-competition restrictions, and obligations not to use the Marks), (c) JBF and Transferee/Buyer's continuing obligations under the Franchise Agreement executed simultaneously herewith, or (d) any obligations Selling Franchisee and Transferee/Buyer may owe to each other under the purchase and sale agreement.

IN WITNESS WHEREOF, the Parties have executed this Transfer/Resale Addendum as of the date set forth above.

SELLING FRANCHISEE

TRANSFEREE/BUYER

Entity Name: _____

Entity Name: _____

Sign: _____

Sign: _____

Print Signer Name: _____

Print Signer Name: _____

Title: Managing Owner

Title: Managing Owner

JBF:

Just Between Friends Franchise System, Inc.

By: _____
Tracy Panase, CEO

**EXHIBIT 14 TO JBF FRANCHISE AGREEMENT
MULTI-UNIT DEVELOPMENT ADDENDUM**

(For use when Franchisee is executing two or three franchise agreements at the same time)

THIS MULTI-UNIT DEVELOPMENT ADDENDUM (“MUDA”) is made and entered into on _____ (“Effective Date”) by **Just Between Friends Franchise System, Inc.**, (Franchisor), and _____, (Franchisee).

WHEREAS, Franchisee and Franchisor, simultaneously with the execution of this MUDA have entered into two (2) or three (3) Franchise Agreements whereby Franchisee has agreed to own and operate JBF Franchises in two (2) or three (3) Territories, as defined by the Franchise Agreements.

WHEREAS, in recognition of the time and expense necessary to open multiple franchises and as a condition of approval for multiple territories, Franchisor and Franchisee have agreed to this MUDA which modifies and amends certain provisions of the Franchise Agreements, as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration in hand paid by each of the parties to the other, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. The above recitals are true and correct.
2. Capitalized terms not defined herein shall have the meanings set forth in the Franchise Agreements.
3. A condition precedent to the effectiveness of this MUDA is the execution of two (2) or three (3) Franchise Agreements. The Franchise Agreements govern the development and operations of the franchises and the rights and obligations of the Parties, except as specifically stated herein.
4. Sections 5.1, 5.11, and 10.2 to the Franchise Agreement for the Second Unit (_____ Territory) are amended to provide that Franchisee shall have four hundred eighty (480) days from the execution of the Franchise Agreement to hold Franchisee’s first JBF Sales Event in the Second Territory.
5. Sections 5.1, 5.1, and 10.2 to the Franchise Agreement for the Third Unit (_____ Territory) are amended to provide that Franchisee shall have six hundred sixty (660) days from the execution of the Franchise Agreement to hold Franchisee’s first JBF Sales Event in the Third Territory.
6. Time is of the essence with respect to the development schedule. Franchisee will open the franchise locations in accordance with the following development schedule:

| Unit Number | Territory Name | Deadline for First Sale in Territory |
|--------------------|-----------------------|---------------------------------------------|
| 1 | | |
| 2 | | |
| 3 | | |

7. Section 5.6 of the Franchise Agreement for Unit 2 and/or Unit 3 is amended to provide that the initial franchise fee for the second and/or third franchise unit is discounted by five thousand dollars (\$5,000).

8. Upon completion of the initial training program for the First Unit (_____ Territory), Franchisee shall not be required to attend the initial training program for the Second Unit or Third Unit. Provided, however, if Franchisee requests additional training for the Second Unit or Third Unit, Franchisee shall have the option to attend such training in accordance with the terms of the Franchise Agreement.

9. The Parties acknowledge that Franchisor is currently offering the following Technology Fee discounts to multi-unit franchise owners: The first location pays full price; second location receives a ten percent (10%) discount; third location receives a fifteen percent (15%) discount, and fourth location receives a twenty percent (20%) discount. The Parties acknowledge that the Technology Fee is subject to change upon thirty (30) days notice and that Franchisor reserves the right to terminate the discounts upon notice.

10. Except as set forth in this MUDA, the Franchise Agreements have not been altered or amended. The Parties hereby re-affirm their obligations under the Franchise Agreements, as amended.

IN WITNESS WHEREOF, the Parties have executed this MUDA as of the date set forth above.

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.

An Oklahoma corporation,

By: Tracy Panase, CEO

Date

Franchisee

(signature)

Date

Printed Name & Title: _____

EXHIBIT B

**TO
JUST BETWEEN FRIENDS
DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS OF
JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.**

Attached as Exhibit B are the audited financial statements of JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC. for the years ended at December 31, 2021, 2022 and 2023. Also attached may be interim updates to the financial statements. THE UNAUDITED INTERIM FINANCIAL STATEMENTS MAY BE ATTACHED AND ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT AUDITED THESE INTERIM FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM OF THOSE INTERIM STATEMENTS.

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.

Financial Statements

Years Ended December 31, 2023, 2022, and 2021

With

Independent Auditor's Report



JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.

TABLE OF CONTENTS

| | <u>PAGE</u> |
|-----------------------------------------------------------------------------------------------|-------------|
| Independent Auditor's Report | 1 - 3 |
| Financial Statements | |
| Balance Sheets - December 31, 2023 and 2022 | 4 |
| Statements of Income and Retained Earnings - Years Ended December 31, 2023, 2022, and 2021 | 5 |
| Statements of Cash Flows - Years Ended December 31, 2023, 2022, and 2021 | 6 |
| Notes to Financial Statements | 7 - 15 |



Independent Auditor's Report

To the Board of Directors and Stockholder
of Just Between Friends Franchise System, Inc.

Opinion

We have audited the accompanying financial statements of Just Between Friends Franchise System, Inc. (an Oklahoma Corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and retained earnings, and cash flows for the years ended December 31, 2023, 2022, and 2021, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Just Between Friends Franchise System, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022, 2021, and 2020 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 Just Between Friends Franchise System, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Just Between Friends Franchise System, Inc.'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.
- 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 Just Between Friends Franchise System, Inc.'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 of events, considered in the aggregate, that raise substantial doubt about Just Between Friends Franchise System, Inc.'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.

Effect of Adopting New Accounting Standard

As discussed in Note 1, Just Between Friends Franchise Systems, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326) for the year ended December 31, 2023. Our opinion is not modified with respect to this matter.

As discussed in Note 1, Just Between Friends Franchise System, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842) for the year ended December 31, 2022. Our opinion is not modified with respect to this matter.

MORSE & CO., PLLC

Tulsa, Oklahoma
April 8, 2024

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

| ASSETS | | |
|-----------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| | 2023 | 2022 |
| Current assets | | |
| Cash and cash equivalents | \$ 777,305 | \$ 380,241 |
| Trade accounts receivable | 40,345 | 22,843 |
| Prepaid expenses | 59,888 | 45,132 |
| Contractor consulting benefit - current | 50,000 | 75,000 |
| Total current assets | 927,538 | 523,216 |
| Noncurrent assets | | |
| Note receivable - related party | 600,000 | 600,000 |
| Contractor consulting benefit - noncurrent | 50,000 | 100,000 |
| Office equipment, net | 2,826 | 4,017 |
| Website development costs and franchise software, net | 131,088 | 100,141 |
| Total noncurrent assets | 783,914 | 804,158 |
| Total assets | \$ 1,711,452 | \$ 1,327,374 |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | |
| Current liabilities | | |
| Trade accounts payable | \$ 54,486 | \$ 99,594 |
| Deferred revenues | 220,740 | 271,519 |
| Accrued expenses | 23,361 | 39,889 |
| Contractor consulting liability - current | 50,000 | 75,000 |
| Current maturities of long-term debt | 75,624 | 71,282 |
| Other liabilities | 3,714 | - |
| Total current liabilities | 427,925 | 557,284 |
| Long-term debt | | |
| Contractor consulting liability - noncurrent | 50,000 | 100,000 |
| Note payable, less current maturities | 453,193 | 528,718 |
| Total long-term debt | 503,193 | 628,718 |
| Stockholder's equity | | |
| Common stock, par value \$.001 per share; authorized, 1,000,000 shares; issued and outstanding, 100,000 shares. | 100 | 100 |
| Retained earnings | 780,234 | 141,272 |
| Total stockholder's equity | 780,334 | 141,372 |
| Total liabilities and stockholder's equity | \$ 1,711,452 | \$ 1,327,374 |

See independent auditor's report and notes to the financial statements.

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

| | 2023 | 2022 | 2021 |
|--------------------------------------|-------------------|-------------------|-------------------|
| Revenues | | | |
| Franchise sales | \$ 254,085 | \$ 202,090 | \$ 195,852 |
| Franchise royalties | 1,461,333 | 1,211,477 | 1,030,952 |
| Ticket sales | - | - | 9,672 |
| Website and technology fees | 461,316 | 373,058 | 290,691 |
| Marketing fees | 318,266 | 293,063 | 281,781 |
| Specialty items sales | - | - | 41,354 |
| Other franchise fees | 34,000 | 95,492 | 46,253 |
| Conference registration fees | 54,039 | 1,074 | 27,662 |
| Employee retention credit | - | - | 82,828 |
| Jump start training | 35,000 | - | - |
| Bulk buying program | 24,048 | - | - |
| Other | 70,539 | 7,484 | 9,563 |
| Loan forgiveness | - | - | 323,420 |
| Total revenues | <u>2,712,626</u> | <u>2,183,738</u> | <u>2,340,028</u> |
| Costs and expenses | | | |
| Advertising | 104,334 | 152,920 | 87,792 |
| Depreciation | 1,191 | 694 | 650 |
| Amortization | 36,053 | 24,600 | 215,455 |
| Website and technology fees | 278,004 | 246,513 | 395,093 |
| General and administrative | 1,653,648 | 1,611,056 | 1,165,681 |
| Total costs and expenses | <u>2,073,230</u> | <u>2,035,783</u> | <u>1,864,671</u> |
| Net income (loss) | 639,396 | 147,955 | 475,357 |
| Retained earnings, beginning of year | 141,272 | 652,367 | 204,810 |
| Distributions | <u>(434)</u> | <u>(659,050)</u> | <u>(27,800)</u> |
| Retained earnings, end of year | <u>\$ 780,234</u> | <u>\$ 141,272</u> | <u>\$ 652,367</u> |

See independent auditor's report and notes to the financial statements.

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

| | 2023 | 2022 | 2021 |
|---------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Net income | \$ 639,396 | \$ 147,955 | \$ 475,357 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 37,244 | 25,294 | 216,105 |
| Amortization of contractor consulting agreement | 75,000 | | |
| Loan forgiveness | - | - | (323,420) |
| Change in assets and liabilities: | | | |
| Trade accounts receivable | (17,502) | 118,584 | (62,371) |
| Inventory | - | 4,079 | - |
| Prepaid expenses | (14,756) | (44,700) | - |
| Contractor consulting benefit | - | (175,000) | - |
| Trade accounts payable | (45,108) | 36,369 | 6,957 |
| Deferred revenues | (50,779) | 104,786 | 11,898 |
| Accrued expenses | (16,528) | 15,472 | (30,608) |
| Contractor consulting liability | (75,000) | 175,000 | - |
| Other liabilities | 3,714 | - | - |
| Net cash provided by (used in) operating activities | <u>535,681</u> | <u>407,839</u> | <u>293,918</u> |
| Cash flows from investing activities | | | |
| Payments for equipment purchases | - | (2,711) | (24,000) |
| Payments for website and software | (67,000) | (75,998) | - |
| Net cash provided by (used in) investing activities | <u>(67,000)</u> | <u>(78,709)</u> | <u>(24,000)</u> |
| Cash flows from financing activities | | | |
| Note receivable - related party | - | (600,000) | - |
| Borrowings on notes payable | - | 600,000 | - |
| Proceeds from PPP loan | - | - | 87,520 |
| Payments on notes payable | (71,183) | (148,291) | (1,709) |
| Stockholder's distributions | (434) | (659,050) | (27,800) |
| Net cash provided by (used in) financing activities | <u>(71,617)</u> | <u>(807,341)</u> | <u>58,011</u> |
| Net change in cash | 397,064 | (478,211) | 327,929 |
| Cash and cash equivalents, beginning of year | <u>380,241</u> | <u>858,452</u> | <u>530,523</u> |
| Cash and cash equivalents, end of year | <u>\$ 777,305</u> | <u>\$ 380,241</u> | <u>\$ 858,452</u> |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid for interest | <u>\$ 33,748</u> | <u>\$ 10,431</u> | <u>\$ 79</u> |

See independent auditor's report and notes to the financial statements.

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Risk

Just Between Friends Franchise System, Inc. (the Company) is an Oklahoma corporation established August 26, 2003. It is engaged in the franchising of a business concept for the selling of children's clothing, toys, and other items on a consignment basis in various states. During 2022 and a portion of 2023, the franchise fee per area was \$17,900. Effective April 15, 2023, the franchise fee per area increased to \$24,900. The franchise operations sell various items to individuals located in the franchise area, who take possession of the products at the time of purchase. The sales occur at periodic events throughout the year. The Company receives a royalty from its franchisees of 3%, based on volume, which is payable within fifteen days of the end of the sale. Six franchises were sold as new during 2023. One hundred forty-eight franchises were in operation at the close of 2023.

Basis of Accounting

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, utilizing the accrual basis of accounting. Consequently, revenues are recognized when earned rather than received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid and unrestricted demand accounts with an initial maturity of three months or less to be cash and cash equivalents, which consists of the checking and money market accounts.

Trade Accounts Receivable

Trade accounts receivable are short-term, non-interest bearing, and uncollateralized. Doubtful accounts are charged to operations in the period deemed uncollectible, based on the status of payments.

Employee Retention Credit

The Employee Retention Credit is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. Eligible employers can get immediate access to the credit by reducing employment tax deposits they are otherwise required to make. Qualified wages are those wages, including health care costs, (up to \$10,000 per employee) paid to any employee during the period operations were suspended or the period of the decline in gross receipts, regardless of whether or not its employees are providing services.

Allowance for Doubtful Accounts

Management considers the probability of collection of accounts receivable based on experience, taking into account specific circumstances of franchisees as well as general economic factors, when determining whether an allowance for doubtful accounts is necessary. Management believes that trade accounts receivable at December 31, 2023, 2022, and 2021 are collectible and that an allowance for doubtful accounts is not considered necessary.

(Continued)

NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contractor Consulting Benefit and Liability

As discussed in Notes 13 and 15, the Company's stock was sold and transferred to new ownership during the year ended December 31, 2022. As part of the stock purchase agreement, the previous owner is held on retainage by the Company as an independent contractor for consultation for a minimum of three years.

Office Equipment

Purchased office equipment is carried at cost, net of accumulated depreciation. The Company capitalizes all furniture, fixtures, and equipment acquisitions in excess of \$500 with a useful life greater than one year. Depreciation is provided over the estimated useful lives of the assets. All useful lives for office equipment were five years at December 31, 2023, 2022, and 2021.

The Company records impairments to its office equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Company based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions and other information. No impairments were recorded in 2023, 2022, or 2021.

Capitalized Website and Franchise Software Development Costs

Website and franchise software development costs are recorded at cost. Costs are amortized and recorded using the straight-line method with an estimated useful life of five years. The Company capitalizes all website development costs and franchise software in excess of \$500 with a useful life greater than one year.

Impairments of \$135,167 were recorded in 2021. The Company determined that a portion of the website development was no longer useful from an operational standpoint. No impairments were recorded in 2023 or 2022.

Deferred Revenues

Deferred revenues consist of deferred franchise sales revenue, franchise renewal revenue, and franchise convention registration fees collected from franchisees for a franchise convention held in the subsequent year.

Revenue Recognition

The Company considers an executed franchise disclosure document to be a contract with a customer. Revenues consist of franchise fees, including renewal and transfer fees, technology fees and royalties.

Revenues derived from the sale of a franchise are recognized over the term of the franchise agreement, which is generally five years. The Company has multiple performance obligations to fulfill, the most substantial is to provide training to new franchisees prior to their first sale. The Company has determined approximately 70% of all performance obligations are fulfilled within the first year. The remaining 30% of the franchise fee is recognized on a straight-line basis in years two through five.

(Continued)

NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Royalty revenues are based on a percentage of sales and recognized at the time the underlying sales occur.

The Company allows franchisees to renew their agreement after the initial five-year period is completed. Franchisee's must be in good standing, fully complied with the provisions of the initial Franchise Agreement and are not in default of any provision of the Franchise Agreement. The renewal fee is recognized on a straight-line basis over the renewal period of five years, or 20% per year.

The Company allows franchisees to transfer the remaining life of their Franchise Agreement and the assets or any interest in the franchise or business. It has been determined that 100% of the transfer fee will be recognized at the time of transfer for the training and related benefits provided to the new owner.

The Company recognizes revenue upon the transfer of promised benefit to its customers in an amount that reflects the consideration to which the Company expects to be entitled by applying the following five-step process specified in ASC 606:

- 1) Identify the contract(s) with a customer
- 2) Identify the performance obligations
- 3) Determine the transaction price
- 4) Allocate the transaction price
- 5) Recognize revenue when the performance obligations are met

Factors that could impact the nature, amount, timing, and uncertainty of revenue and cash flows as follows: (1) vulnerability to the cyclical nature of the franchising industry; (2) demand for the Company's services is dependent upon the demand of children's clothing, toys and other items; (3) the timing of franchise sales are outside of the Company's control.

Income Taxes

The Company, with consent of its stockholder, has elected under the Internal Revenue Code to be taxed as an S-corporation. In lieu of corporate income taxes, the stockholder is taxed on the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its stockholder will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Company's tax returns remain open for three years for federal and state income tax examination.

(Continued)

NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2023, 2022, and 2021 was \$104,334, \$152,920, and \$87,792, respectively.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonable possible that changes may occur in the near term that would affect management's estimates with respect to deferred revenue, allowance for doubtful accounts, depreciation, and accrued expenses. Revisions in estimated profits are made in the year in which circumstances requiring the revision become known.

Change in Accounting Principle

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). The current methodology requires a delay in recognizing credit losses until it is probable a loss has been incurred. Both, entities that extend credit and users of their financial statements, expressed concern that current GAAP restricted the ability to record credit losses that are expected, but do not yet meet the “probable” threshold. The main objective of this Update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this Update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company adopted ASU 2016-13 as of January 1, 2023 under the modified retrospective approach. The adoption of ASU 2016-13 did not materially impact the financial statements.

The Financial Accounting Standards Board (FASB) issued ASU 2016-02, Leases (Topic 842). Topic 842 increases the transparency and comparability in financial reporting by requiring balance sheet recognition of leases exceeding 12 months and note disclosures of certain information about lease arrangements. As most of the leases do not provide an implicit rate, the Company will use their incremental borrowing rate (historical prime rate, 7.5% at December 31, 2022) based on the information available at the commencement date in determining the present value of lease payments. The Company adopted ASU 2016-02 as of January 1, 2022 under the modified prospective approach. The adoption of ASU 2016-02 did not materially impact the financial statements. The Company had no material agreements that would qualify under Topic 842 as of December 31, 2022.

(Continued)

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Company has evaluated subsequent events through April 8, 2024, the date the financial statements were available to be issued.

NOTE 2 - NOTES RECEIVABLE – RELATED PARTIES

At December 31, 2023, the Company holds a note receivable due from the owner in relation to the note payable and stock purchase agreement as described in Notes 10 and 13. The note receivable bears no interest and has no maturity date.

The Company provides financing for selected franchisees for the initial franchise fee. The notes bear interest at five percent per annum, compounded monthly, and are due in the subsequent period. As of December 31, 2023 and 2022, there were no notes receivables from franchisees.

NOTE 3 - BANK LINE OF CREDIT

The Company entered into an agreement for a line of credit with a local bank in the amount of \$250,000 in January 2023, which is due on demand. It requires interest at the Wall Street Journal Prime rate (8.50% at December 31, 2023) plus one percent (adjustable). It is collateralized by all present and future business assets. An unaffiliated corporation is also a guarantor on the loan. The Company had no borrowings on the line of credit at December 31, 2023.

The Company had a line of credit agreement with a local bank in the amount of \$300,000 that was closed out in December 2022. It required interest at the Wall Street Journal Prime rate plus one percent (adjustable), with a 4.75% floor. It was collateralized by all business assets, shares of stock and a subordinate mortgage on a residential property. The Company had no borrowings on the line of credit at December 31, 2022 or 2021.

NOTE 4 - RETIREMENT PLAN

The Company sponsors a Simple IRA Plan for all employees who have completed one year of service. Employees may contribute a percentage of their compensation to the Plan, limited to a maximum amount allowed by Internal Revenue Service regulations. The Company may on a discretionary basis make non-elective contributions to the Plan on behalf of eligible employees. The Company's contributions to the plan for the years ended December 31, 2023, 2022, and 2021 were \$8,732, \$8,461, and \$4,695, respectively.

(Continued)

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

NOTE 5 - OFFICE EQUIPMENT

At December 31, office equipment consists of:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|-----------------|-----------------|
| Office furniture and equipment | \$ 28,742 | \$ 28,742 |
| Less accumulated depreciation | <u>(25,916)</u> | <u>(24,725)</u> |
| | <u>\$ 2,826</u> | <u>\$ 4,017</u> |

Depreciation charged to expense was \$1,191 and \$694 for the years ended 2023 and 2022, respectively.

NOTE 6 - WEBSITE DEVELOPMENT AND FRANCHISE SOFTWARE

At December 31, website development and franchise software consists of:

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|-------------------|-------------------|
| Website development | \$ 925,291 | \$ 858,291 |
| Franchise software | 71,519 | 71,519 |
| | <u>996,810</u> | <u>929,810</u> |
| Less accumulated amortization | <u>(865,722)</u> | <u>(829,669)</u> |
| | <u>\$ 131,088</u> | <u>\$ 100,141</u> |

Amortization charged to expense was \$36,053 and \$24,600 for the years ended 2023 and 2022, respectively.

NOTE 7 - CONCENTRATIONS OF CREDIT AND MARKET RISK

The Company's financial instruments exposed to concentrations of credit and market risk consist primarily of cash and accounts receivable. The accounts receivable are due from franchisees, whom management believes are credit worthy.

The Company maintains cash balances at various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the Company's deposits may exceed insured amounts. At December 31, 2023 and 2022, balances exceed FDIC coverage. Management believes that credit risk related to these deposits is minimal.

NOTE 8 - CONTINGENCIES

During the course of business, the Company may become involved in various legal proceedings. At December 31, 2022, the Company was involved in an intellectual property lawsuit with a former franchisee, with the Company listed as plaintiff. During the year ended December 31, 2023, the lawsuit settled in favor of the Company. In the opinion of management, any liability from other such proceedings would not have a material adverse effect on the financial statements.

(Continued)

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

NOTE 9 - RELATED PARTY

Just Between Friends Franchise System, Inc. had certain business transactions with M&S Wilburn Enterprises (M&S), a Corporation formerly related through common ownership. As of December 31, 2023, the Company is under new ownership and is no longer affiliated with M&S. All franchises owned by M&S were transferred to the new owner of the Company. During 2023, 2022, and 2021, M&S assumed ownership of zero franchises, zero franchises and seven franchises, respectively, all of which were originally owned by independent franchisees. None of the franchises acquired in 2021 were operated by M&S; they were all available for sale. M&S owned zero franchises, zero franchises and five franchises for the years ended December 31, 2023, 2022, and 2021, respectively.

No funds were remitted from M&S to Just Between Friends Franchise System, Inc. during 2023, 2022, or 2021.

NOTE 10 - LONG TERM DEBT

Long-term debt at December 31, consists of the following:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| One bank loan which requires monthly payments totaling approximately \$8,744. The interest rate is 5.93%, and the loan matures in December, 2029. | \$ 528,817 | \$ 600,000 |
| Less current portion of long-term debt | <u>(75,624)</u> | <u>(71,282)</u> |
| Total | <u>\$ 453,193</u> | <u>\$ 528,718</u> |

The loan at December 31, 2023 is collateralized by all business assets, shares of stock and a subordinate mortgage on a residential property. An unaffiliated corporation is also a guarantor on the loan.

Future maturities of long-term debt at December 31, 2023, are as follows:

| <u>Years Ending December 31,</u> | <u>Amount</u> |
|----------------------------------|-------------------|
| 2024 | \$ 75,624 |
| 2025 | 80,231 |
| 2026 | 85,118 |
| 2027 | 90,303 |
| 2028 | 95,803 |
| Thereafter | <u>101,738</u> |
| Total | <u>\$ 528,817</u> |

(Continued)

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

NOTE 11 - FORGIVENESS OF PPP LOAN

On April 14, 2020, the Company received loan proceeds in the amount of \$85,900 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan is forgivable as long as the Company utilizes the funds for eligible purposes including payroll, benefits, rent, and utilities. The Company was granted forgiveness by the Small Business Administration during 2021.

On January 20, 2021, the Company received loan proceeds in the amount of \$87,520 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan is forgivable as long as the Company utilizes the funds for eligible purposes including payroll, benefits, rent, and utilities. The Company was granted forgiveness by the Small Business Administration in August 2021.

NOTE 12 - FORGIVENESS OF TEDC LOANS

Two loans from Tulsa Economic Development Corporation, both for the amount of \$75,000 for a total of \$150,000 were received in 2020. They required monthly payments totaling approximately \$2,726. The interest rates were 3.75% for each loan. The loans originally matured in January, 2026 and May, 2026, respectively. The loans were forgiven in January and March of 2021.

NOTE 13 - STOCK PURCHASE AND TRANSFER OF OWNERSHIP

On July 27, 2022, a stock purchase agreement was entered into between Company ownership and a Just Between Friends Franchise System, Inc. executive and franchisee. On December 29, 2022, the stock purchase agreement was finalized, and all ownership rights transferred to the new owner. To facilitate the stock purchase, the new owner entered into a loan agreement under which the Company is listed as borrower. The new owner owes the originating balance of the loan to the Company and will pay down the balance when able.

NOTE 14 - PHANTOM STOCK AGREEMENT

Granted as part of the stock purchase and transfer of ownership stated in Note 13, the previous owner is entitled to seven percent of the Company’s interest in the form of phantom stock. The phantom stock does not entitle the previous owner to share in dividends or shareholder distributions.

The phantom stock can be executed in two ways: upon sale or transfer of substantially all of the Company or legal and beneficial interest in the Company by the current owner, or via a call option ten years after the phantom stock was issued. If the call option is not executed and the Company maintains current ownership, the phantom stock will vest into actual stock of non-dilutable interest in the Company, granting the previous owner full rights as a shareholder.

(Continued)

JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

NOTE 15 - CONTRACTOR CONSULTING AGREEMENT

Granted as part of the stock purchase and transfer of ownership stated in Note 13, the previous owner shall be retained by the Company as an independent consulting contractor. Neither contractor nor the Company shall have authority to make representations, commitments, bind or enter into contracts on behalf of, or otherwise obligate the other party in any manner whatsoever.

The Company holds a contingent liability and corresponding asset related to the future compensation obligated to the independent contractor.

Future payments of contractor consulting fees at December 31 are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2024 | \$ 50,000 |
| 2025 | 50,000 |
| | <u>\$ 100,000</u> |

EXHIBIT C
to
JUST BETWEEN FRIENDS
DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF OPERATIONS MANUAL

| Content | Pages |
|----------------------------------|-------------|
| Notices to Franchisees | 1 |
| Operations Manual Use Guidelines | 2-9 |
| Welcome to Just Between Friends | 10-12 |
| Franchise Overview | 13-23 |
| Support for Success | 24-28 |
| Establish Your Business | 29-41 |
| Planning and Executing Your Sale | 42-146 |
| JBF Technology | 147-149 |
| JBF Marketing | 150-180 |
| JBF Digital Resource Library | ~200+ pages |

EXHIBIT D
TO
JUST BETWEEN FRIENDS
FRANCHISE DISCLOSURE DOCUMENT
STATE FRANCHISE ADMINISTRATORS

California: Department of Financial Protection & Innovation
State of California
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2314
866-275-2677 or 866-ASK CORP

Connecticut: Director, Securities & Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800

Florida: Department of Agriculture
Division of Consumer Protection
State of Florida
PO Box 6700
Tallahassee, FL 32214-6700

Hawaii: Commissioner of Securities
Hawaii Business Registration Division
335 Merchant Street
Honolulu, HI 96813

Illinois: Franchise Bureau
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Indiana: Commissioner, Franchise/Securities Division
Indiana Secretary of State
302 West Washington Street
Indianapolis, IN 46204

Iowa: Director, Securities Bureau
State of Iowa
340 Maple Street
Des Moines, IA 50319-0066

Maryland: Office of the Attorney General, Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020

Michigan: Department of Commerce
Corporations and Securities Bureau
525 West Ottawa Street
670 Law Building
Lansing, MI 48913

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

Nebraska: Department of Banking and Finance
State of Nebraska
1200 N Street
Lincoln, NB 68509

New York: NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st Floor
New York, NY 10005
212-416-8236

North Dakota: Securities Commissioner
State of North Dakota
600 East Boulevard Avenue
State Capitol, Fifth Floor
Bismarck, ND 58505-0510

Oregon: Department of Consumer and Business Services
Division of Finance & Corporate Securities
State of Oregon
Labor and Industries Building
350 Winter Street NE
Salem, OR 97301

Rhode Island: Director of Department of Business Regulation
Division of Securities
State of Rhode Island
1511 Pontiac Avenue
Cranston, RI 02920

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

Texas: Secretary of State
State of Texas
PO Box 12887

Austin, TX 78711

Utah: Director, Division of Consumer Protection
Utah Department of Commerce
160 East 300 South
Salt Lake City, UT 84111

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

Washington: Director of Financial Institutions
State of Washington
150 Israel Road SW
Tumwater, WA 98507-9033

Wisconsin: Administrator, Division of Securities,
Wisconsin Department of Financial Institutions
345 West Washington, 4th Floor
Madison, WI 53703

**EXHIBIT E
TO THE
JUST BETWEEN FRIENDS
DISCLOSURE DOCUMENT**

AGENTS FOR SERVICE OF PROCESS

JBF's agent for service of process in the state of Pennsylvania is: Tracy Panase, JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC., 78 Grandview Blvd., Reading PA 19609

Listed below are the names, addresses and telephone numbers of the state agencies which JBF has appointed as agents for service of process. We may not yet be registered to sell franchises in any or all of these states, and the inclusion of these state agencies does not necessarily mean that we are conducting business in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

California: Department of Financial Protection & Innovation
State of California
320 West 4th Street, Suite 750
Los Angeles, CA 90013

Connecticut: Director, Securities & Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800

Florida: Secretary of State
State of Florida
PO Box 6700
Tallahassee, FL 32214-6700

Hawaii: Commissioner of Securities of State of Hawaii
Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois: Attorney General
State of Illinois
500 South Second Street
Springfield, IL 62706

Indiana: Secretary of State
State of Indiana
302 West Washington Street
Indianapolis, IN 46204

Iowa: Secretary of State
State of Iowa
340 Maple Street
Des Moines, IA 50319-0066

Maryland: Maryland Commissioner of Securities
200 St. Paul Place
Baltimore, MD 21202-2020

Michigan: Securities Commissioner
State of Michigan
525 West Ottawa Street
670 Law Building
Lansing, MI 48913

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

Nebraska: Secretary of State
State of Nebraska
1200 N Street
Lincoln, NB 68509

New York: Secretary of State
State of New York
99 Washington Avenue
Albany, NY 11231

North Dakota: Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor
Bismarck, ND 58505

Oregon: Secretary of State
State of Oregon
350 Winter Street NE
Salem, OR 97301

Rhode Island: Director, Department of Business Regulation
State of Rhode Island
1511 Pontiac Avenue
Cranston, RI 02920

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

Texas: Secretary of State
State of Texas
PO Box 12887
Austin, TX 78711

Utah: Director, Division of Consumer Protection
Utah Department of Commerce
160 East 300 South
Salt Lake City, UT 84111

Virginia: Clerk, State Corporation Commission
Commonwealth of Virginia
1300 East Main Street, First Floor
Richmond, VA 23219

Washington: Administrator, Division of Securities
Director of Department of Financial Institutions
State of Washington
150 Israel Road SW
Tumwater, WA 98507

Wisconsin: Administrator, Division of Securities,
Department of Financial Institutions
State of Wisconsin
201 W. Washington Ave., Suite 300
Madison, WI 53703

EXHIBIT F
to
JUST BETWEEN FRIENDS
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA TO THE
DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

Notwithstanding anything to the contrary in the Franchise Agreement or the Federal Disclosure Document, in the event there is a conflict with the law of California and the provisions in the Franchise Agreement, this Addendum shall control. Unless specifically altered by this Addendum, the provisions of the Franchise Agreement shall remain in full force and effect. The provisions of this Addendum apply to Franchisees who reside in or operate a franchise in California.

- a. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED WITH THE COMPANY'S FRANCHISE DISCLOSURE DOCUMENT.
- b. Neither the JBF nor any person or franchise broker listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 USCA Section 78a et seq., suspending or expelling these persons from membership in any such association or exchange.
- c. California Business and Professions Code Sections 20000 to 20043 provide rights to protect the Franchisee in the termination, transfer, or non-renewal of the Franchise. If the Franchise Agreement is inconsistent with California law in this regard, California law will control.
- d. The Franchise Agreement provides for termination upon the bankruptcy of the Franchisee or Franchisee's guarantors. This provision may not be enforceable under applicable federal bankruptcy laws (11 USCA Section 101 et seq.).
- e. The Franchise Agreement contains covenants not to compete which extend beyond the term of the Agreement. These provisions may not be enforceable under California law.
- f. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code, Section 1671, certain liquidated damage provisions are not enforceable.
- g. The Franchise Agreement requires binding arbitration in franchisor's principal place of business (currently Reading, Pennsylvania) with the costs being borne as the arbitrator determines. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions in the Franchise Agreement restricting venue to a forum outside the State of California.
- h. The Franchise Agreement requires application of the laws of Pennsylvania. This provision may not be enforceable under California law.
- i. Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.
- j. You must sign a general release of claims against us if you renew or transfer your Franchise. California Corporation Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

k. We have a website: www.jbfsale.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. 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

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

The undersigned Franchisee acknowledges receipt of this Addendum to the Franchise Agreement.

Dated _____

| | |
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| Just Between Friends Franchise System, Inc. By: _____ Tracy Panase, CEO | Franchisee: Signature: _____ Print Name: _____ Title: Managing Owner |
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FOR THE STATE OF HAWAII

HAWAII DISCLOSURE NOTICE

THIS FRANCHISE WILL BE OR HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT, THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

FOR THE STATE OF ILLINOIS

This Addendum amends the **JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.** (“Company”) Franchise Agreement (“Agreement”) with _____ (“Franchisee”) dated _____ for all purposes:

For good and valuable consideration, the parties agree as follows:

- (1) Illinois law governs the Franchise Agreement(s).
- (2) 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 a franchise agreement may provide for arbitration to take place outside of Illinois.
- (3) Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
- (4) 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.

Effective Date: _____

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| <p>Just Between Friends Franchise System, Inc.</p> <p>By: _____ Tracy Panase, CEO</p> | <p>Franchisee: Signature: _____</p> <p>Print Name: _____ Title: Managing Owner</p> |
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FOR THE STATE OF INDIANA

This Addendum to the Franchise Agreement and Franchise Disclosure Document is agreed to this _____ by and between Just Between Friends Franchise System, Inc. and _____.

Pursuant to the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2.2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement is amended as follows:

Any provisions in the Franchise Agreement requiring a prospective general release do not apply to claims against Franchisor that may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

Franchisor shall not be permitted to unilaterally terminate the Franchise Agreement unless there is a material violation of the Franchise Agreement.

Pursuant to Indiana Code 23-2-2.7-1(9) the post-termination non-competition covenants shall have a geographical limitation of the territory granted to Franchisee.

Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee’s reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

In the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law will prevail.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

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| Just Between Friends Franchise System, Inc. | Franchisee: |
| By: _____ Tracy Panase, CEO | Signature: _____ |
| | Print Name: _____ |
| | Title: Managing Owner |

FOR THE STATE OF MARYLAND

This Addendum amends the JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC. (“Company”) Franchise Agreement (“Agreement”) and the JBF Franchise Disclosure Document (“FDD”) with _____ (“Franchisee”) dated _____ for all purposes:

For good and valuable consideration, the parties agree as follows:

1. All representations requiring prospective franchisees to assent to a release, estoppel or waiver by the Franchisee of the Company’s 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.
2. Notwithstanding any provisions in the Franchise Agreement or Item 17 of the FDD, a franchise is permitted to bring a lawsuit in Maryland for claims under the Maryland Franchise Registration and Disclosure Law.
3. Notwithstanding any provision in the Franchise Agreement or Item 17 of the FDD, pursuant to COMAR 02.02.08.16L, the general release required as a condition of the renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. Notwithstanding any provision in the Franchise Agreement or Item 17 of the FDD, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
5. The provisions in the Franchise Agreement or Item 17 of the FDD, which provide for the termination of the franchise upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 USC Section 101 et seq.).
6. The company will defer receipt of the initial franchise fee and all other fees payable to the Company until the company completes all pre-opening training obligations and the franchise is open for business.
7. In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
8. 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 the 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.

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| <p>Just Between Friends Franchise System, Inc.</p> <p>By: _____ Tracy Panase, CEO</p> | <p>Franchisee: Signature: _____</p> <p>Print Name: _____ Title: Managing Owner</p> |
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FOR THE STATE OF MICHIGAN

1. 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 prohibition of your right to join an association of Franchisees.
- A requirement that you assent to a release, assignment, novation, waiver or estoppel that deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- A provision that permits us to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure the failure.
- A provision that permits us to refuse to renew a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to us and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the Franchised Consignment Sales Business are not subject to compensation. This subsection applies only if: (a) the term of the franchise is less than five (5) years, and (b) you are prohibited by the franchise agreement 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 you do not receive at least six (6) months advance notice of our intent not to renew the franchise.
- A provision that permits us 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.
- A provision requiring that litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of litigation, to conduct litigation at a location outside this state.
- A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

- The fact that the proposed transferee is our or Subfranchisor’s competitor.
 - The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - Your or proposed transferee’s failure to pay us any sums or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.
- A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants us 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 us the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in ITEM 17 (g).
 - A provision that permits us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services.

2. If our most recent financial statements are unaudited and show a net worth of less than one hundred thousand dollars (\$100,000.00), you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

3. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.

4. Any questions regarding this notice should be directed to:

State of Michigan
 Consumer Protection Division
 Attention: Franchise Bureau
 525 West Ottawa Street
 G. Mennen Williams Building, 6th Floor
 Lansing, MI 48933
 (517) 373-7117

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| <p>Just Between Friends Franchise System, Inc.</p> <p>By: _____ Tracy Panase, CEO</p> | <p>Franchisee: Signature: _____</p> <p>Print Name: _____ Title: Managing Owner</p> |
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FOR THE STATE OF MINNESOTA

This Addendum amends the **JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.** (“Company”) Franchise Agreement (“Agreement”) with _____ (“Franchisee”) dated _____ for all purposes for franchises located in Minnesota or otherwise governed by Minnesota law.

For good and valuable consideration, the parties agree that, notwithstanding any provisions in the Franchise Agreement to the contrary, the following provisions shall govern any Franchise Agreement with a Minnesota resident:

1. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring a general release on renewal, requiring waiver of a jury trial, or requiring the franchisee to consent to injunctive relief or liquidated damages, termination penalties or judgment notes. See Minn. Rule 2860.4400(D).
2. Nothing in the Franchise Agreement 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 Minnesota.
3. With respect to franchises governed by Minnesota law, the Franchisor, JBF, 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 ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days’ notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
4. Franchisor, JBF will protect the franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any meritorious claim, suit or demand regarding the use of those marks. Minnesota considers it unfair to not protect the franchisees right to use the trademarks. See Minnesota Statutes, Section 80C.12, Subd. 1(g)
5. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
6. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. Also, a court will determine if a bond is required. See Minn. Rules 2860.4400J
7. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
8. Pursuant to Minnesota Statute 604.113, the insufficient funds fee as set forth in Item 6 of the FDD and Section 5.17 of the Franchise Agreement shall be thirty (\$30) dollars.

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| Just Between Friends Franchise System, Inc. By: _____ Tracy Panase, CEO | Franchisee: Signature: _____ Print Name: _____ Title: Managing Owner |
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FOR THE STATE OF NEW YORK

This Addendum amends the **JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.** (“Company”) Franchise Agreement (“Agreement”) in New York with _____ (“Franchisee”) dated _____ for all purposes:

I. For good and valuable consideration, the parties agree the FDD is modified as follows:

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 D 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 ten (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 ten (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 one (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.

II. The Parties further agree that the Franchise Agreement is modified as follows:

1. **Renewal and Sale or Transfer of the Franchise.** In connection with the renewal or extension of the Franchise Agreement and in connection with the sale, transfer or assignment of the Franchise and the rights under the Franchise Agreement, all rights enjoyed by the Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of New York and all regulations issued thereunder shall remain in force, it being the intent of the parties that non-waiver provisions of General Business Law of New York, Sections 687.4 and 687.5 be satisfied.

2. **Voluntary Termination by Franchisor.** In the event the Company determines to terminate the Franchise Agreement, all rights enjoyed by the Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of New York and all regulations issued thereunder shall remain in force, it being the intent of the parties that non-waiver provisions of General Business Law of New York, Sections 687.4 and 687.5 be satisfied; and Franchisee may use whatever legal rights of Franchisor may have to suspend or discontinue operations by reason of a breach by Franchisor.

3. **Injunctive Relief.** The Company is not automatically entitled to attorneys’ fees, expenses and costs in an action for injunctive relief against the Franchisee.

4. **Operating Manual.** Unilateral changes in the Operating Manual will not unreasonably increase the Franchisee’s obligations under the Franchise Agreement or place upon the Franchisee an excessive financial burden.

5. **Indemnification.** The Franchisee shall not be required to indemnify Company for any claims arising out of Company’s breach of this Agreement or other civil wrongs committed by Company or for related attorneys’ fees, expenses and costs arising out of Company’s breach of this Agreement or other civil wrongs committed by Company.

6. **Governing Law.** The choice of law in the Franchise Agreement shall not constitute a waiver of any right conferred upon either party to the Franchise Agreement by reason of the provisions of Article 33 of the General Business Law of New York.

7. **Reporting Obligations of Franchisor.** Section 1136 of the New York Tax Law requires that the Company report gross sales of each New York franchisee, total sales by each New York Franchisee, any income reported to the Company by each New York Franchisee and certain other information, such as the names of the owners of each New York Franchisee, the physical and mailing address of each New York Franchisee.

8. **Savings Clause.** Notwithstanding any provision in the Franchise Agreement to the contrary, in the event of a conflict of interest between the provisions of the Franchise Agreement and this Addendum, this Addendum shall control. The parties agree that unless specifically modified by this Addendum, the provisions of the Franchise Agreement shall remain in full force and effect and shall be enforceable in accordance with their terms.

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| <p>Just Between Friends Franchise System, Inc.</p> <p>By: _____ Tracy Panase, CEO</p> | <p>Franchisee: Signature: _____</p> <p>Print Name: _____ Title: Managing Owner</p> |
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FOR THE STATE OF NORTH DAKOTA

This Addendum amends the **JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.** (“Company”) Franchise Agreement (“Agreement”) in North Dakota with _____ (“Franchisee”) dated _____ for all purposes:

For good and valuable consideration, the parties agree as follows:

- (1) **Restrictive Covenants.** To the extent that the Franchise Agreement contains covenants restricting competition contrary to NDCC Section 9-08-06, those covenants are deleted from the Franchise Agreement.
- (2) **Situs of Arbitration Proceedings.** To the extent the Franchise Agreement provides that the parties must agree to arbitrate disputes at a location that is remote from the site of the Franchisee’s business, those provisions are deleted from the Franchise Agreement.
- (3) **Restrictions On Forum.** To the extent the Franchise Agreement requires North Dakota Franchisees to consent to the jurisdiction of courts outside of North Dakota, those provisions are deleted from the Franchise Agreement.
- (4) **Liquidated Damages and Termination Penalties.** To the extent the Franchise Agreement requires North Dakota Franchisees to consent to liquidated damages or termination penalties, those provisions are deleted from the Franchise Agreement.
- (5) **Applicable Laws.** To the extent the Franchise Agreement requires the Agreement to be governed by the law of a state other than North Dakota, those provisions are deleted from the Franchise Agreement.
- (6) **Waiver of Trial by Jury.** To the extent the Franchise Agreement requires the North Dakota Franchisee to waive trial by jury, those provisions are deleted from the Franchise Agreement.
- (7) **Waiver of Exemplary and Punitive Damages.** To the extent the Franchise Agreement requires the North Dakota Franchisee to waive exemplary or punitive damages, those provisions are deleted from the Franchise Agreement.
- (8) **General Release.** To the extent the Franchise Agreement requires the North Dakota Franchisee to sign a general release as a condition of renewal of the Franchise, those provisions are deleted from the Franchise Agreement.
- (9) **Limitation of Claims.** To the extent the Franchise Agreement requires the North Dakota Franchisee to consent to a limitation of claims, those provisions are deleted from the Franchise Agreement.

- (10) **Enforcement of Agreement.** To the extent the Franchise Agreement requires the North Dakota Franchisee to pay all the costs of the Franchisor in enforcing the agreement, those provisions are deleted from the Franchise Agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.

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| <p>Just Between Friends Franchise System, Inc.</p> <p>By: _____ Tracy Panase, CEO</p> | <p>Franchisee: Signature: _____</p> <p>Print Name: _____ Title: Managing Owner</p> |
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FOR THE STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for **JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.** For use in the Commonwealth of Virginia shall be amended as follows:

Item 17.h is amended by adding the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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.

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| Just Between Friends Franchise System, Inc. By: _____ Tracy Panase, CEO | Franchisee: Signature: _____ Print Name: _____ Title: Managing Owner |
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WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND RELATED AGREEMENTS

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 one hundred thousand dollars (\$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 two hundred fifty thousand dollars (\$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.

[signature page to follow]

***[signature page to Washington Addendum To Franchise Disclosure Document, Franchise Agreement
And Related Agreements]***

The undersigned Franchisee acknowledges receipt of this Addendum to the Franchise Agreement.

Dated _____

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| Just Between Friends Franchise System, Inc. By: _____ Tracy Panase, CEO | Franchisee: Signature: _____ Print Name: _____ Title: Managing Owner |
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**EXHIBIT G
TO JUST BETWEEN FRIENDS
DISCLOSURE DOCUMENT
LIST OF EXISTING FRANCHISES**

The following is a list of the names, addresses and telephone numbers of existing JBF Franchisees as of December 31, 2023.

| Name: | Address: | Phone #: | Franchise City | Franchise State |
|------------------------------------------|-------------------------------------------------------|------------------------------|-----------------------|------------------------|
| ARIZONA | | | | |
| Shawna Wilfert | 8593 N. Johnny Miller Rd Tucson, AZ 85742 | 432-349-3938 | Tucson | |
| Danny Hansen | 630 W. Calle Dadivoso Tucson, AZ 85704 | 520-370-4301 | | |
| ARKANSAS | | | | |
| Grace Perkins | 2801 S. 65th St Fort Smith, AR 72903 | 479-926-1558 | Fort Smith | |
| CALIFORNIA | | | | |
| ‡Shannon Carter | 8454 Country Acres Lane Sacramento, CA 95828 | 916-688-1966 | Elk Grove | |
| ‡Shamberlee McCarter | 6460 Grangers Dairy Dr Sacramento, CA 95831 | 760-201-6173 | | |
| Gena Pascual | 4821 Heather Ranch Way Rancho Cordova, CA 95742 | 916-501-8710 | Folsom | |
| ‡Mandi Milburn | 2516 E Seeger Ave Visalia, CA 93292 | 559-936-7734 | Fresno | |
| Joan Kisthardt Noah Lovitz-Wolfson | 925 Chelebrooke Ct Napa, CA 94559 | 617-435-9614 415-516-1614 | North Bay | |
| ‡Shannon Carter | 8454 Country Acres Lane Sacramento, CA 95828 | 916-688-1966 | Roseville | |
| ‡Shamberlee McCarter | 6460 Grangers Dairy Dr Sacramento, CA 95831 | 760-201-6173 | | |
| ‡Mandi Milburn | 2516 E Seeger Ave Visalia, CA 93292 | 559-936-7734 | San Diego | |
| Marci Ludwig | 1120 Bird Ave. Ste F147 San Jose, CA 95125 | 408-705-3552 | San Mateo | |
| Just Between Friends Franchise System | 78 Grandview Blvd Reading, PA 19609 | 918-902-5673 | µ Stockton | |
| Mary Eberle | 766 Violet Lane Vacaville, CA 95687 | 707-761-2984 | Vacaville | |
| Michele Jacklin | 831 Stonewood Pl. Vacaville, CA 95687 | 707-761-2982 | | |
| ‡Mandi Milburn | 2516 E Seeger Ave. Visalia, CA 93292 | 559-936-7734 | Visalia | |
| COLORADO | | | | |
| Jill Trangmoe | 1140 Inverness St Broomfield, CO 80020 | 720-375- 6100 | Arvada | |

| Name: | Address: | Phone #: | Franchise City | Franchise State |
|------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------------|------------------------------|------------------------|
| ‡Shannan Hays | 24761 E Rowland PL Aurora, CO 80016 | 303-968-0797 | Aurora | |
| ‡Shannan Hays | 24761 E Rowland PL Aurora, CO 80016 | 303-968-0797 | Broomfield | |
| Dawn Escarcega | 10322 Mt. Lincoln Dr Peyton, CO 80831 | 720-785-3522 | Colorado Springs | |
| ‡Deborah Freeman | 1902 S. Magnolia St Denver, CO 80224 | 720-255-1523 | Denver | |
| ‡Deborah Freeman | 1902 S. Magnolia St Denver, CO 80224 | 720-255-1523 | Douglas County | |
| Cody Sottile Tanner Houston | 275 Jackson Dr Erie, CO 80516 | 303-26407145 720-473-0365 | Longmont | |
| Stefanie Saucedo Danielle Saucedo | 2117 62 nd Ave. Ct. Greeley, CO 80634 524 N 11th Ave Greeley, CO 80631 | 970-405-5868 970-584-7746 | Northern Colorado | |
| Brenda Sanchez | 11261 Oswego St. Henderson, CO 80640 | 303-656-3865 | Pueblo | |
| Mike Knudtson Nicole Reed | 627 Carlsbad Dr. Grand Junction, CO 81507 | 308-641-5150 308-672-2181 | Western Colorado | |
| DELAWARE | | | | |
| Eileen Cordero | 158 Gloucester Blvd. Middleton, DE 19709 | 646-884-1195 | Middletown/Dover | |
| ‡Kelly Hardy ‡Kate Horowitz | 861 Durant Ct. West Chester, PA 19380 14 Jesse Ct Glen Mills, PA 19342 | 610-322-6605 610-420-0327 | Wilmington/Newark | |
| FLORIDA | | | | |
| Lauren Maring | 2265 SW 34 th Ave. Ft. Lauderdale, FL 33312 | (954) 257-2570 | Coral Springs/ Boca Raton | |
| Crystal Samuel Kelley Pearce | 3073 Camino Real Loop Lillian, AL 36549 12502 Meadson Rd Pensacola, FL 32506 | 302-519-5261 836-397-9011 | Emerald Coast | |
| Karen Miner | 25707 NW 82nd Pl High Springs, FL 32643 | 352-339-1178 | Gainesville | |
| Kim Hazim | 3547 Tamarack Trail W Palm Beach, FL 33406 | 786-779-1946 | Greater Palm Beach | |
| ‡Lori Rodden | 150 Cado Ct. St. Augustine, FL 32095 | 206-276-1898 | Jacksonville | |
| Jennifer Cope Brian Cope | 1021 Sadie Ridge Rd Clermont, FL 34715 | 484-358-2068 610-663-2660 | Lake County | |
| Heather Linebarger | 1502 Shelley Pl Lakeland, FL 33803 | 863-640-1504 | Lakeland | |

| Name: | Address: | Phone #: | Franchise City | Franchise State |
|---------------------------------------|--------------------------------------------------|------------------------------|------------------------|------------------------|
| Julie Worsham | 8909 SW 70 th Court Rd #106 | 352-804-2659 | Ocala | |
| Myra Worsham | Ocala, FL 34476 3673 SW Pl Ocala, FL 34473 | 352-209-1150 | | |
| Just Between Friends Franchise System | 78 Grandview Blvd Reading, PA 19609 | 918-902-5673 | μ Orlando | |
| Just Between Friends Franchise System | 78 Grandview Blvd Reading, PA 19609 | 918-902-5673 | μ Sarasota/Bradenton | |
| Just Between Friends Franchise System | 78 Grandview Blvd Reading, PA 19609 | 918-902-5673 | μ South Broward County | |
| ‡Lori Rodden | 150 Cado Ct. St. Augustine, FL 32095 | 206-276-1898 | St. Augustine | |
| Tracy Johnson | 6021 Hammock Woods Dr Odessa, FL 33556 | 816-457-1234 | Tampa (North) | |
| ‡Lori Rodden | 150 Cado Ct. St. Augustine, FL 32095 | 206-276-1898 | West Jacksonville | |
| GEORGIA | | | | |
| Just Between Friends Franchise System | 78 Grandview Blvd Reading, PA 19609 | 918-902-5673 | μ Henry County | |
| IDAHO | | | | |
| ‡Tyona Albrecht | 4204 S Suncrest Ln Verdale, WA 99037 | 509-536-2840 | North Idaho | |
| ILLINOIS | | | | |
| Tiffany Taylor | 11070 Rambling Oaks Dr St Louis, MO 63128 | 314-660-1026 | O'Fallon/Belleville | |
| Tammy McDaniel David McDaniel | 2343 10 th St. Rockford, IL 61104 | 815-909-6925 815-319-5398 | Rockford | |
| Sally Conley | 670 Grove St. Glencoe, IL 60022 | 847-867-5642 | Schaumburg | |
| INDIANA | | | | |
| ‡Morgan Walker | PO Box 36 Amboy, IN 46911 | 765-667-4802 | Greenville/Richmond | |
| ‡Morgan Walker | PO Box 36 Amboy, IN 46911 | 765-667-4802 | North Indianapolis | |
| Linda Sullivan | 12288 Harvest Glen Blvd. Fishers, IN 46037 | 317-502-4740 | West Indianapolis | |
| IOWA | | | | |
| ‡Marisa Clark | 2000 Prairie Holly Dr Aledo, TX 76008 | 515-782-8824 | Des Moines | |
| KANSAS | | | | |
| Stephanie Hyder | 4606 Verona Dr. Riverside, MO 64150 | 816-825-2295 | Overland Park | |
| LOUISIANA | | | | |
| Melissa Foster | 122 Cherry Laurel Dr. Covington, LA 70433 | 512-470-2273 | Northshore | |
| MARYLAND | | | | |

| Name: | Address: | Phone #: | Franchise City | Franchise State |
|---------------------------------------|------------------------------------------------------------|------------------------------|------------------------------|------------------------|
| Melody Shoemaker | 301 Elderfield Rd Newark, DE 19713 | 610-766-1202 | Harford County | |
| Just Between Friends Franchise System | 78 Grandview Blvd Reading, PA 19609 | 918-902-5673 | μ South Baltimore | |
| MICHIGAN | | | | |
| Anne Seyferth | 1340 St. James Pl Chelsea, MI 48118 | 734-649-5353 | Ann Arbor | |
| Sarah Garot | 21408 Waterloo Rd. Chelsea, MI 48118 | 734-827-4442 | | |
| Melissa Cook | 6583 Ravineview Rd SE Caledonia, MI 49136 | 616-450-5611 | Grand Rapids | |
| Melanie Salamone | 7890 Golf Meadows Dr SE Caledonia, MI 49136 | 616-485-5671 | | |
| Megan Germain | 9284 Liberty Ct. Livonia, MI 48150 | 248-921-0395 | Livonia/Novi | |
| Lyndsey Crosbie Stephen Crosbie | 29509 Mayfair Dr Farmington Hills, MI 48331 | 734-355-9494 313-574-2200 | Oakland County | |
| Molly Catalina | 1265 Greythorne Dr Lake Orion, MI 48359 | 616-890-5579 | Rochester/Macomb | |
| Kristin Atkinson | 1786 Joseph St. Chelsea, MI 48118 | 734-827-4442 | Traverse City | |
| MINNESOTA | | | | |
| ‡Denise Klipsic | 7565 Hyde Ave S. Cottage Grove, MN 55016 | 651-398-8368 | Blaine/Andover | |
| Alli Eshelman | 6101 W Old Shakopee Rd #385602 Bloomington, MN 55438 | 612-619-1395 | Bloomington | |
| ‡Jackie Wamhoff | 4415 118 th Ave NE Blaine, MN 55449 | 612-437-0576 | Coon Rapids/ Elk River | |
| Mary Treakle | 5269 186 th St. West Farmington, MN 55024 | 651-238-3223 | Eagan | |
| Jeni Crabtree | 7329 E. Franklin Circle Eden Prairie, MN 55346 | 612-987-6564 | Eden Prairie | |
| ‡Jackie Wamhoff | 4415 118 th Ave NE Blaine, MN 55449 | 612-437-0576 | Maple Grove | |
| Shellie Yohe | 7524 58th St NE Rochester, MN 55906 | 507-251-4708 | Rochester | |
| ‡Denise Klipsic | 7565 Hyde Ave S. Cottage Grove, MN 55016 | 651-398-8368 | White Bear Lake | |
| Sue Endle | 1612 83 rd St. New Richmond, MN 54017 | 651-587-4957 | Woodbury | |
| MISSOURI | | | | |
| Casey Elliott | 3120 S. Big Timber Columbia, MO 65201 | 660-359-7599 | Columbia/ Jefferson City/ | |
| Nichole Clark | 801 Randy Lane | 918-309-8926 | Lake of the Ozarks | |

| Name: | Address: | Phone #: | Franchise City | Franchise State |
|---------------------------------------------|------------------------------------------------------|------------------------------|---------------------------|------------------------|
| | Columbia, MO 65201 | | | |
| Tracy Warren | 10711 Tesshire Dr. St. Louis, MO 63123 | 314-498-9791 | Kirkwood/Arnold | |
| Kathleen Whistance | 209 SE Coyle Ct Lees Summit, MO 64063 | 816-210-8582 | Lees Summit | |
| Lindsey Clark | 6115 E 108 th St Kansas City, MO 64134 | 913-424-4025 | North Kansas City | |
| Annette Maskrod | 855 Quarry Rd. Sparta, MO 65743 | 417-425-7329 | Springfield | |
| Amber Eagan | 27 Olde Westchester Ct St. Charles, MO 63304 | 805-944-0172 | St. Charles County | |
| Kylee Panus | 500 Forest Park Dr. Wentzville, MO 63385 | 314-225-0922 | | |
| Dana Holmes | 10517 Victoria Falls Dr Festus, MO 63028 | 314-581-8538 | West St. Louis County | |
| NEVADA | | | | |
| Andrew Shivers | 2283 La Hacienda Dr Sparks, NV 89434 | 775-813-0470 | Reno | |
| NEW HAMPSHIRE | | | | |
| Gienah Forbes | 4 Craig Dr Merrimack, NH 02054 | 603-440-8181 | Southern New Hampshire | |
| Carinae Samsel | 8 Morgan Dr Bow, NH 03304 | 719-648-5994 | | |
| NEW JERSEY | | | | |
| MaryBeth McGinley | 86 Old Mill Dr Media, PA 19063 | 267-252-5551 | Cherry Hill | |
| Claire Ganley | 15 Jamaica Way Hamilton Township, NJ 08610 | 917-693-8645 | Mercer County | |
| Just Between Friends Franchise System | 78 Grandview Blvd Reading, PA 19609 | 918-902-5673 | µ Skylands | |
| Kimberly Chapman Todd Chapman | 92 Primrose Dr Pittsgrove, NJ 08318 | 856-692-5816 856-982-3071 | West Gloucester County | |
| NORTH CAROLINA | | | | |
| Just Between Friends Franchise System | 78 Grandview Blvd, Reading, PA 19609 | 918-902-5673 | µ Charlotte | |
| OKLAHOMA | | | | |
| ‡Mi-Le Tran | 1505 W Plymouth Cir. Broken Arrow, OK 74012 | 918-850-3717 | Broken Arrow/Bixby | |
| ‡Jenny O'Connor | 1808 SW 28 th St Moore, OK 73160 | 405-635-4008 | Edmond | |
| Jennifer Arellano | 713 W Chickasaw Marlow, OK 73055 | 580-475-4463 | Lawton | |
| ‡Jenny O'Connor | 1808 SW 28 th St Moore, OK 73160 | 405-635-4008 | Norman | |

| Name: | Address: | Phone #: | Franchise City | Franchise State |
|---------------------------------------|--------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------|------------------------|
| Kathy Winslow* | 15215 Bay Ridge Dr. Oklahoma City, OK 73072 | 405-388-1731 | Oklahoma City | |
| Just Between Friends Franchise System | 78 Grandview Blvd Reading, PA 19609 | 918-902-4563 | μ Owasso/Claremore/ Bartlesville | |
| ‡Mi-Le Tran Lam Le | 1505 W Plymouth Cir. Broken Arrow, OK 74012 3508 N Narcissus Ave Broken Arrow, OK 74012 | 918-850-3717 (918) 269-1595 | Tulsa | |
| OREGON | | | | |
| Amy Jensen | 144 Oxford Pl. Medford, OK 97504 | 541-621-1943 | Medford | |
| | | | | |
| Just Between Friends Franchise System | 78 Grandview Blvd Reading, PA 19609 | 918-902-5673 | μ Portland | |
| PENNSYLVANIA | | | | |
| ‡Kendra Salem | 201 Henry Ave. Boyertown, PA 19512 | 610-428-2884 | Allentown/Bethlehem | |
| Alaina Zsido | 1377 Arundel Way Bensalem, PA 19020 | 215-806-1523 | Eastern Main Line | |
| Shellie Wadas | 137 Old Jonestown Rd Lebanon, PA 17046 | 717-512-6617 | Harrisburg | |
| Kristen Bracht | 2231 Coventry Rd Lancaster, PA 17601 | 249-376-0225 | Lancaster | |
| Lin Fisher Cassandra Bartle | 856 Strawberry LN Langhorne, PA 19047 67 Copperleaf Dr Newtown, PA 18940 | 267-934-4630 267-372-6153 | Lower Bucks | |
| ‡Kelly Robie | 191 Meadowbrook Ave. Wexford, PA 15090 | 412-901-6092 | Pittsburgh East | |
| ‡Kelly Robie | 191 Meadowbrook Ave. Wexford, PA 15090 | 412-901-6092 | Pittsburgh North | |
| ‡Kelly Robie | 191 Meadowbrook Ave. Wexford, PA 15090 | 412-901-6092 | Pittsburgh South | |
| Ashley Elmer Kyle Elmer | 227 Terrace St. Honesdale, PA 18431 | 570-470-1483 570-903-9280 | Poconos | |
| ‡Kendra Salem | 201 Henry Ave. Boyertown, PA 19512 | 610-428-2884 | Quakertown | |
| ‡John Panase | 78 Grandview Blvd. Reading, PA 19609 | 484-651-9187 | Reading | |
| ‡Kelly Hardy ‡Kate Horowitz | 861 Durant Ct West Chester, PA 19380 14 Jesse Ct Glen Mills, PA 19342 | 610-322-6605 610-420-0327 | West Chester/Media | |
| ‡John Panase | 78 Grandview Blvd. Reading, PA 19609 | 484-651-9187 | Western Main Line | |
| Heather Orlandini Harry Orlandini | 15 Krause Rd Schwenksville, PA 19473 | 610-213-7182 610-551-0289 | Wilkes Barre/ Scranton | |

| Name: | Address: | Phone #: | Franchise City | Franchise State |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------|------------------------|
| SOUTH CAROLINA | | | | |
| Jennifer Young Broughton Young | 446 Flat Rock Ln Summerville, SC 29486 | 610-823-2736 610-823-2791 | Charleston North | |
| SOUTH DAKOTA | | | | |
| Nicole Day Marcella Day | 502 N. Main Ave Hartford, SD 57033 6207 N 16 St Dalton, IA 83815 | 712-301-4290 208-704-3473 | Greater Sioux Falls | |
| TENNESSEE | | | | |
| Stacy Ervin | 180 Sandstone Creek Dr. Ringgold, GA 30736 | 423-364-6097 | Chattanooga | |
| Yolanda Prince | 109 Breakwater Bay Hermitage, TN 37076 | 615-707-7541 | Nashville Music City | |
| Ruthie McGraw | 1035 Keeneland Dr. Spring Hill, TN 37127 | 248-943-0952 | Spring Hill/Franklin | |
| TEXAS | | | | |
| ‡Bonnie Bouher ‡Jeremy Bouher | 15101 Orient Pass San Angelo, TX 76905 | 817-713-7356 325-277-8643 | Abilene | |
| Carrie Bays | 3501 Rosebud Amarillo, TX 79118 | 806-690-5352 | Amarillo | |
| Julie Palermo | 3522 Oak Bend Dr. Arlington, TX 76016 | 817-247-5979 | Arlington | |
| Just Between Friends Franchise System | 78 Grandview Blvd Reading, PA 19609 | 918-902-5673 | μ Austin Central | |
| Michelle Treder | 20125 Clare Island Bend Pflugerville, TX 78660 | 512-694-8031 | Austin North | |
| ‡Nicole Euting | 12057 Landfill Rd. Holland, TX 76534 | 512-296-1165 | Bell County | |
| Just Between Friends Franchise System | 78 Grandview Blvd Reading, PA 19609 | 918-902-5673 | μ Bryan/ College Station | |
| Lendys Stephens Melda McCann Alyssa Clark | 735 41 st St SW Paris, TX 75460 2305 Arapaho Dr Denison, TX 75020 12814 Independence Ave San Antonio, TX 78216 | 903-249-9962 903-271-7004 903-401-3057 | Central Texoma | |
| ‡Christy Walker ‡Kevin Walker | 215 Crestbrook Dr. Rockwall, TX 75087 | 972-342-1606 214-460-7342 | Dallas | |
| Amber Birmingham | 407 Collins St. Argyle, TX 76226 | 817-437-0440 | Denton | |
| Lyndsie Salcido Jennifer Quinn | 804 Escalon Way El Paso, TX 79912 5108 Comino de la Vista El Paso, TX 79932 | 915-227-3969 915-204-0333 | El Paso/Las Cruces | |
| Joanie Morrison* | 3556 Wedgway Dr Ft. Worth, TX 76133 | 817-991-4721 | Fort Worth | |
| Connie Bryant | 9819 Gold Cup Way Houston, TX 77965 | 713-582-4038 | Houston (Central) | |

| Name: | Address: | Phone #: | Franchise City | Franchise State |
|------------------------------------|---------------------------------------------------------------------------------|------------------------------|-----------------------------------|------------------------|
| Jessica Terry | 2624 Cedar Path Lane Conroe, TX 77385 | 832-264-5027 | | |
| Amanda Henery | 12007 Lake Mead Lane Humble, TX 77346 | 281-414-3160 | Houston (Kingwood/Atascocita) | |
| Gabrielle Jones | 9402 Paloma Creek Dr. Tomball, TX 77375 | 832-640-2964 | Houston (Northwest) | |
| Becki McAuley | 4009 W Ravencrest Ct Pearland, TX 77584 | 281-705-9058 | Houston (South/Pearland) | |
| Chelsea Martinez | 4923 Meadowglen Dr Pearland, TX 77584 | 713-907-3770 | | |
| Frantine Benson McKenzie Benson | 8811 Luray Ct Richmond, TX 77469 | 832-423-4157 | Houston (Sugarland/Rosenberg) | |
| Sarah Schmittgens | 13832 Rock Island Trail Conroe, TX 77384 | 832-726-9098 | Houston (The Woodlands/Conroe) | |
| Cari Miller | 23438 Fairbranch Dr Katy, TX 77494 | 410-292-3055 | Katy | |
| Kelsie Sanchez Jesus Sanchez | 727 Ventoso Cir. Wolfforth, TX 79382 | 575-308-2660 806-201-7449 | Lubbock | |
| Victoria Lehr | 2816 Middleton Dr Melissa, TX 75454 | 480-203-6698 | McKinney | |
| Audra Taylor | 2307 Southridge Dr Denton, TX 76205 | 214-728-1287 | MidCities/Grapevine | |
| Jolie Hoffnagle Marc Hoffnagle | 4709 Teakwood Trace Midland, TX 79707 | 432-230-4225 432-230-4224 | Midland/Odessa | |
| Amanda Taylor | 8705 Gulfview Dr Rowlett, TX 75088 | 714-496-4775 | Plano | |
| ‡Bonnie Bouher ‡Jeremy Bouher | 15101 Orient Pass San Angelo, TX 76905 | 325-716-7356 325-277-8643 | San Angelo | |
| Lauren Golphin | 7742 Copper Cave San Antonio, TX 78249 | 214-868-3242 | San Antonio (Northwest) | |
| ‡Nicole Euting ‡Timothy Euting | 12057 Landfill Rd. Holland, TX 78613 | 512-296-1165 512-296-4235 | Waco | |
| ‡Christy Walker ‡Kevin Walker | 215 Crestbrook Dr. Rockwall, TX 75087 | 972-342-1606 214-460-7342 | Waxahachie | |
| ‡Marisa Clark Keely Torbert | 2000 Prairie Holly Dr Aledo, TX 76008 1853 Shumard Way Aledo, TX 76008 | 515-782-8824 281-753-5041 | Weatherford/Aledo | |
| Carrie Bloom Seth Bloom | PO Box 220 Windthorst, TX 76389 | 940-237-6833 940-631-1327 | Wichita Falls | |
| ‡Nicole Euting ‡Timothy Euting | 12057 Landfill Rd. Holland, TX 78613 | 512-296-1165 512-296-4235 | Williamson County | |
| UTAH | | | | |
| Amy Oakeson | 3607 S. Elmwood St. Salt Lake City, UT 84106 | 801-597-4006 | Layton | |
| VIRGINIA | | | | |
| Susan Gill | 20588 Wild Meadow Ct. Ashburn, VA 20147 | 703-729-9803 | Loudoun/Dulles | |

| Name: | Address: | Phone #: | Franchise City | Franchise State |
|------------------------------------|-------------------------------------------------------------------------------------|------------------------------|--------------------------------|------------------------|
| Michelle Baxter | PO Box 703 Haymarket, VA 20169 | 703-407-9168 | Prince William County | |
| WASHINGTON | | | | |
| Katie Pursey | 592 NE Conifer Dr Bremerton, WA 98311 | 360-440-1849 | Bremerton | |
| Nonna Mikat | 572 Tremont St W Port Orchard, WA 98366 | 360-674-8477 | | |
| Natalie Foster | 1229 96 th Ave SE Lake Stevens, WA 98258 | 425-241-9411 | Everett/Monroe | |
| Charla Thayer | 13529 14 th Dr SE Mill Creek, WA 98012 | 425-283-2427 | Lynnwood | |
| Stephanie Outsen | 8427 42 nd Dr NE Marysville, WA 98270 | 425-466-4199 | Marysville/ Mount Vernon | |
| ‡Jenny Mavin | 3816 122nd Ave E Edgewood, WA 98372 | 253-278-6661 | Olympia | |
| ‡Jenny Mavin | 3816 122nd Ave E Edgewood, WA 98372 | 253-278-6661 | Seattle | |
| Courtney Evans | 8022 211 th Ave SE Snohomish, WA 98290 | 425-330-2487 | Seattle East/Issaquah | |
| ‡Tyona Albrecht | 5105 E 3rd Ave Spokane Valley, WA 99212 | 509-536-2840 | Spokane | |
| Allison Stephens | 9509 Veterans Dr SW Lakewood, WA 98498 | 253-241-4082 | Tacoma | |
| Cherry Mitchell | 108203 E Pine Hollow PR SE Kennewick, WA 99338 | 253-678-5093 | TriCities | |
| WISCONSIN | | | | |
| Kristen Parent | 5743 Modenaire St Fitchburg, WI 53711 | 608-212-6193 | Dane County | |
| ‡Denise Klipsic | 7565 Hyde Ave S Cottage Grove, MN 55016 | 651-398-8368 | Eau Claire | |
| ‡Robyn Tremmel | 4023 Wexford Circle South Richfield, WI 53076 | 414-379-0451 | Germantown/ Port Washington | |
| Melissa Brieman Bryan Brieman | 1098 N School St Silver Lake, WI 53170 | 262-945-3779 262-945-8780 | Kenosha/Racine | |
| Melinda Herbert Melissa Monsoor | 3599 Woodridge Trail Edmond, OK 73034 8805 W. Chambers Milwaukee, WI 53222 | 414-243-4371 414-736-9146 | Milwaukee | |
| ‡Robyn Tremmel | 4023 Wexford Circle South Richfield, WI 53076 | 414-379-0451 | Oshkosh/Appleton | |
| Lorraine Lahdenpera | 2153 Broken Hill Rd Unit 5 Waukesha, WI 53188 | 414-305-2180 | Waukesha | |

NOTES: An asterisk (*) at the end of the name denotes that the Franchisee was licensed to operate a JBF children's consignment sale before the commencement of franchise operations and by reason thereof contributed to the development of the JBF concept, and all royalties, and renewal fees have been waived because that Franchisee has operated a JBF children's consignment sale before the commencement of franchise operations and by reason thereof contributed to the development of the JBF concept and System.

Double dagger symbol (‡) at the beginning of the name denotes that the Franchisee is a multi-unit owner, owning two (2) or more franchise locations. As of the issuance date of this disclosure document, JBF does not have any area developers (persons with rights to open multiple units not yet open.

Micro sign symbol (μ) at the beginning of the location name denotes that the location is a corporate owned location.

As of the issuance date of this disclosure document, there are no franchisees who have signed a franchise agreement but have not yet opened for business.

EXHIBIT H
to
JUST BETWEEN FRIENDS DISCLOSURE DOCUMENT
FRANCHISEES WHO HAVE LEFT THE SYSTEM OR HAVE NOT COMMUNICATED

Below please find a list of all franchisees who have left the system in the twelve (12) months prior to December 31, 2023.

| Name: | Address: | Phone #: | Franchise City: | Franchise State: |
|--------------------------------------|--------------------------------------------------------------------------------------------|------------------------------|------------------------------------------------------|-------------------------|
| California | | | | |
| Kayla Valencia | 2106 Martian Way Redding, CA 96002 | 559-723-0586 | Redding² | |
| Gena Pascual | 4821 Heather Ranch Way Rancho Cordova, CA 95742 | 916-501-8710 | Stockton² | |
| Colorado | | | | |
| Laura Staggs | 3756 CR 7 Erie, CO 80516 | 303-506-1643 | Longmont¹ | |
| Amy Sheets Robert Kleeman | 7501 Village Square Dr. Castle Pines, CO 80521 | 720-314-0294 720-339-8839 | Loveland/Ft. Collins^{1*} | |
| Stefanie Saucedo Danielle Saucedo | 2117 62 nd Ave. Ct. Greeley, CO 80634 524 N 11th Ave Greeley, CO 80631 | 970-405-5868 970-584-7746 | Greeley^{4*} | |
| Minnesota | | | | |
| Jeni Crabtree | 7324 E Franklin Circle Eden Prairie, MN 55346 | 612-470-3124 | Edina/Minnetonka¹ | |
| Oklahoma | | | | |
| Kathy Winslow | 15215 Bay Ridge Dr. Oklahoma City, OK 73165 | 405-388-1731 | Edmond¹ | |
| Kathy Winslow | 15215 Bay Ridge Dr. Oklahoma City, OK 73165 | 405-388-1731 | Norman¹ | |
| Pennsylvania | | | | |
| Kelly Robie Jed Robie | 191 Meadowbrook Ave. Wexford, PA 15090 | 412-901-6092 412-398-2922 | Greater Pittsburgh^{1&4} | |
| Texas | | | | |
| Hollie Allen | 2639 Shady Bluff Tyler, TX 75707 | 903-530-7929 | East Texas/Tyler³ | |
| Jennifer Smith Reagan Garcia | 4806 Pecan Creek Rd. Richmond, TX 77406 5730 Indigo Trails Dr. Richmond, TX 77469 | 832-334-3819 281-687-7300 | Houston (Sugarland/Rosenberg)¹ | |
| Ashley Hoyt | 928 Tiffany Lane Mesquite, TX 77149 | 214-679-7178 | MidCities/Grapevine¹ | |
| Jeanne Buller | 112 Ranger Dr. Boerne, TX 78006 | 830-282-6133 | San Antonio (Northwest)¹ | |

| | | | | |
|-------------------------------|----------------------------------------------------------|------------------------------|--------------------------------------|-------------------|
| Heather Bruton | 202 Red Eagle Trail Hudson Oaks, TX 76087 | 817-613-4991 | Weatherford/Aledo¹ | |
| | | | | Virginia |
| Michelle Baxter | PO Box 703 Haymarket, VA 20168 | 703-407-9168 | Eastern Fairfax² | |
| | | | | Washington |
| Courtney Evans | 8022 211th Ave SE Snohomish, WA 98290 | 425-330-2487 | Bellingham² | |
| Roberta Nelson Brad Nelson | 1400 SW Hollyhock Ln. Port Orchard, WA 98367 | 253-376-2888 253-599-3623 | Bremerton¹ | |
| Tasha Johnson | 11801 203 rd Ave. E. Bonney Lake, WA 98391 | 425-518-9117 | Everett/Monroe¹ | |

1 These Franchises transferred their unit to another franchisee.

2 These Franchises were terminated.

3 These Franchises did not renew at the expiration of their franchise term.

4 These Franchise units were reacquired by the Franchisor.

5 These Franchise units ceased operations for other reasons.

The Greater Pittsburgh, Pennsylvania franchise unit was transferred to Pittsburgh South, Pennsylvania franchisee. The territories for the two units were then combined into one franchise, and the Greater Pittsburgh location ceased separate operations.

* The Loveland/Fort Collins, Colorado franchise unit was transferred to the Greeley, Colorado franchisees. The territories for the two units were then combined into one franchise, and the Loveland/Fort Collins location ceased separate operations.

EXHIBIT I
to
JUST BETWEEN FRIENDS DISCLOSURE DOCUMENT

A. FRANCHISE ORGANIZATIONS JBF HAS CREATED, SPONSORED OR ENDORSED

There exists a franchise advisory council (“FAC”), the members of which are franchisees selected by other franchisees. No franchisee is required to join. The FAC serves in an advisory capacity and brings to JBF ideas and suggestions for improvements for possible implementation for the entire system. JBF is not obligated to accept any suggestion but JBF will consider all suggestions in good faith.

JBF also currently has a Marketing Brand Fund Task Force made up of franchisees selected by JBF from diverse backgrounds and geographic regions. The Marketing Brand Fund Task Force serves in an advisory capacity regarding expenditures and administration of the National Marketing Brand Fund. No franchisee is required to join.

B. INDEPENDENT FRANCHISEE ORGANIZATIONS

None.

EXHIBIT J
TO
JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.
FRANCHISE DISCLOSURE DOCUMENT
State Effective Dates and Receipts
[Two (2) Copies of Receipts 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:

| <u>State</u> | <u>Effective Date of Order</u> |
|---------------------|---------------------------------------|
| California | 05-23-23 |
| Hawaii | Not registered |
| Illinois | 07-20-23 |
| Indiana | 05-01-23 |
| Maryland | 07-27-23 |
| Michigan | 06-15-23 |
| Minnesota | 10-13-23 |
| New York | 07-11-23 |
| North Dakota | 06-08-23 |
| Rhode Island | Not registered |
| South Dakota | 05-01-23 |
| Virginia | 07-27-23 |
| Washington | 08-03-23 |
| Wisconsin | 04-28-23 |

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

RECEIPT

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

If **Just Between Friends Franchise System, Inc.** offers you a franchise, it must provide this Disclosure Document to you fourteen (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. New York law also requires us to provide this Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If **Just Between Friends Franchise System, Inc.** 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 D](#).

The individual franchise seller who offered you a Just Between Friends franchise is:

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> _____ Just Between Friends Franchise System, Inc. 78 Grandview Blvd. Reading, PA 19609 Phone: Email: | <input type="checkbox"/> Lori Lalli Just Between Friends Franchise System, Inc. 78 Grandview Blvd. Reading, PA 19609 918-261-6431 lorilalli@jbfsale.com | <input type="checkbox"/> Tracy Panase Just Between Friends Franchise System, Inc. 78 Grandview Blvd. Reading, PA 19609 610-739-4766 tpanase@jbfsale.com |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The issue date of this Disclosure Document is April 7, 2023, as amended July 20, 2023. We authorize the respective state agents identified on Exhibit A to receive service of process for us in the particular states.

I have received the Disclosure Document dated April 7, 2023, as amended July 20, 2023 that included the following exhibits:

- A Franchise Agreement and Related Materials
- Exhibits to the Franchise Agreement:
 - 1 Franchisee's Territory
 - 2 Guarantee by Franchisee's Parent or Others
 - 3 General Release Upon Renewal
 - 4 General Release Upon Assignment
 - 5 Assignment upon Termination
 - 6 Entity and Owner Information
 - 7 Confidentiality and Non-Disclosure Agreement (Owner)
 - 8 Non-Owner Team Member Confidentiality Agreement
 - 9 Certification For First Sale
 - 10 Use of Marks
 - 11 JBF Website and Software Agreement
 - 12 ACH Authorization Agreement
 - 13 Transfer/Resale Addendum
 - 14 Multi-Unit Addendum
- B Financial Statements of Franchisor
- C Table of Contents of Operations Manual
- D State Administrators
- E Agents for Service of Process
- F State Specific Addenda to the Disclosure Document
- G List of Existing Franchisees
- H List of Former Franchisees
- I Franchisee Organizations
- J State Effective Dates and FDD Receipts

Date FDD was Received

Prospective Franchisee [Signature]

Prospective Franchisee [Print Name]

Title (if the Prospective Franchisee is an entity)

RECEIPT

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

If **Just Between Friends Franchise System, Inc.** offers you a franchise, it must provide this Disclosure Document to you fourteen (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. New York law also requires us to provide this Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If **Just Between Friends Franchise System, Inc.** 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 D](#).

The individual franchise seller who offered you a Just Between Friends franchise is:

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> _____ Just Between Friends Franchise System, Inc. 78 Grandview Blvd. Reading, PA 19609 Phone: Email: | <input type="checkbox"/> Lori Lalli Just Between Friends Franchise System, Inc. 78 Grandview Blvd. Reading, PA 19609 918-261-6431 lorilalli@jbfsale.com | <input type="checkbox"/> Tracy Panase Just Between Friends Franchise System, Inc. 78 Grandview Blvd. Reading, PA 19609 610-739-4766 tpanase@jbfsale.com |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The issue date of this Disclosure Document is April 7, 2023, as amended July 20, 2023

We authorize the respective state agents identified on Exhibit E to receive service of process for us in the particular states.

I have received the Disclosure Document dated April 7, 2023, as amended July 20, 2023 that included the following exhibits:

- A Franchise Agreement and Related Materials
- Exhibits to the Franchise Agreement:
 - 1 Franchisee's Territory
 - 2 Guarantee by Franchisee's Parent or Others
 - 3 General Release Upon Renewal
 - 4 General Release Upon Assignment
 - 5 Assignment upon Termination
 - 6 Entity and Owner Information
 - 7 Confidentiality and Non-Disclosure Agreement
 - 8 Non-Owner Team Member Confidentiality Agreement
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- H List of Former Franchisees
- I Franchisee Organizations
- J State Effective Dates and FDD Receipts

Date FDD was Received

Prospective Franchisee [Signature]

Prospective Franchisee [Print Name]

Title (if the Prospective Franchisee is an entity)