

FRANCHISE DISCLOSURE DOCUMENT



No-H2O Franchising, Inc.
A Florida corporation

~~501 East Las Olas Blvd.~~
~~719 NE 2nd and 3rd Floor Ave.~~
~~Fort Ft.~~ Lauderdale, ~~Florida 33301~~ ~~FL 33304~~
(954) 505-9335
franchise@noh2o.com
www.NoH2o.com

As a No-H2O franchisee, you will operate car wash and detailing services under the trade name “No-H2O”.

The total investment necessary to begin operation of a No-H2O franchise with a base territory is ~~\$119,600~~ \$134,550 to ~~\$139,250~~. ~~This 162,500, which~~ includes ~~\$99,500~~ \$109,250 to \$116,750 that must be paid to the franchisor or affiliate. The total investment necessary to begin operations with a base territory that has been supplemented with one to nine additional territories is ~~\$209,600~~ \$219,550 to ~~\$839,250~~ \$817,500, which includes ~~\$189,500~~ \$194,250 to ~~\$799,500~~ \$771,750 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Emmet O’Brien at ~~501 East Las Olas Blvd., 719 NE 2nd and 3rd Floor, Fort Ave., Ft.~~ Lauderdale, ~~Florida 33301~~ FL 33304 and (954) 505-9335.

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

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

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

Issuance date: ~~May~~April 18, ~~2021~~2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only No-H2O 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 No-H2O franchisee?	Item 20 or Exhibit G 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 A.

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

Special Risks to Consider About *This Franchise*

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

1. ~~1.~~ **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in Florida. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Florida than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Financial Condition.** The franchisor’s financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor’s financial ability to provide services and support to you.
4. **Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.
5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (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 protection 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 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 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed 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 sub-franchisor.
- (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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

The 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:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
Item 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES ...	1
Item 2 BUSINESS EXPERIENCE	3
Item 3 LITIGATION	3
Item 4 BANKRUPTCY	3
Item 5 INITIAL FEES	4
Item 6 OTHER FEES.....	4
Item 7 ESTIMATED INITIAL INVESTMENT	11
Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	16
Item 9 FRANCHISEE’S OBLIGATIONS	19
Item 10 FINANCING	20
Item 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	20
Item 12 TERRITORY.....	27
Item 13 TRADEMARKS.....	29
Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	30
Item 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	32
Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	32
Item 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	34
Item 18 PUBLIC FIGURES	37
Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS	37
Item 20 OUTLETS AND FRANCHISEE INFORMATION	38
Item 21 FINANCIAL STATEMENTS.....	41
Item 22 CONTRACTS	41
Item 23 RECEIPTS.....	42

Exhibits

- A. State Administrators and Agents for Service of Process
 - B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
 - C. Rider to Lease Agreement
 - D. Form of General Release
 - E. Financial Statements
 - F. Brand Standards Manual Table of Contents
 - G. Current and Former Franchisees
 - H. State Addenda to Disclosure Document
 - I. State Addenda to Agreements
 - J. EFT Authorization Form
- State Effective Dates
Receipt (2 copies)

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we”, “us,” or “our” refers to No-H2O Franchising, Inc. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates

Our name is No-H2O Franchising, Inc. Our principal business address is ~~501 East Las Olas Blvd., 719 NE 2nd and 3rd Floor, Fort Ave., Ft.~~ Lauderdale, Florida ~~33301~~ FL 33304.

Our Parent Entity, No-~~H2o~~H2O USA Inc was incorporated ~~formed~~ on ~~5/~~May 19~~7~~2, 2020, and is located at ~~501 East Las Olas Blvd., 719 NE 2nd and 3rd Floor, Fort Ave., Ft.~~ Lauderdale, FL ~~33301~~33304. No-H2O Limited is the parent of No-H2o USA, Inc. and was incorporated in 2007. No-H2O Limited is located at 9 Clifton Terrace, Dun Laoghaire, Dublin, Ireland 219210.

Our affiliate, No-H2O, Inc., was incorporated on December 17, 2020, and is located at 719 NE 2nd Ave., Ft. Lauderdale, FL 33304. At various times (but not at the present), this affiliate has offered goods or services to our franchisees.

Our Affiliate, No-~~H2o~~H2O Franchising, Ltd has offered No-~~H2o~~H2O related businesses since 2012 in Europe, the Middle East and other parts of the world; it has one franchised outlet in Dublin, Ireland with the other businesses distributing products. None of our affiliates has offered franchises in other lines of business.

Our Predecessors

We do not have any predecessors.

Our Business Name

We use the names “No-H2O Franchising, Inc.” and “No-H2O”. We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agent for service of process in Florida is ~~Emmet O’Brien~~Nicole Ciovacco, and the agent’s principal business address is ~~501 East Las Olas Blvd., 2nd and 3rd Floor~~1760 SW 30th Place, Fort Lauderdale, FL ~~33301~~33315. Our agents for service of process in other states are disclosed in Exhibit A.

Business Organization

We are a Florida corporation. We were formed on February 7, 2018.

Information About Our Business and the Franchises Offered

We do not operate businesses of the type being franchised.

We provide products and services to our franchisees. We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a car wash and detailing services business under the trade name No-H2O. The service is waterless, allowing a car to be cleaned anywhere and at any time. Through our unique On Demand App, services may be offered in residential or commercial locations, or even street-side, wherever the customer requests.

You franchise agreement will identify the number of territories that you will purchase. Each territory, including your first “Base Territory”, and any additional territories will have up to 350,000 persons; however, you and we may agree that your Base Territory exceed 350,000 persons. Up to 10 territories, including the Base Territory, may be purchased under one franchise agreement.

You will also offer services through static plug-and-play car cleaning locations, such as parking lots or parking decks located at shopping malls, or airports-, and you will be required to develop these plug-and-play locations over the course of the franchise agreement.

The general market for carwash and detailing services consists of car owners. This market is highly developed. However, our model, offered through a small footprint which can be operated in high-traffic and non-traditional location is relatively new and less developed. Our customers are primarily car owners between 25-65 years of age who are in the middle to upper income demographics. Sales are not seasonal.

You will compete against national chains, regional chains, and independent owners. Some of these competitors are franchised.

Laws and Regulations

We are not aware of any laws or regulations specific to our industry. You alone are responsible for investigating and complying with all applicable laws and regulations, despite any information that we may give you. You should consult with a legal advisor about legal requirements that may apply to your business.

Prior Business Experience

We have offered franchises since March 2018. None of our affiliates has offered franchises in other lines of business. None of our affiliates provides products or services to our franchisees.

Item 2
BUSINESS EXPERIENCE

Emmet O'Brien – President and ~~CEO~~Chief Operating Officer. Emmet O'Brien has been our President and ~~CEO~~Chief Operating Officer, and the President and CEO of No-H2O, Inc., in Fort Lauderdale, Florida, since February 2018. Mr. O'Brien has also been CEO of No-H2O ~~limited~~Limited, Inc. since August 2007 in Dublin, Ireland and Director of Expert Prof Apps Limited since October 2011 in Dublin, Ireland. He has been Director of No-H2O Franchising, Ltd in Dublin, Ireland since January 2014. He has been Secretary of IDrink Distribution, Ltd in Dublin Ireland since August 2013. From October 2015 through March 2017, he was Director of Medeval Limited in Dublin, Ireland.

Lucia Scerbikova – ~~CEO~~Chief Technical Officer/Tech Development App Services. Lucia Scerbikova is our ~~CEO~~Chief Technical Officer of Tech Development App Services in Fort Lauderdale, Florida, and has been since 2019. Ms. Scerbikova has also been the Business Development Executive for No-H2O Franchising, Ltd. in Dublin, Ireland since 2015.

~~**Samuel Chamberlain – Director/Officer.** Samuel Chamberlain is a director/officer for us and for No-H2O, Inc., and he has been since April 2020. He is also Chief Operating Officer for Five Guys in Lorton, Virginia and has been since August 2005.~~

~~**David Gullotti – Chief Operating Officer.** David Gullotti has been our Chief Operating Officer in Fort Lauderdale, Florida, since November 2021. He is also the Founder/Chief Operating Officer of EmmerScale in Greensboro, North Carolina, and has been since April 2019. Previously, he was the Interim and Transitional Chief Operating Officer for Junkluggers in Stamford, Connecticut between January 2018 and July 2019. He was also the Vice President of Market Development for C12 Group in Greensboro, North Carolina, between September 2014 and March 2018.~~

~~**Steve Fowler – Franchise Business Consultant.** Steve Fowler is our Franchise Business Consultant and has been since January 2022. Prior to that, he was the Franchise Business Consultant for Soccer Shots Franchising between January 2015 and January 2022. These positions are/were located in Harrisburg, Pennsylvania.~~

~~**Paul Boylan – Operations Manager.** Paul Boylan has been our, and our affiliates' Operations Manager, a position held in Dublin, Ireland, since November 2017. Between August 2012 and November 2017, he was Dairy Manager for Dunnes Stores in Dublin, Ireland.~~

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

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

Item 5 INITIAL FEES

Franchise Fee

When you sign your franchise agreement, you pay us \$49,500 as the initial franchise fee for a geographic operating territory that includes a singular territory of up to 350,000 people (a “Base Territory”). If at the time of signing your franchise agreement, and subject to the market type, availability, and out our discretion, you wish to increase the size of your Base Territory, the initial franchise fee will be increased by an amount equal to (i) the amount of the population in your territory which exceeds 350,000 people at the time of the signing of the franchise agreement, multiplied by (ii) \$0.14.

Except to the extent that we may agree to increase the size of a Base Territory as described herein, the initial franchise fee is uniform; however, we may offer discounts if you purchase multiple territories (see below), and we will also offer a \$4,950 discount off of the Base Territory to a qualified veteran.

The initial franchise fees you pay are non-refundable. During the last fiscal year, the range of initial franchisee fees we collected was ~~\$100,000 (49,500 up to \$119,500, with the higher end of the range being~~ for a ~~5multiple~~-territory franchise agreement).

Franchise Set-Up ~~Expense~~Fee

~~Regardless of the amount of territories you have, when you sign your franchise agreement, you will pay us a one time, non-refundable Franchise Set-Up Fee of \$12,500. This fee covers certain set up, training, and initial implementation that we provide to you during our 12-week onboarding program.~~

Equipment and Supplies Fee:

You must pay us a non-refundable ~~\$50,000 Set-Up Expense and 27,500~~ Equipment and Supplies Fee per territory.

~~If you purchase a total of one or two territories, the total Set-Up Expense and Each Equipment Fee is due within 30 days after signing of the Franchise Agreement.~~

~~If you purchase a total of three or more territories under one Franchise Agreement, the first Set-Up Expense and Equipment Fee is due within 30 days after signing of the Franchise Agreement, with the second Set-Up Expense and Equipment Fee being due at least four weeks prior to the opening of your second territory, and with the third and any additional Set-Up Expense and Equipment Fees being due at least four weeks prior to the opening of your third and any additional territories. However, if you purchase three or more territories under the same Franchise Agreement and if you pay all of the Set-Up Expense and Equipment Fees within 30 days after the signing of your Franchise Agreement, we will provide you with a \$15,000 discount off of the total amount of Set-Up Expense and Equipment Fees that you must pay.~~

~~Each Set Up Expense and Equipment Supplies~~ Fee covers your initial inventory and equipment, as well as furniture, fixtures, and signage that can be used once you open your first plug-and-play location for one Territory. Included in these items are opening inventory, detailing equipment and chemicals, ~~–specialty products, a booking system template, uniforms, app localization, pop-up site set up and payment provider static site set up, one tent kit,~~ and signage. A full listing of items is attached as Attachment 3 to the Franchise Agreement. Except as provided in the Multi-Territory Discounts section below, this fee is due within 30 days of execution of the Franchise Agreement and is uniform.

Advertising Fees

~~In addition, you must pay us \$500 per week per Territory during the first year from the opening of that particular Territory’s opening. We will match the money that you pay during the first twenty-six weeks and will spend those funds on local advertising in your area. These funds are non-refundable.~~

No-H2O On-Demand and Subscription App Fee

You must pay us a non-refundable \$10,000 No-H2O On-Demand and Subscription App Fee per territory. Each No-H2O On-Demand and Subscription App Fee covers the costs of app development and launch specific to that territory, including back- and front-end development and set up, detailer and pricing set up, and administrative panel set up and integration. This fee also covers the items covered by our Technology Fees during the first 90 days of the opening of each territory. Except as provided in the Multi-Territory Discounts section below, this fee is due within 30 days of execution of the Franchise Agreement and is uniform.

Territory Business Development Plan Fee

You must pay us a non-refundable \$7,500 Territory Business Development Plan Fee per territory. We provide you with real estate and business development support for this fee. Except as provided in the Multi-Territory Discounts section below, this fee is due within 30 days of execution of the Franchise Agreement and is uniform.

Multi-Territory Discounts

Subject to market type, availability, and our discretion, at the time of signing your franchise agreement, you may request the right to purchase additional territories. Each territory of 350,000 people added to your Base Territory is referred to as an “Additional Territory.” Your Base Territory and Additional Territories are collectively referred to collectively as your “Territories” and, individually, as a “Territory.” If you purchase multiple Territories, your initial franchise fee will be as follows:

Territories Purchased	Initial Franchise Fee	Total Initial Franchise Fees
1	\$49,500	\$49,500
2	\$40,000	\$89,500
3	\$30,000	\$119,500

4	\$29,500	\$149,000
5	\$29,000	\$178,000
6	\$28,000	\$206,000
7	\$27,000	\$233,000
8	\$25,000	\$258,000
9	\$23,000	\$281,000
10	\$18,500	\$299,500

If you purchase a total of one or two territories, the total Equipment and Supplies Fees, Territory Business Development Plan Fees, and Territory Business Development Plan Fees are due within 30 days after signing of the Franchise Agreement.

If you purchase a total of three or more territories under one Franchise Agreement, the Equipment and Supplies Fees, Territory Business Development Plan Fees, and Territory Business Development Plan Fees for your first territory is due within 30 days after signing of the Franchise Agreement, with the Equipment and Supplies Fees, Territory Business Development Plan Fees, and Territory Business Development Plan Fees for your second territory are due at least four weeks prior to the opening of your second territory, and with the any additional Equipment and Supplies Fees, Territory Business Development Plan Fees, and Territory Business Development Plan Fees for your other territories being due at least four weeks prior to the opening of those additional territories. However, if you purchase three or more territories under the same Franchise Agreement and if you pay all of the Equipment and Supplies Fees, Territory Business Development Plan Fees, and Territory Business Development Plan Fees for all of your territories within 30 days after the signing of your Franchise Agreement, we will provide you with a \$15,000 discount off of the total amount of Equipment and Supplies Fees, Territory Business Development Plan Fees, and Territory Business Development Plan Fees that you must pay.

Item 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	8% of your gross sales, whether generated at a plug-and-play location or through the On-Demand services side of the business, subject to a minimum of \$125 per week per Territory.	Daily for payments that we receive directly. Weekly, on the Tuesday of the following week for any other payment	See Notes 1, 2, 3, and 4. The minimum royalty commences the 8 th week from the opening of your business in each Territory.

Type of Fee	Amount	Due Date	Remarks
Marketing Fund Contribution	0% of your gross sales during the first 3 years of the franchise agreement, and 2% of your gross sales thereafter.	Weekly, on the Tuesday of the following week	We have not yet started the Marketing Fund. At the earliest, this will not begin until 3 years after you sign your franchise agreement.
<u>Market Introduction Plan Fees</u>	<u>\$500 per week per Territory during the first 52 weeks, as measured from the date of opening of that Territory.</u>	<u>Weekly, on the Tuesday of the following week</u>	<u>You must pay us \$500 per week per Territory during the first 52 weeks from the opening of that particular Territory's opening. We will match the money that you pay during the first 26 of those weeks and will spend those funds on local advertising in your area.</u>
On Demand Service Fees	\$.25/Transaction for Booking on On-Demand Platform, plus our then-current rate (currently 2.7% + transaction fee determined by credit card processor of all amounts processed through the On-Demand Platform) charged by credit card processor.	Weekly, on the Tuesday of the following week	See Note 2.
Lease fee	To be determined	Weekly <u>Monthly</u> , on the <u>1st</u> Tuesday of the following week <u>month</u>	If you elect to lease or sublease a plug-and-play location from us, you will pay us an agreed upon fee as contained in such lease/sublease.
Market Cooperative Contribution	As determined by ee-op <u>the cooperative</u> . Currently, none.	Weekly, on the Tuesday of the following week	We have the right to establish local or regional advertising cooperatives. <u>Once established, the cooperative has the right to set this contribution at up to 5% of your gross sales. Any franchisor (or affiliate) owned outlets in the cooperative shall have the same voting power as a franchisee outlet in the cooperative</u>

Type of Fee	Amount	Due Date	Remarks
Technology Fee	Year 1: \$125 per week per Territory Year 2: \$190 per week per Territory Year 3: \$250 per week per Territory Year 4: \$315 per week per Territory Year 5 and later - \$375 per week per Territory	Weekly, on the Tuesday of the following week	<p>The Technology Fee will initiate the first week the franchised business is open. <u>However, the fees are waived for a territory during the first 90 days of operations in that territory.</u></p> <p>Each year listed is based on each particular Territory's actual or required opening of business.</p>
Replacement / Additional Training fee	Currently, \$1,000 per day, plus travel and per diem expenses.	Prior to attending training	If you send a manager or other employee to our training program after you open or if you ask us to provide any additional training to you, we will charge our then-current training fee.
Third party vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none <u>\$95-\$145 per month per user.</u>	Varies	<p>We have the right to require franchisees to use third-party vendors and suppliers that we designate. <u>Currently, these vendors include third-party SAAS platforms that charge a user license fee, including Google Workspace, Google Voice; Accuity; and Career Plug; however, we can modify or add to these vendors.</u></p> <p>Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.</p> <p><u>As part of the Franchise Set-Up Fee, we cover these items and do not pass along the costs to you during your onboarding and training period (approximately 3-4 months from signing your Franchise Agreement)</u></p>

Type of Fee	Amount	Due Date	Remarks
Non-compliance fee	\$500	On demand	We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 15% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, \$1,000 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses	<u>On demand</u>	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.

Type of Fee	Amount	Due Date	Remarks
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.
Special inspection fee	Currently \$1,000, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Renewal fee	\$10,000 per Territory	Upon renewal	Payable if you enter into a successor franchise agreement at the end of your agreement term.
Transfer fee	\$10,000, plus any broker fees and other out-of-pocket costs we incur	When transfer occurs	Payable if you sell your business.
Liquidated damages	An amount equal to the minimum royalty fees and technology fees for the lesser of (i) 3 years or (ii) the remaining weeks of the franchise term	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
Indemnity	Our All of our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).

Type of Fee	Amount	Due Date	Remarks
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us or our affiliates (unless otherwise indicated). All fees are imposed by us and collected by us (unless otherwise indicated). All fees are non-refundable. ~~All~~ We do not represent that all fees are uniform for all franchisees, ~~although~~; we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

2. "On-Demand" is the service side of the franchised business that is booked by the client through the online or App-based platform.

3. You must report your gross sales to us each week. If you fail to report your gross sales, we will withdraw estimated royalty fees and marketing fund contributions based on 125% of the most recent gross sales you reported. We will true-up the actual fees after you report gross sales, and we will we refund any excess fees collected as part of the true-up process.

4. We will be collecting the revenues through our online merchant services portal whether the revenues are generated through the On-Demand services business or a plug-and-play location. For a given week's gross revenues, we will remit payment to you on the Tuesday of the following week, after the royalties and other amounts due to us have been deducted from the total. You will be required to report on cash sales generated during each week on the Monday of the following week, and royalties will be calculated and then added to the total amount due and subtracted from the total paid to you on the Tuesday of the following week. We reserve the right to require you to pay any monies due to us by pre-authorized bank draft or other means.

Item 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISE AGREEMENT

Base Territory Only:

Type of expenditure (see Note 1)	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee	\$49,500 - \$49,500	Check or wire transfer	Upon signing the franchise agreement	Us
<u>Franchise Set-Up Fee (see Note 2)</u>	<u>\$12,500 - \$12,500</u>	<u>Check or wire transfer</u>	<u>Within 7 days of signing the franchise agreement</u>	<u>Us</u>
<u>Equipment and Supplies Fee (see Note 3)</u>	<u>\$27,500 - \$27,500</u>	<u>Check or wire transfer</u>	<u>Within 30 days of signing the franchise agreement</u>	<u>Us</u>
<u>Set-Up expenseNo-H2O On-Demand and equipment feeSubscription App Fee (see Note 24)</u>	<u>\$5010,000 - \$5010,000</u>	Check or wire transfer	<u>Upon</u> <u>Within 30 days of signing the franchise agreement</u>	Us
<u>Territory Business Development Plan Fee (see Note 5)</u>	<u>\$7,500 - \$7,500</u>	<u>Check or wire transfer</u>	<u>Within 30 days of signing the franchise agreement</u>	<u>Us</u>
<u>Rent (three months) (see Note 6)</u>	<u>\$2,250 - \$9,750</u>	<u>Check</u>	<u>Upon signing lease</u>	<u>Landlord or Us</u>
Additional furniture, fixtures, and equipment	\$0 - \$500	Check, debit, and/or credit	As incurred or when billed	Vendors
<u>Rent (one month) (see Note 3)</u>	<u>\$0 - \$6,000</u>	<u>Check</u>	<u>Upon signing lease</u>	<u>Landlord</u>

Type of expenditure (see Note 1)	Amount	Method of payment	When due	To whom payment is to be made
Market Introduction Program (see Note 47)	\$6,000 - \$8,000	Check, debit, and/or credit	As incurred or when billed	Us
Insurance (3 months) (see Note 58)	\$300,500 - \$1,500,200	Check	Upon ordering	Insurance company or us
Office Expenses	\$500 - \$1,000	Check, debit, and/or credit	As incurred	Vendors
Computer System	\$800 - \$1,250	Check, debit, and/or credit	As incurred	Vendors
Licenses and Permits <u>Permit</u>	\$200 - \$500	Check	Upon application	Government
Dues and Subscriptions	\$300 - \$500	Check, debit, and/or credit	As incurred	Vendors, trade organizations
Professional Fees (lawyer, accountant, etc.)	\$1,000 - \$3,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
<u>Vehicle (see Note 9)</u>	<u>\$0</u> - <u>\$1,500</u>	<u>Check, Debit, and/or credit</u>	<u>As incurred</u>	<u>Vendors</u>
Travel, lodging and meals for initial training	\$1,000 - \$2,500	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 610)	\$1015,000 - \$1525,000	Varies	Varies	Employees, suppliers, utilities
Total	\$119,600 <u>134,550</u> - \$139,250 <u>162,500</u>			

Notes

1. None of the expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

~~2. See Items 5 and 8 for more details.~~

~~3. The rent estimate is based on 2. The Franchise Set Up Fee covers certain set up, training, and initial implementation that we provide to you during our 12-week onboarding program including, currently: (a) your social media presence (LinkedIn, Instagram, Facebook); (b) website buildout; (c) payment integration (Stripe and Clover); hiring platform (Career Plug); (d) B2B CRM; (e) internal technical and operational platforms (Monday.com, Google Workspace, Google Voice); and (f) pre-training business planning and EOS introduction).~~

~~3. The Equipment and Supplies Fee, which is a per Territory fee, covers your initial inventory and equipment, as well as furniture, fixtures, and signage that can be used once you open your first plug-and-play location in a Territory. Included in these items are opening inventory, detailing equipment and chemicals, specialty products, a pop-up site set up and static site set up kit, and signage. A full listing of items is attached as Attachment 3 to the Franchise Agreement.~~

~~4. The No-H2O On-Demand and Subscription App Fee, is a per Territory Fee. This covers the costs of app development and launch specific to that territory, including back- and front-end development and set up, detailer and pricing set up, and administrative panel set up and integration. This fee also covers the items covered by our Technology Fees during the first 90 days of the opening of each territory.~~

~~5. The Territory Business Development Plan Fee is paid per Territory. As part of this fee, we provide you with real estate and business development support.~~

~~6. The rent estimate includes rent for a location to store product and materials and to run your base operation; includes a space with tractor access and climate-controlled storage space (the "Base"). We estimate approximate 150 square feet are needed for the Base, and we estimate approximately \$750 per month for the Base. In addition, the estimate includes what it might cost to lease a plug-and-play space in a parking garage where you might conduct the business on a regular basis. Our low-end estimate assumes that you do not have a plug-and-play space during your initial period and that you operate an office out of your home with a minimal Base. Our high-end estimate assumes that you obtain such a space a plug-and-play location, a Base, and a small office which includes one month rent plus a security deposit before you open for business. You will be required to open one plug-and-play location in each Territory by the end of your first year (although if you purchase at least three Territories under one Franchise Agreement, you will be able to stagger your opening dates), and you will be required to have additional plug-and-play locations open during future years as provided in the franchise agreement.~~

~~4. See Items 5 and 11 for more details.~~

~~57. After you open and for the first 52 weeks of operation in each Territory, you must spend \$500 per week for that Territory (payable to us), and we will match your funds for those 26~~

weeks. With this, we will develop a market introduction plan and market your business during those first 26 weeks. The estimate provided assumes 3-4 month's contribution.

8. You are not required to obtain your insurance through us. However, we may offer insurance to you. See Item 8 for more details.

69. You will need a vehicle that meets our specifications. We currently require that you have a white van (approved brands are Ram Promaster or Promaster City Cargo Van, Ford Transit or Transit Connect Cargo Van, Chevy Express or City Express Cargo Van, and Kia Soul Compact Wagon) which is less than 3 years of age with less than 60,000 miles. The vehicle must be in excellent or better condition, clean, dent-free, and otherwise present a professional appearance at all times. The low-end estimate assumes you already have a vehicle meeting our requirements, and the high-end assumes that you are leasing the vehicle, with certain fees and costs payable upon signing the lease.

10. This includes any other required expenses you will incur before operations begin and during the initial 3-month period of operations, such as transportation expenses incurred providing mobile services, payroll, additional inventory, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a No-H2O business by our affiliate, and our general knowledge of the industry.

Base Territory Plus Additional Territories

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Additional initial franchise fees (see Note <u>711</u>)	\$40,000 - \$250,000	Check or wire transfer	Upon signing the franchise agreement	Us
<u>Additional Equipment and Supplies Fees (see Note 12)</u>	<u>\$27,500 - \$247,500</u>	<u>Check or wire transfer</u>	<u>Within 30 days of signing the franchise agreement</u>	<u>Us</u>
Additional Set-Up expense <u>No-H2O On-Demand and equipment fees</u> <u>Subscription App Fees</u> (see Note <u>812</u>)	\$50 <u>10,000 - \$450</u> <u>90,000</u>	Check or wire transfer	Upon <u>Within 30 days of</u> signing the franchise agreement	Us

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
<u>Additional Territory Business Development Plan Fees (see Note 12)</u>	\$ 7,500 - \$ 67,500	<u>Check or wire transfer</u>	<u>Within 30 days of signing the franchise agreement</u>	<u>Us</u>
Estimated Initial Investment to Open Base Territory	\$ 119,600 <u>134,550</u> - \$ 139,250 <u>162,500</u>	Estimated Initial Estimate is based on the above chart in Item 7		
Total	\$ 209,600 <u>219,550</u> - \$ 839,250 <u>817,500</u>			

Notes

711. The initial franchise fee for Base Territory of 350,000 people is \$49,500. If you elect to supplement your Base Territory by adding Additional Territories, the total initial franchise fees will range from a low of \$89,500 for a total of two Territories (your initial Base Territory plus one Additional Territory) to \$299,500 for a total of ten Territories (your initial Base Territory plus nine Additional Territories).

812. Except as provided in Item 5, you will pay one ~~Set-Up Expense and Equipment and Supplies Fee, one No-H2O On-Demand and Subscription App Fee, and one Territory Business Development Plan Fee~~ per Territory. The total ~~Set-Up Expense and Equipment Fees of these combined fees~~ will be \$~~100~~90,000 for a total of two Territories (your initial Base Territory plus one Additional Territory) to \$~~500~~450,000 for a total of ten Territories (your initial Base Territory plus nine Additional Territories).

Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications. You must comply with any changes we make in the future to these requirements.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. You may run your business out of your home, but you must develop and open plug-and-play locations for providing services to your customers. Your plug-and-play locations are subject to our approval and must meet our specifications. You must use reasonable

efforts to have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit ~~DC~~).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Brand Standards Manual, which includes:

- (i) Garage Liability insurance and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$2,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (iii) Workers Compensation coverage as required by state law or a minimum coverage of \$1,000,000 each accident.

Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation. We may offer you insurance which meets our requirements, but you are not obligated to purchase insurance from us.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Supplies, Inventory, Equipment and Marketing Materials. You must purchase and use the inventory, supplies, equipment, and marketing materials that you will use for operating the franchised business from us or an affiliate.

Us or our Affiliates as Supplier

~~We and our affiliates~~We are a supplier of goods that you must purchase, including the supplies, inventory, equipment, and marketing materials that you will use in your business. Currently, we are the only supplier of all supplies, inventory, equipment, and marketing materials that you will use in your business. We reserve the right to be (or have our affiliates be) the supplier or sole supplier of any other supplies, inventory, equipment, marketing materials, or other items utilized by your business.

Ownership of Suppliers

~~None~~Currently, none of our officers owns an interest in any supplier to our franchisees.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We have the sole discretion to approve or reject an alternative supplier. We may condition our approval on criteria we deem appropriate, such as evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

Revenue to Us and Our Affiliates

Currently, we and our affiliates are suppliers of goods that you must purchase. We or our affiliate will derive revenue based on franchisee purchases in the form of equipment, inventory, supplies, equipment, and marketing materials, as well as certain On-Demand app fees. During ~~2021~~2020, our total revenue was ~~\$384,797,902,300~~, and our revenue from these sources was approximately ~~\$214,360,200,000~~ or about ~~55.722.1~~%. Except as described in this Item, neither we nor our affiliates derive revenue on required purchases of products and services by our franchisees.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 90% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 90% of your total purchases and leases of goods and services to operate your business.

Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so, and we have the right to earn a profit from any product we supply or from designated suppliers. We are not required to give you an accounting of any payments we receive from designated suppliers, nor are we required to share any benefits of supplier payments with you or with any other franchisee.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

Item 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	§§ 6.1, 6.2	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.3, 7.8, 8.4, 9.5, 10.5, 11.2, 11.3, 14.5, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 9.1, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.3, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	§ 2.2	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8

Obligation	Section in agreement	Disclosure document item
m. Maintenance, appearance, and remodeling requirements	§§ 3.2, 7.12, 7.13, 15.2	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Items 6 and 17
v. Post-termination obligations	Article 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

**Item 10
FINANCING**

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

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

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations for your plug-and-play locations and we will consider for our approval locations for the plug-and-play locations. (Section 5.2). We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

- (i) We generally do not own your premises and lease it to you, although we may lease or sublease plug-and-play locations to you.

- (ii) The factors we consider in approving plug-and-play locations are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.
- (iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1).
- (v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Hiring and training employees.* Our opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

C. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.2) In some cases, we or an affiliate will provide these items directly (See Item 8). We may deliver or install these items depending on your market.

D. *Brand Standards Manual.* We will give you access to our Brand Standards Manual (Section 5.1).

E. *Initial Training Program.* We will conduct our initial training program. (Section 5.2). The current initial training program is described below.

F. *Market introduction plan.* We will conduct and advise you regarding the planning and execution of your market introduction plan. (Section 5.2)

G. *On-site opening support.* We will have a representative provide on-site support for at least 1-3 days in connection with your business opening. (Section 5.2)

H. *Franchise Set-Up Expense and Equipment Fee Services.* As part of the Franchise Set-Up Expense and Equipment Fee that you pay, we will provide you with one certain set (per Territory) of the items covered by the fee (see Item 5 for more details), including up, training, and initial implementation. (Section 5.2).

I. *Initial Inventory and Equipment.* As part of your Equipment and Supplies Fee, we provide you with initial inventory and equipment, as well as furniture, fixtures, and signage that can be used once you open your first plug-. (Section 5.2).

J. *App Development.* As part of the No-H2O On-Demand and-play location in each Territory. Included in these items are opening inventory, detailing equipment Subscription App Fee, we provide app development and specialty products, a booking system template, app localization launch services, including back- and payment provider set-up, one tent, front-end development and signage. set up, detailer and pricing set up, and administrative panel set up and integration. (Section 5.2).

K. *Real Estate and Business Development Support.* As part of the Territory Business Development Plan Fee, we provide you with real estate and business development support. (Section 5.2).

Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 4-8 weeks. Factors that may affect the time period include your ability to obtain financing, obtain business permits and licenses, and hire employees. If you and we cannot agree on a site and you fail to open within the required timeframe, we can terminate your franchise agreement.

Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent ~~and practice~~ to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility.

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$1,000 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.)

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Section 5.3). We have the right to determine the maximum, minimum, and exact prices charged by our franchisees for goods and services (but only to the extent permitted by applicable law).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control (Section 5.3). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund once it is established (Section 5.3). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request. (Section 9.3)

G. *Website.* We will maintain a website for the No-H2O brand, which will include your business information and telephone number. (Section 5.3).

H. *Application and Technology Support.* We will oversee the administrative and support functions needed to use and implement the technology used in operating the franchised business. (Section 5.3).

Advertising

Our obligation. Once established, we will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which may be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

Your own advertising material. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

Advertising council. We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

Local or Regional Advertising Cooperatives. We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. ~~If our outlets have controlling voting power, there is no maximum on fees that could be imposed.~~ We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of the cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

Advertising Fund. You and all other franchisees must contribute to our Marketing Fund once it is established. Your contribution will be 2% of gross sales per week; however, you will not be required to contribute during the first 3 years as measured from the signing of your franchise agreement. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we own are not obligated to contribute to the Marketing Fund. We

administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

Market introduction plan. After you open and for the first 52 ~~months~~weeks of operation in each Territory, you must spend \$500 per week for that Territory (payable to us), and we will match your funds for 26 of those weeks. With this, we will develop a market introduction plan and market your business during those first 52 weeks.

Required spending. Following the first 52 weeks of operations for a particular Territory, you must spend at least \$1,000 per week for that Territory on marketing your business. This amount is only a minimum requirement, and we do not represent that it is the optimal amount of money for you to spend on marketing.

Computer Systems

We require you to purchase and use a computer system and software including:

A smart phone

Laptop computer

QuickBooks software

Microsoft Office

Xendoo bookkeeping software.

We estimate that these systems will cost between \$800 and \$1,250 to purchase

In addition, you will use the following which we provide to you as part of the fees you pay us:

No H2O Custom Application and Admin Backend Panel, Google Workspace, Google Voice, and Career Plug.

Our On Demand software is a smartphone app to provide a booking channel for customers to book jobs with the franchisee.

These systems will provide management, operations, and management systems to operate the franchised business.

The app and booking systems capture car data, customer data, payment data, timing data, booking and financial data at HQ level – this is not stored on the local POS device (i.e., the mobile phone). We or our affiliate will own this data.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates for the majority of your computer systems, but we will be providing unlimited updates and changes to the custom On-Demand software application at no cost to you. We do not require you enter into any such contract with a third party.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be ~~\$0~~\$4000 to \$8000.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Brand Standards Manual

See Exhibit GF for the table of contents of our Brand Standards Manual as of the date this disclosure document, with the number of pages devoted to each subject. The Manual has 185 pages.

Training

On-Boarding Program

Once you sign your Franchise Agreement, you will be placed into an on-boarding cohort with other new franchisees. This on-boarding program, which generally lasts 12 weeks, consists of online collaborative training hosted by our personnel in which franchisees are guided through tasks and other information to help our franchisees prepare to open their franchised business.

Initial Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Business Training	6	0	Caruso Center- Westfield, California/ Or Fort Lauderdale HQ.
App Training	4	8	Caruso Center- Westfield, California/ Or Fort Lauderdale HQ.
Wash Training	6	12	Caruso Center- Westfield,

			California/ Or Fort Lauderdale HQ.
Detailing	6	12	Caruso Center- Westfield, California/ Or Fort Lauderdale HQ.
Marketing	4	0	Caruso Center- Westfield, California/ Or Fort Lauderdale HQ.
Strategy	4	0	Caruso Center- Westfield, California/ Or Fort Lauderdale HQ.
Recruitment	6	0	Caruso Center- Westfield, California/ Or Fort Lauderdale HQ.
TOTALS:	36 Hours	32 Hours	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes once a month. We reserve the right to conduct training at your location or at a location in your territory. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

The instructional materials consist of the Brand Standards Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes for the initial training program will be led or supervised by Emmet O'Brien, Paul Boylan, and Paul Mangsuud. Mr. O'Brien's experience is described in Item 2; he has ~~13~~14 years of experience in our industry and ~~13~~14 years of experience with us or our affiliates. Mr. Boylan has ~~5~~6 years of experience in our industry and ~~5~~6 years of experience with us or our affiliates. Mr. Mangsuud has ~~7-year~~8 years of experience in our industry and ~~1-year~~2 years of experience with us or our affiliates.

There is no fee for up to 4 people to attend training. You must pay the travel and living expenses of people attending training. Ongoing training will be charged for if new staff require training.

You and any general manager must attend training, plus 2 car wash and detailing operatives. You may send any additional people to training that you want (up to the maximum described above). You must complete training to our satisfaction at least two weeks before opening your business.

Your business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. If you need to send a

new general manager to our training program, we will charge a fee, which is currently \$1,000 per day plus any expenses.

Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

Item 12 TERRITORY

Your Location

We anticipate that you will manage your business from your home or from a small office setting. Your primary office must be located in your territory.

You will also open and develop plug-and-play locations in your territory during your agreement. You will be required to open 8 plug-and-play locations per territory according to Section 6.2(a) of the franchise agreement.

Grant of Territory

Your franchise agreement will specify a territory (or, if applicable, multiple territories, which will collectively may sometimes be determined by us. You referred to in this Item 12 as your “territory”). Each territory will have a population of up to 350,000 people. Your territory (or territories) will usually be specified as a radius around an agreed upon location (which may be one of your plug-and-play locations if that is known prior to the execution of the franchise agreement); however, we may use other boundaries (such as county lines or other political boundaries, streets, geographical features, or trade area).

Relocation; Establishment of Additional Outlets

You may relocate your business anywhere within your territory.

You do not have the right to establish additional franchised outlets or expand into additional territory. If you desire to do so, you must (1) meet our then-current criteria for new franchisees, (2) be in compliance with your franchise agreement at all times since opening your business, (3) have demonstrated your capability to operate a multi-territory franchise successfully, and (4) obtain our agreement.

Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Protection

In your franchise agreement, we grant you ~~a protected~~ an exclusive territory. In your territory, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as a No-H2O

outlet. The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency, except as provided in this item. ~~There~~Except as provided below, there are no circumstances that permit us to modify your territorial rights.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

Except as described in this paragraph, we will not serve customers in your territory, nor authorize another party to serve customers in your territory, under our No-H2O brand. However, we may serve (or authorize other franchisees to serve) customers in your territory if you are in default, or if you are incapable of meeting customer demand in your territory. We may also serve (or authorize another franchisee to serve) a particular customer in your territory if you fail to properly serve such customer, or if we reasonably believe that you will not properly serve such customer.

We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory (i) using our principal trademarks, but only for sales of products or services different from the ones you will offer, and (ii) using trademarks different from the ones you will use. In the circumstances where the franchise agreement does not prohibit us from soliciting or accepting orders from inside your territory, we do not pay any compensation to you.

Soliciting by You Outside Your Territory

You cannot solicit or market to potential customers outside of your territory, except for solicitations or marketing which are primarily targeted inside the territory and which incidentally reach potential customers outside of the territory. You do not have the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your territory. You cannot serve customers outside of your territory without our prior written permission. We may withdraw permission at any time and for any reason, including if more than 10% of your gross sales are outside of your territory or if we have a prospect for another NoH2O outlet in an area covered by or near such customer(s). If we withdraw our permission, we may—but are not required to—offer you the opportunity to enter into another franchise agreement which would have a territory covering the customer(s). Once we withdraw our permission, any customer outside of your territory may be served by another NoH2O outlet.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

**Item 13
TRADEMARKS**

Principal Trademark

The following is the principal trademark that we license to you. This trademark is owned by our affiliate, No-H2O Limited Corporation, and it is registered on the Principal Register of the United States Patent and Trademark Office.

Trademark	Registration Date	Registration Number
	02/04/2020	5978640

Because the federal registration is less than 6 years old, no affidavits are required at this time, nor have any required affidavits been filed, and the registration has not yet been renewed.

Determinations

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.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Our affiliate, No H2O Limited Corporation, owns the trademarks described in this Item. Under an Intercompany License Agreement between us and No H2O Limited Corporation, we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement has no expiration. It may be modified only by mutual consent of the

parties. It may be terminated by our affiliate only if (1) we materially misuse the trademarks and fail to correct the misuse, or (2) we discontinue commercial use of the trademarks for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense. You will have a reasonable period of time to comply with the change, not to exceed 90 days. After such period, you would no longer have the right to use the unmodified or discontinued trademark. Your rights under the franchise agreement do not change, other than the modification or discontinuation of the trademark.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks. There may be other uses of marks similar to our trademarks that may affect your use of our trademarks. We cannot represent with certainty that we have exclusive or superior rights to our marks in all geographical areas.

Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained

registrations. This includes our Brand Standards Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Brand Standards Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

All customer data and other ~~non-public~~point-of-sale data generated by your business is confidential information and is exclusively owned by us. We license such data back to you without charge solely for your use in connection with your No-H2O business.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Brand Standards Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

You must disclose to us all ideas, plans, improvements, concepts, methods, and techniques relating to your No-H2O business that you conceive or develop. We will automatically own all such innovations, and we will have the right to incorporate any innovations into our system for use by all franchisees, without any compensation to you.

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

Your Participation

You are not required to participate personally in the direct operation of your business; however, we recommend that you participate.

If you are the sole owner of the business, then you are deemed the “Principal Executive”. If the business is owned through a corporation or limited liability company, you must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 2 to Exhibit B).

“On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions on Your Manager

If we request, you must have your general manager (and other key employees that we reasonably designate) sign a confidentiality and non-compete agreement. We will not require you to enter into a confidentiality and non-compete agreement that violates applicable state law. We do not require you to place any other restrictions on your manager.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made to customers in your territory.

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Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	§ 3.1	The term of the franchise agreement is 10 years from date of signing.
b. Renewal or extension of the term	§ 3.2	You may obtain a successor franchise agreement for up to two additional 5-year terms.
c. Requirements for franchisee to renew or extend	§ 3.2	<p>For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.</p> <p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); pay renewal fee; sign general release (unless prohibited by applicable law).</p> <p>If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for a 5-year term and collect the renewal fee.</p>
d. Termination by franchisee	§ 14.1	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.
e. Termination by franchisor without cause	Not Applicable	

Provision	Section in franchise or other agreement	Summary
f. Termination by franchisor with cause	§ 14.2	We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.
g. “Cause” defined--curable defaults	§ 14.2	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	§ 14.2	Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; <u>operate in a manner dangerous to health or safety (if not corrected within 48 hours)</u> ; three defaults in 12 months; cross-termination; charge or conviction of, or plea to a felony, or commission or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.
i. Franchisee’s obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	§ 15.1	Unlimited
k. “Transfer” by franchisee - defined	Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor’s approval of transfer by franchisee	§ 15.2	No transfers without our approval.

Provision	Section in franchise or other agreement	Summary
m. Conditions for franchisor’s approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you’ve made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release (subject to state law); business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor’s right of first refusal to acquire franchisee’s business	§ 15.5	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor’s option to purchase franchisee’s business	§ 14.6	When your franchise agreement expires or is terminated, we will have the right to purchase any or all of the assets of your business.
p. Death or disability of franchisee	§§ 2.4, 15.4	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	§ 13.2	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within five miles of your former territory or <u>within five miles of</u> the territory of any other No-H2O business operating on the date of termination <u>or expiration</u> .
s. Modification of the agreement	§ 18.4	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.

Provision	Section in franchise or other agreement	Summary
t. Integration/merger clause	§ 18.3	Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, no claim made in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	§ 17.1	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	§§ 17.1; 17.5	Arbitration will take place where our headquarters is located (currently, Fort Lauderdale, Florida) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	§ 18.8	Florida (subject to applicable state law).

For additional disclosures required by certain states, refer to Exhibit [H](#) - State Addenda to Disclosure Document.

Item 18 PUBLIC FIGURES

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

Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Emmet O’Brien, ~~501 East Las Olas Blvd., 719 NE 2nd and 3rd Floor, Fort Ave., Ft. Lauderdale, Florida 33304~~ FL 33304, and (954) 505-9335, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years ~~2018~~2019 to ~~2021~~2020

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2019 2018	0 1	1 5	+1 4
	2020 2019	1 5	5	+4 0
	2021 2020	5	5	0
Company-Owned	2019 2018	0	0	0
	2020 2019	0	0	0
	2021 2020	0	0 1	0 +1
Total Outlets	2019 2018	0 1	1 5	+1 4
	2019 2020	1 5	5	+4 0
	2021 2020	5	5 6	0 +1

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2018~~2019 to ~~2021~~2020

Column 1 State	Column 2 Year	Column 3 Number of Transfers
N/A	2019 2018	0
	2020 2019	0
	2020 2021	0
Total	2019 2018	0
	2020 2019	0
	2020 2021	0

Table 3
Status of Franchised Outlets*
For Years ~~2018~~2019 to ~~2021~~2020

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
California	2019 2018	0 1	+0	0	0	0	0	1
	2020 2019	1	0	0	0	0	0	1
	2020 2021	1	0 1	0	0	0 1	0	1
Florida	2019 2018	0	0 1	0	0	0	0	0 1
	2019 2020	0 1	+0	0	0	0	0	1
	2020 2021	1	0	0	0	0	0	1
Texas	2018 2019	0	0 3	0	0	0	0	0 3
	2020 2019	0 3	+3	0	0	0	0	3
	2020 2021	3	0	0	0	0	0	3
Totals	2018 2019	0 1	+4	0	0	0	0	4 5
	2020 2019	4 5	+0	0	0	0	0	5

	2020 <u>2021</u>	5	0 <u>1</u>	0	0	0 <u>1</u>	0	5
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* This is for the United States only.

Table 4
Status of Company-Owned Outlets
For Years ~~2018~~2019 to ~~2020~~2021

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
N/A <u>California</u>	2018 <u>2019</u>	0	0	0	0	0	0
	2019 <u>2020</u>	0	0	0	0	0	0
	2020 <u>2021</u>	0	0	0 <u>1</u>	0	0	0 <u>1</u>
Totals	2018 <u>2019</u>	0	0	0	0	0	0
	2020 <u>2019</u>	0	0	0	0	0	0
	2020	0	0	0 <u>1</u>	0	0	0 <u>1</u>

Table 5
Projected Openings As Of December 31, ~~2020~~2021

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year
California	5 <u>0</u>	2	0
Georgia <u>Illinois</u>	0	1	0
<u>Massachusetts</u>	<u>1</u>	<u>1</u>	<u>0</u>
<u>Missouri</u>	<u>1</u>	<u>1</u>	<u>0</u>
<u>Ohio</u>	<u>2</u>	<u>2</u>	<u>0</u>
<u>Texas</u>	<u>0</u>	<u>1</u>	<u>0</u>
Florida	0	1	0
Puerto Rico	2	1 <u>2</u>	0
Totals	7 <u>6</u>	5 <u>11</u>	0

Current Franchisees

Exhibit ~~H~~G contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit HG contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Clauses

In the last three fiscal years, ~~no in some instances, former~~ franchisees have signed ~~any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal~~ provisions restricting their ability to speak openly about their experience as a franchisee in our system with ~~any prospective franchisee-us.~~ 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.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21 FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.

Exhibit FE contains our audited financial statements for the years ended December 31, 2021; ~~December 31, 2020, December 31, 2019,~~ and December 31, ~~2018 and our unaudited interim financial statements through June 30, 2021~~2019. Our fiscal year ends December 31.

Item 22 CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Rider to Lease Agreement
- D. Form of General Release
- I. State Addenda to Agreements
- J. EFT Authorization Form

Item 23
RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	NYS New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

EXHIBIT B
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

SUMMARY PAGE

- | | | |
|-------------|--|-------------------------------------|
| 1. | Franchisee | _____ |
| 2. | Initial Franchise Fee | \$ _____ |
| 3. | Set-Up Expense and
Equipment <u>and Supplies</u>
Fees | \$ _____ |
| 4. | No-H2O On-Demand and
<u>Subscription App Fees</u> | \$ _____ |
| 5. | Territory Business
<u>Development Plan Fees</u> | \$ _____ |
| 46. | Office Location | _____ |
| 57. | Number of Territories | _____ |
| 68. | Territory or Territories | (1) _____
(2) _____
(3) _____ |
| 79. | Opening Deadline | _____ |
| 810. | Principal Executive | _____ |
| 911. | Franchisee's Address | _____ |

FRANCHISE AGREEMENT

This Agreement is made between No-H2O Franchising, Inc., a Florida corporation (“No-H2O Franchise”), and Franchisee effective as of the date signed by No-H2O Franchise (the “Effective Date”).

Background Statement:

A. No-H2O Franchise and its parent entity, No H2O, Inc., have created and own a system (the “System”) for developing and operating a waterless carwash and detailing services business under the trade name “No-H2O”.

B. The System includes (1) methods, procedures, and standards for developing and operating a No-H2O business, (2) plans, specifications, equipment, signage and trade dress for No-H2O businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by No-H2O Franchise from time to time.

C. The parties desire that No-H2O Franchise license the Marks and the System to Franchisee for Franchisee to develop and operate a No-H2O business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by No-H2O Franchise.

“**Business**” means the No-H2O business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which offers car wash and vehicle detailing services and which derives 10% or more of its annual gross sales from vehicle washing or detailing services.

“**Confidential Information**” means all non-public information of or about the System, No-H2O Franchise, and any No-H2O business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

“**Input**” means any goods, services, ingredient or component, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“**Losses**” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of No-H2O Franchise’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“**Manual**” means No-H2O Franchise’s confidential Brand Standards Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“**Marketing Fund**” means the fund established (or which may be established) by No-H2O Franchise into which Marketing Fund Contributions are deposited.

“**Marks**” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by No-H2O Franchise from time to time for use in a No-H2O business.

“**Office Location**” means the Office Location stated on the Summary Page.

“**On Demand Services**” means the vehicle wash and detailing services offered to customers from a mobile service platform where the customer orders services from a digital platform and the service provider delivers services at the customer’s choice of location, which may not be from Plug-and-Play Locations, but must be within the Territory.

“**Owner**” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“**Plug-and-Play Location**” means the fixed location(s) from which Franchisee will offer detailing and car washing services, typically located within a parking deck or high traffic parking structure.

“**Privacy Information**” means all information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household; Privacy Information includes but is not limited to, the following if it identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household: identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, social security number, driver’s license or state identification card number, passport number, signature, physical characteristics or description, telephone number, insurance policy number, bank account number, credit card number, debit card number or any other financial information, medical information or health insurance information; characteristics of protected classifications under state or federal law; commercial information, including records of personal property, products or services purchased, obtained or considered, or other purchasing or consuming histories or tendencies; biometric information; Internet or other

electronic network activity information including, but not limited to, browsing history, search history, and information regarding a consumer's interaction with an Internet Web site, application, or advertisement; geolocation data; audio or electronic information; professional or employment-related information; education information that is not publicly available personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 USC § 1232g; 34 CFR Part 99); and inferences drawn from any of the information identified in this subsection to create a profile about a consumer reflecting the consumer's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities and aptitudes. Privacy Information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

“**Remodel**” means a refurbishment, renovation, and remodeling of any Plug-and-play Locations to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new No-H2O business.

“**Required Vendor**” means a supplier, vendor, or distributor of Inputs which No-H2O Franchise requires franchisees to use.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by No-H2O Franchise, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, maintenance and maintenance agreements, customer service, data protection and privacy, design (such as construction, decoration, layout, furniture, fixtures and signs), environmental protection and sustainability, equipment, inventory, marketing and public relations, operating days, operating hours, minimum numbers and types of employees, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety and security, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, (including credit and debit card vendors and systems, check verification services, and other payment systems, as well as any compliance programs and systems relating to those systems), and internet access, as well as upgrades, supplements, and modifications thereto), temporary operational changes due to special circumstances (such as a pandemic), uniforms, and vehicles.

“**Territory**” means the territory (or each territory if there are more than one territories) stated on the Summary Page.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. No-H2O Franchise grants to Franchisee the right to operate a No-H2O business solely in the Territory. Franchisee shall develop, open and operate a No-H2O business in the Territory for the entire term of this Agreement.

2.2 Protected Territory. No-H2O Franchise shall not establish, nor license the establishment of, another business within the Territory selling the same or similar goods or services under the same or similar trademarks or service marks as a No-H2O business. This prohibition does not apply to any No-H2O business operating or under construction when the Territory is determined. No-H2O Franchise retains the right to:

- (i) establish and license others to establish and operate No-H2O businesses outside the Territory, notwithstanding their proximity to the Territory or their potential impact on the Business;
- (ii) operate and license others to operate businesses anywhere that do not sell the same or similar goods or services under the same or similar trademarks or service marks as a No-H2O business;
- (iii) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than No-H2O outlets, so long as such products and services are not provided through a No-H2O outlet in the Territory and are different from the products and services which Franchisee is authorized to provide under this Agreement;
- (iv) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default of this Agreement, or if Franchisee is incapable of meeting customer demand in the Territory (in No-H2O's reasonable opinion);
- (v) serve (or authorize other franchisees to serve) a particular customer in the Territory if Franchisee fails to properly serve such customer or if No-H2O Franchising reasonably believes that Franchisee will not properly serve such customer; and

(vi) engage in any other activities not expressly prohibited by this Agreement.

2.3 Franchisee Control. Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner's interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify No-H2O Franchise within 10 days.

2.4 Principal Executive. Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and

attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to No-H2O Franchise's reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to No-H2O Franchise, in the form of Attachment 2.

2.6 No Conflict. Franchisee represents to No-H2O Franchise that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for 10 years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to 2 additional periods of 5 years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies No-H2O Franchise of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with No-H2O Franchise (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to No-H2O Franchise) renovations and changes to the Business as No-H2O Franchise requires (including a Remodel, if applicable) to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute No-H2O Franchise's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that the form of the franchise agreement will be amended to provide that Franchisee will not pay another initial franchise fee and to provide that Franchisee will not receive more renewal or successor terms than described provided in this Section Agreement;
- (v) Franchisee pays a renewal fee equal to \$10,000, per Territory; and
- (vi) Franchisee and each Owner executes a general release (on No-H2O Franchise's then-standard form) of any and all claims against No-H2O Franchise, its affiliates, and their respective owners, officers, directors, agents and employees.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

4.2 ~~Franchise Set-Up Expense and Fee.~~ No later than 7 days after signing this Agreement, Franchisee shall pay a Franchise Set-Up Fee of \$12,500. This fee is not refundable.

4.3 ~~Equipment and Supplies Fee.~~ No later than 30 days after the signing this Agreement, Franchisee shall pay the ~~Set-Up Expense and~~ Equipment ~~Fees and Supplies Fee~~ in the amount stated on the Summary Page. This fee is not refundable.

4.3.4 ~~No-H2O On-Demand and Subscription App Fee.~~ No later than 30 days after the signing this Agreement, Franchisee shall pay the No-H2O On-Demand and Subscription App Fee in the amount stated on the Summary Page. This fee is not refundable.

4.5 ~~Territory Business Development Plan Fee.~~ No later than 30 days after the signing this Agreement, Franchisee shall pay the Territory Business Development Plan Fee in the amount stated on the Summary Page. This fee is not refundable.

4.6 Royalty Fee. For each Territory, Franchisee shall pay No-H2O Franchise a weekly royalty fee (the “Royalty Fee”) equal to the greater of: (i) 8% of the Gross Sales of the Business; and (ii) \$125 per week if the Minimum Royalty Fee is applicable (the “Minimum Royalty”). The Minimum Royalty for each Territory shall commence after the 8th full week of operations of your Business in that Territory (but no later than 8 weeks after the Opening Deadline or, if applicable, 8 weeks after the Territory Start Date, as such term is defined below). On any Gross Sales that No-H2O Franchise receives directly or through the On-Demand application, No-H2O Franchise will collect the Royalty Fee on a daily basis and will distribute any other portion of the Gross Sales in accordance with Section 4.11(h). For any other Gross Sales, the Royalty Fee for any week is due on the Tuesday of the following week.

4.47 Marketing Contributions.

(a) Marketing Fund Contribution. Franchisee shall pay No-H2O Franchise a contribution to the Marketing Fund (the “Marketing Fund Contribution”) equal to 2% of Franchisee’s Gross Sales (or such lesser amount as No-H2O Franchise determines), at the same time as the Royalty Fee. On any Gross Sales that No-H2O Franchise receives directly, No-H2O Franchise will collect the Marketing Fund Contribution on a daily basis and will distribute any other portion of the Gross Sales in accordance with Section 4.11(h). For any other Gross Earnings, the Marketing Fund Contribution for any week is due on the Tuesday of the following week. Notwithstanding anything herein to the contrary, you shall not be required to make any Marketing Fund Contributions during the first 36 months, as measured from the Effective Date of this Agreement.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

4.58 Replacement / Additional Training Fee. If Franchisee sends an employee to No-H2O Franchise’s training program after opening, No-H2O Franchise may charge its then-current training fee. As of the date of this Agreement, the training fee is \$1,000 per day, plus travel and per diem expenses.

4.69 Non-Compliance Fee. No-H2O Franchise may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to No-H2O Franchise) which Franchisee fails to cure after 30 days’ notice. Thereafter, No-H2O Franchise may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of No-H2O Franchise’s internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of No-H2O Franchise’s other rights and remedies (including default and termination under Section 14.2).

4.710 Reimbursement. No-H2O Franchise may (but is never obligated to) pay on Franchisee’s behalf any amount that Franchisee owes to a supplier or other third party. If No-H2O Franchise does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to No-H2O Franchise within 15 days after invoice by No-H2O Franchise accompanied by reasonable documentation.

4.811 Technology Fee. For each Territory, Franchisee shall pay to No-H2O Franchise a weekly Technology Fee beginning during the week that Franchisee begins operations and continuing throughout this Agreement. The Technology Fee is payable at the same time as the Royalty Fee and shall be:

Weeks	Weekly Technology Fee
Weeks 1-52	\$125.00
Weeks 53-104	\$190.00
Weeks 105-156	\$250.00
Weeks 157-208	\$315.00
Weeks 209 and each year thereafter	\$375.00

For each Territory, the particular “Week” is based on the earlier of: (a) the date the Franchisee commences operations in that Territory, and (b) the date that Franchisee is required to commence operations in that Territory. Notwithstanding anything hereto to the contrary, the Technology Fee for a particular Territory is waived during the first 90 days from the date the Franchisee commences operations in that Territory.

4.912 On-Demand Service Fee. Franchisee shall pay to No-H2O Franchise the following fees as part of the On-Demand service. These fees shall be paid at the same time as the Royalty Fee.

- \$.25 per Transaction through the On-Demand Service Platform, and
- Our then current rate (currently 2.7% plus any transaction fee determined by credit card processor) of all Gross Sales generated through the On-Demand Service

Platform, reflecting credit card processing charges.

4.1013 Insurance Payments Fee. If Franchisee elects to use insurance coverage provided by No-H2O Franchise, Franchisee shall pay No-H2O Franchise's then-current insurance payments fee.

4.1114 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, Technology Fee, On-Demand Service Fee, and any other amounts owed to No-H2O Franchise by pre-authorized bank draft or in such other manner as No-H2O Franchise may require. Franchisee shall comply with No-H2O Franchise's payment instructions.

(b) Calculation of Fees. Franchisee shall report weekly Gross Sales to No-H2O Franchise by the Monday of the following week. If Franchisee fails to report weekly Gross Sales, then No-H2O Franchise may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to No-H2O Franchise, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that No-H2O Franchise has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 15% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. No-H2O Franchise may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by No-H2O Franchise (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. No-H2O Franchise may apply any payment received from Franchisee to any obligation and in any order as No-H2O Franchise may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to No-H2O Franchise any fees or amounts described in this Agreement are not dependent on No-H2O Franchise's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(h) Distribution of Gross Earnings No-H2O Franchise Receives Directly. During each week that No-H2O Franchise receives any Gross Sales directly based on Franchisee's sales (such as payments through the On-Demand system), No-H2O Franchise will distribute Franchisee's portion of such Gross Sales—after withdrawing any Royalty Fees, Marketing Fund Contributions, Technology Fees, On-Demand Service Fees, or other amounts owed to No-H2O Franchise under this Agreement during that week—on or before the Tuesday of the following week.

ARTICLE 5. ASSISTANCE

5.1 Manual. No-H2O Franchise shall make its Manual available to Franchisee.

5.2 Pre-Opening Assistance.

(a) Selecting Plug-and-Play Locations. No-H2O Franchise shall provide its criteria for No-H2O Plug-and-Play Locations to Franchisee. No-H2O Franchise will review and advise Franchisee regarding potential Plug-and-Play Locations submitted by Franchisee.

(b) Development. To the extent No-H2O Franchise deems appropriate, No-H2O Franchise will advise Franchisee regarding the layout, design, and build-out of Plug-and-Play Locations.

(c) Vendors. No-H2O Franchise shall provide its specifications and list of Approved Vendors and/or Required Vendors for equipment, signs, fixtures, opening inventory, and supplies to open the Business.

(d) Pre-Opening Training. No-H2O Franchise shall make available its standard pre-opening training to the Principal Executive and up to 3 other employees, at No-H2O Franchise's headquarters and/or at a No-H2O business designated by No-H2O Franchise. No-H2O Franchise shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. No-H2O Franchise reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(e) Market Introduction Plan. No-H2O Franchise shall conduct and advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(f) On-Site Opening Assistance. No-H2O Franchise shall have a representative support Franchisee's business opening with at least 1-3 days of onsite opening training and assistance, at No-H2O Franchise's expense.

(g) — Franchise Set-Up Expense and Equipment-Fee Items/Services. When you pay Franchisee pays the Franchise Set-Up Expense and Equipment-Fee set forth in Section Article 4.2, No-H2O Franchise we will provide Franchisee with certain set up, training, and initial implementation.

(h) Initial Inventory and Equipment. When Franchisee pays the Equipment Supplies Fee set forth in Article 4, No-H2O Franchise will provide Franchisee with one set (per Territory) of initial inventory and equipment, as well as furniture, fixtures, and signage that can be used once Franchisee opens its first plug-and-play location in that Territory. The items covered by ~~the Set-Up Expense and Equipment~~ this fee are included in Attachment 3 to this Agreement. No-H2O Franchise reserves the right to modify this list.

(i) App Development. When Franchisee pays the No-H2O On-Demand and Subscription App Fee set forth in Article 4, No-H2O Franchise will provide app development and launch services, including back- and front-end development and set up, detailer and pricing set up,

and administrative panel set up and integration.

(j). Real Estate and Business Development Support. When Franchisee pays the Territory Business Development Plan Fee, No-H2O Franchise will provide Franchisee with real estate and business development support.

5.3 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, No-H2O Franchise shall provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent No-H2O Franchise deems reasonable. If No-H2O Franchise provides in-person support in response to Franchisee's request, No-H2O Franchise may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, No-H2O Franchise shall provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. No-H2O Franchise shall provide Franchisee with No-H2O Franchise's recommended administrative, bookkeeping, accounting, and inventory control procedures. No-H2O Franchise may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. No-H2O Franchise shall manage the Marketing Fund once it is established.

(e) Internet. No-H2O Franchise shall maintain a website for No-H2O, which will include Franchisee's location (or territory) and telephone number.

(f) Application and Technology Support. No-H2O Franchise shall oversee the administrative and support functions needed to use and implement the technology used in the operation of the Business.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Office Location. Franchisee shall operate the business from the Office Location. Franchisee is responsible for ensuring that it has the general office furniture, equipment and supplies necessary to operate an office at the Office Location.

6.2 Plug-and-Play Locations.

(a) Except as provided in Section 6.2(e), Franchisee is required to purchase or lease Plug-and-Play Locations within each Territory according to the following schedule (and to maintain the cumulative number of Plug-and-Play Locations within each Territory), as measured from the Effective Date of this Agreement:

<u>Years</u>	<u>Number of Plug-and-Play Locations to be developed per Territory</u>	<u>Cumulative Number of Plug-and-Play Locations to be developed per Territory</u>
1	1	1
2	2 <u>1</u>	3 <u>1</u>
3	3 <u>2</u>	6 <u>3</u>
4	3 <u>2</u>	9 <u>5</u>
5	3	12 <u>8</u>

(b) Franchisee will not be asked to develop additional Plug-and-Play Locations in subsequent terms for each Territory as stated in this Agreement, so long as the cumulative number of Plug-and-Play Locations are maintained. Franchisee shall operate the Plug-and-Play Locations in conformity with No-H2O Franchise’s System Standards.

(c) Franchisee shall find potential Plug-and-Play Locations within the Territory. Franchisee shall submit its proposed Plug-and-Play Locations to No-H2O Franchise for acceptance, with all related information and documents No-H2O Franchise may request. If No-H2O Franchise does not accept the proposed Plug-and-Play Location in writing within 30 days, then it is deemed rejected.

(d) No-H2O Franchise’s advice regarding or acceptance of a Plug-and-Play Location is not a representation or warranty that the Business will be successful, and No-H2O Franchise has no liability to Franchisee with respect to the location of the Business or of any Plug-and-Play Location.

(e) If there are 3 or more Territories listed on the Summary Page, then the schedule provided in Section 6.1(a), shall be measured not from the Effective Date of this Agreement but shall be measured instead from that Territory’s “Territory Start Date”, as provided in Section 6.6.

6.2 Lease. In connection with any lease between Franchisee and the landlord of any Plug-and-Play Location: (i) if requested by No-H2O Franchise, Franchisee must submit the proposed lease to No-H2O Franchise for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall use commercially reasonable efforts to obtain the landlord’s signature to a rider to the lease in the form required by No-H2O Franchise.

6.3 Development. Franchisee shall construct (or remodel) and finish the Plug-and-Play Locations in conformity with No-H2O Franchise’s System Standards. Franchisee shall not rely upon any information provided or opinions expressed by No-H2O Franchise or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Plug-and-Play Locations, and No-H2O Franchise assumes no liability with respect thereto. No-H2O Franchise’s inspection and/or approval to open the Plug-and-Play Locations is not a representation or a warranty that the Plug-and-Play Locations have been constructed in accordance with any architectural, engineering, or legal standards.

6.4 New Franchisee Training. Franchisee’s Principal Executive and its general manager must complete No-H2O Franchise’s training program for new franchisees to No-H2O Franchise’s satisfaction at least four weeks before opening the Business.

6.5 Conditions to Opening. Franchisee shall notify No-H2O Franchise at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) No-H2O Franchise has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee’s officers and employees have completed all of No-H2O Franchise’s required pre-opening training; and (7) No-H2O Franchise has given its written approval to open, which will not be unreasonably withheld.

6.6 Opening Date. Franchisee shall open the Business to the public on or before the date stated on the Summary Page. However, if there are ~~32~~ or more Territories listed on the Summary Page, then, Franchisee shall open the Business in each Territory based on the following Territory Start Date:

<u>Territory</u>	<u>Territory Start Date</u>
No. 1	The Opening Date stated on the Summary Page
No. 2	6 12 months after the Opening Date stated on the Summary Page
<u>No. 3</u>	<u>18 months following the Opening Date stated on the Summary Page</u>
No. 34 (and each additional Territory)	9 24 months following the Opening Date stated on the Summary Page

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards, as they are now or hereafter established. Franchisee acknowledges and agrees that the products and services offered under the Marks have a reputation for excellence and that Franchisee’s compliance with all System Standards is of the utmost importance to No-H2O Franchise.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws, rules, ordinances, and regulations applicable to Franchisee or to the Business. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Products, Services, and Methods of Sale. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by No-H2O Franchise in the Manual or otherwise in writing. Franchisee shall maintain sufficient levels of inventory at all times.

Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that No-H2O Franchise may require. Franchisee shall not provide any services or make any sales outside of the Territory, without first obtaining No-H2O Franchise's written approval.

7.4 Prices. Franchisee acknowledges that the System Standards determined by No-H2O Franchise may include the minimum, maximum, and/or exact prices that franchisees may charge for products or services sold (except to the extent such authority is limited or prohibited by applicable law).

7.5 Personnel.

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed No-H2O Franchise's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) Qualifications. No-H2O Franchise may set minimum qualifications for categories of employees employed by Franchisee.

(e) Sole Responsibility. Franchisee is solely responsible for all hiring decisions and all terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and No-H2O Franchise are not joint employers, and no employee of Franchisee will be an agent or employee of No-H2O Franchise. Within seven days of No-H2O Franchise's request, Franchisee and each of its employees shall sign an acknowledgment form stating that Franchisee alone (and not No-H2O Franchise) is the employee's sole employer. Franchisee shall use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, timecards, pay checks, and employment and independent contractor agreements, and Franchisee shall not use the Marks on any of these documents.

7.6 Post-Opening Training. No-H2O Franchise may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by No-H2O Franchise. No-H2O Franchise may charge a reasonable fee for any training programs. No-H2O Franchise may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 Software. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by No-H2O Franchise. Franchisee shall enter into any subscription and support agreements that No-H2O Franchise may require.

Franchisee shall upgrade, update, or replace any software from time to time as No-H2O Franchise may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give No-H2O Franchise unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by No-H2O Franchise.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. No-H2O Franchise may take any action it deems appropriate to resolve a customer complaint regarding the Business, and No-H2O Franchise may require Franchisee to reimburse No-H2O Franchise for any expenses.

7.9 Evaluation and Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by No-H2O Franchise for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. No-H2O Franchise shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by No-H2O Franchise for such programs. No-H2O Franchise may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by No-H2O Franchise (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by No-H2O Franchise. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by No-H2O Franchise, in the manner specified by No-H2O Franchise in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another No-H2O business. Franchisee shall comply with all procedures and specifications of No-H2O Franchise related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription, or customer incentive programs.

7.12 Vehicles. Franchisee shall ensure that all vehicles comply with all applicable System Standards, including without limitation required equipment and exterior décor. Franchisee shall keep all vehicles in good repair, clean, and free of dents and other damage, and shall ensure that the vehicles present a first-class image appropriate to No-H2O Franchise's System. Franchisee shall use the vehicle solely for the Business.

7.13 Maintenance and Repair. Franchisee shall at all times keep the ~~Plug-and-Play Locations~~Business in a neat and clean condition, perform all appropriate maintenance, and keep all ~~physical of the~~ property of the Business in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Plug-and-Play Locations as No-H2O Franchise

may prescribe from time to time, including but not limited to periodic interior and exterior painting; repairs; and replacement of obsolete or worn-out signage, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, replacement, and repair.

7.13 Remodeling. In addition to Franchisee’s obligations to comply with all System Standards in effect from time to time, No-H2O Franchise may require Franchisee to undertake and complete a Remodel of the Plug-and-Play Locations to No-H2O Franchise’s satisfaction. Franchisee must complete the Remodel in the time frame specified by No-H2O Franchise. No-H2O Franchise may require the Franchisee to submit plans for No-H2O Franchise’s reasonable approval prior to commencing a required Remodel.

7.14 Meetings. The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls) that No-H2O Franchise requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

7.15 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by No-H2O Franchise in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) Garage Liability insurance and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$2,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (iii) Workers Compensation coverage as required by state law or a minimum coverage of \$1,000,000 each accident.

(b) Franchisee’s policies (other than Workers Compensation) must (1) list No-H2O Franchise and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of No-H2O Franchise and its affiliates, (3) be primary and non-contributing with any insurance carried by No-H2O Franchise or its affiliates, and (4) stipulate that No-H2O Franchise shall receive 30 days’ prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to No-H2O Franchise prior to opening and upon annual renewal of the insurance coverage, as well as at any time ~~upon~~ within 15 days after request ~~effrom~~ No-H2O Franchise.

7.16 Obligations to Third Parties. Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply

with the terms of its loan and make all loan payments when due. If Franchisee leases a Plug-and-Play Location, Franchisee shall comply with its lease for such Plug-and-Play Locations and make all rent payments when due.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding No-H2O, the Business, or any particular incident or occurrence related to the Business, without No-H2O Franchise's prior written approval, which will not be unreasonably withheld.

7.18 Association with Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization or cause, or (ii) act in support of any such organization or cause, without No-H2O Franchise's prior written approval, which will not be unreasonably withheld.

7.19 No Other Activity Associated with the Business. Franchisee shall not engage in any business or other activity at the Plug-and-Play Locations other than operation of the No-H2O Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except No-H2O businesses.

7.20 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of No-H2O Franchise, which will not be unreasonably withheld.

7.21 No Co-Branding. Franchisee shall not "co-brand" or associate any other business activity with the No-H2O Business in a manner which is likely to cause the public to perceive it to be related to the No-H2O Business.

7.22 No Subcontracting. Franchisee shall not subcontract or delegate to a third party any services to be performed by Franchisee for a customer (other than engaging individuals as independent contractors in the ordinary course of business).

7.21 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by No-H2O Franchise. Franchisee must display at the Business signage prescribed by No-H2O Franchise identifying the Plug-and-Play Locations as an independently owned franchise.

7.22 Privacy Practices.

(a) With respect to Privacy Information, Franchisee must comply with all of their obligations under applicable privacy laws, including any local, state, or federal data privacy or data security law or regulation.

(b) Franchisee shall not sell any Privacy Information. Franchisee further agrees to not access, use, or process the Privacy Information except in the furtherance of its obligations under this Agreement, but in all times, in compliance with applicable privacy laws.

(c) To the extent No-H2O Franchise does not have the then-current ability to address requests made under any applicable privacy law by individuals that are the subject of any of the Privacy Information, Franchisee shall, upon No-H2O Franchise's request, provide reasonable assistance to No-H2O Franchise in responding to such requests.

7.23 Communication. Franchisee shall respond promptly to requests for communication from No-H2O Franchise, and in any event within three business days.

7.24 Business Practices. Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from No-H2O Franchise. Franchisee shall not take any action which may injure or is likely to injure the goodwill associated with the Marks.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by No-H2O Franchise from time to time in accordance with System Standards. No-H2O Franchise may require Franchisee to purchase or lease any Inputs from No-H2O Franchise, No-H2O Franchise's designee, Required Vendors, Approved Vendors, and/or under No-H2O Franchise's specifications. No-H2O Franchise may change any such requirement or change the status of any vendor. To make such requirement or change effective, No-H2O Franchise shall issue the appropriate System Standards.

8.2 Alternate Vendor Approval. If No-H2O Franchise requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by No-H2O Franchise. No-H2O Franchise may approve or disapprove the alternative vendor in its sole discretion. No-H2O Franchise may condition its approval on such criteria as No-H2O Franchise deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. No-H2O Franchise shall provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

8.3 Alternate Input Approval. If No-H2O Franchise requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by No-H2O Franchise. No-H2O Franchise may approve or disapprove the alternative Input in its sole discretion. No-H2O Franchise shall provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.4 Purchasing. No-H2O Franchise may negotiate prices and terms with vendors on behalf of the System. No-H2O Franchise may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. No-H2O Franchise has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and to impose a reasonable markup or charge for administering the payment program. No-H2O Franchise may implement a centralized purchasing system. No-H2O Franchise may

establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as No-H2O Franchise may determine.

8.5 No Liability of Franchisor. No-H2O Franchise shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

8.6 Product Recalls. If No-H2O Franchise or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from No-H2O Franchise or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

ARTICLE 9. MARKETING

9.1 Approval and Implementation. Franchisee shall not conduct any marketing, advertising, or public relations activities (including in-store marketing materials, websites, online advertising, social media marketing or presence, and sponsorships) that have not been approved by No-H2O Franchise. No-H2O Franchise may (but is not obligated to) operate all "social media" accounts on behalf of the System, or it may permit franchisees to operate one or more accounts. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations, including any social media policy that No-H2O Franchise may prescribe. Franchisee shall implement any marketing plans or campaigns determined by No-H2O Franchise.

9.2 Use by No-H2O Franchise. No-H2O Franchise may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to No-H2O Franchise for such purpose.

9.3 Marketing Fund. No-H2O Franchise has established a Marketing Fund to promote the System on a local, regional, national, and/or international level. If No-H2O Franchise has established a Marketing Fund:

(a) Account. No-H2O Franchise shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from No-H2O Franchise's other accounts.

(b) Use. No-H2O Franchise shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as No-H2O Franchise reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of No-H2O Franchise's employees working on

marketing and for accounting, bookkeeping, reporting, legal, collections, and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at No-H2O Franchise's sole discretion, and No-H2O Franchise has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. No-H2O Franchise is not obligated to (i) have all other No-H2O businesses (whether owned by other franchisees or by No-H2O Franchise or its affiliates) contribute to the Marketing Fund, or (ii) have other No-H2O businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. No-H2O Franchise may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, No-H2O Franchise may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. No-H2O Franchise shall prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of No-H2O Franchise's fiscal year and shall provide the financial statement to Franchisee upon request.

9.4 Market Cooperatives. No-H2O Franchise may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Territory has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Territory is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days of notice from No-H2O Franchise. No-H2O Franchise shall not require Franchisee to be a member of more than one Market Cooperative. If No-H2O Franchise establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by No-H2O Franchise. No-H2O Franchise may require the Market Cooperative to adopt bylaws or regulations prepared by No-H2O Franchise. Unless otherwise specified by No-H2O Franchise, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. No-H2O Franchise will be entitled to attend and participate in any meeting of a Market Cooperative. Any No-H2O business owned by No-H2O Franchise in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, No-H2O Franchise may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to No-H2O Franchise's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of No-H2O Franchise pursuant to Section 9.1. No-H2O Franchise may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Gross Sales.

(e) Enforcement. Only No-H2O Franchise will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. No-H2O Franchise may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

9.5 Market Introduction Plan. For each Territory, during the first 52 weeks following the opening of Business in that particular Territory, Franchisee must pay No-H2O Franchising \$500 per week. No-H2O Franchising shall match the funds as paid by Franchisee for the first 26 of these weeks, and shall use these funds to develop and conduct a market introduction plan during those 52 weeks for each such Territory.

9.6 Required Spending. For each Territory, beginning with the 53rd week following the opening of Business in that particular Territory, Franchisee shall spend at least \$1,000 per week on marketing the Business. ~~Upon~~ Within 10 days after request ~~of~~ by No-H2O Franchise, Franchisee shall furnish proof of its compliance with this Section. No-H2O Franchise has the discretion to determine in good faith what activities constitute "marketing" under this Section. If Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as No-H2O Franchise may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as No-H2O Franchise may require in the Manual or otherwise in writing, including:

- (i) a weekly profit and loss statement and balance sheet for the Business within 30 days after the end of each week;

- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of No-H2O Franchise's fiscal year; and
- (iii) any information No-H2O Franchise requests in order to prepare a financial performance representation for No-H2O Franchise's franchise disclosure document within 30 days after request.

(b) Legal Actions and Investigations. Franchisee shall promptly notify No-H2O Franchise of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as No-H2O Franchise may request.

(c) Government Inspections. Franchisee shall give No-H2O Franchise copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to No-H2O Franchise such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that No-H2O Franchise may reasonably request. No-H2O Franchise acknowledges that all personnel records of the Business belong to Franchisee and that this Agreement does not grant No-H2O Franchise the right to access personnel records of Franchisee's employees.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to No-H2O Franchise a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of No-H2O Franchise's Franchise Disclosure Document and with such other information as No-H2O Franchise may reasonably request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as No-H2O Franchise may specify in the Manual or otherwise in writing.

10.5 Records Audit. No-H2O Franchise may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. No-H2O Franchise may conduct the audit at the Office Location or Plug-and-Play Location (or both) and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by No-H2O Franchise. Franchisee shall also reimburse No-H2O Franchise for all costs and expenses of the examination or audit if (i) No-H2O Franchise conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System,

or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by No-H2O Franchise. No-H2O Franchise may supplement, revise, or modify the Manual, and No-H2O Franchise may change, add or delete System Standards at any time in its discretion. No-H2O Franchise may inform Franchisee thereof by any method that No-H2O Franchise reasonably deems appropriate (which need not qualify as “notice” under Section 18.9). In the event of any dispute as to the contents of the Manual, No-H2O Franchise’s master copy will control.

11.2 Inspections. No-H2O Franchise may enter the premises of the Business (including any Plug-and-Play Locations and the Office Location) from time to time at any reasonable time (including during normal business hours) and conduct an inspection. Franchisee shall cooperate with No-H2O Franchise’s inspectors. No-H2O Franchise will use commercially reasonable efforts to not disrupt Franchisee’s business operations during any such inspection. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. No-H2O Franchise may videotape and/or take photographs of the inspection and the Business. No-H2O Franchise may set a minimum score requirement for inspections, and Franchisee’s failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting No-H2O Franchise’s other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If No-H2O Franchise conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then No-H2O Franchise may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 No-H2O Franchise’s Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, No-H2O Franchise may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee, including entering the premises of the Business and curing the default without notice to Franchisee. Franchisee shall reimburse No-H2O Franchise for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, No-H2O Franchise may (i) require that Franchisee pay cash on delivery for products or services supplied by No-H2O Franchise, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by No-H2O Franchise shall be a breach or constructive termination of this Agreement, change in competitive circumstances, or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of No-H2O Franchise are in addition to any other right or remedy available to No-H2O Franchise.

11.5 Business Data. All customer data ~~and other non-public data collected or~~ generated by the Business ~~and all data collected or generated by the point-of-sale system (other than data regarding employees) is deemed to be~~ is Confidential Information and is exclusively owned by No-H2O Franchise. No-H2O Franchise hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

11.6 Innovations. Franchisee shall disclose to No-H2O Franchise all ideas, plans, improvements, concepts, methods, and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, or its employees, agents, or contractors. No-H2O Franchise will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by No-H2O Franchise to document No-H2O Franchise's ownership of Innovations.

11.7 Communication Systems. If No-H2O Franchise provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes No-H2O Franchise to access such communications.

11.8 Communication with Employees. Franchisee irrevocably authorizes No-H2O Franchise to communicate with Franchisee's employees and contractors on any matter related to the System or the Business. Franchisee will not prohibit any employee or contractor from communicating with No-H2O Franchise on any matter related to the System or the Business.

11.9 Communications with Landlord and Lenders. Franchisee irrevocably authorizes No-H2O Franchise to communicate with Franchisee's landlord and lender(s), or prospective landlord and lender(s), about matters relating to the Business, and to provide information about the Business to them.

11.10 Delegation. No-H2O Franchise may delegate any duty or obligation of No-H2O Franchise under this Agreement to an affiliate or to a third party.

11.11 System Variations. No-H2O Franchise may vary or waive any System Standard for any one or more No-H2O franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

~~11.12~~ **11.12 Franchisor's Discretion.** No-H2O Franchise may engage in any activity not expressly prohibited by this Agreement. Whenever this Agreement provides that No-H2O Franchise has a certain right, that right is absolute, and the parties intend that No-H2O Franchise's exercise of that right will not be subject to any limitation or review. No-H2O Franchise has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement. Whenever No-H2O Franchise agrees to exercise its rights reasonably or in good faith, No-H2O Franchise will have satisfied its obligations whenever it exercises reasonable business judgment in making a decision or exercising its rights. No-H2O

Franchise's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if No-H2O Franchise's decision or action is intended, in whole or significant part, to promote or benefit the System or the No-H2O brand generally even if the decision or action also promotes No-H2O Franchise's financial or other individual interest. Examples of items that will promote or benefit the System or the No-H2O brand include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System and No-H2O outlets.

11.13 Temporary Public Safety Closure. If No-H2O Franchise discovers or becomes aware of any aspect of the Business which, in No-H2O Franchise's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon No-H2O Franchise's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. No-H2O Franchise shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by No-H2O Franchise, and only in the manner as No-H2O Franchise may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of No-H2O Franchise.

12.2 Change of Marks. No-H2O Franchise may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after No-H2O Franchise makes any such change (not to exceed 90 days), Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) No-H2O Franchise shall defend Franchisee (at No-H2O Franchise's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) No-H2O Franchise shall indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify No-H2O Franchise if Franchisee becomes aware of any possible infringement of a Mark by a third party. No-H2O Franchise may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. No-H2O Franchise shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

12.4 Name. If Franchisee is an entity, it shall not use the word[s] "No-H2O" or any confusingly similar words in its legal name.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by No-H2O Franchise for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized in writing by No-H2O Franchise, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by No-H2O Franchise (except for Confidential Information which No-H2O Franchise licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within five miles of Franchisee’s Territory or within five miles of the territory of any other No-H2O business operating on the date of expiration, termination, or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of No-H2O Franchise. Franchisee agrees that the existence of any claim it may have against No-H2O Franchise shall not constitute a defense to the enforcement by No-H2O Franchise of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 General Manager and Key Employees. If requested by No-H2O Franchise, Franchisee shall cause its general manager and other key employees reasonably designated by No-H2O Franchise to sign No-H2O Franchise’s then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if No-H2O Franchise violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee

detailing the alleged default. Termination by Franchisee is effective 10 days after No-H2O Franchise receives written notice of termination.

14.2 Termination by No-H2O Franchise.

(a) Subject to 10-Day Cure Period. No-H2O Franchise may terminate this Agreement if Franchisee does not make any payment to No-H2O Franchise when due, or if Franchisee does not have sufficient funds in its account when No-H2O Franchise attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after No-H2O Franchise gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to No-H2O Franchise's satisfaction within 30 days after No-H2O Franchise gives notice to Franchisee of such breach, then No-H2O Franchise may terminate this Agreement.

(c) Without Cure Period. No-H2O Franchise may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to No-H2O Franchise;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vi) Franchisee abandons or ceases operation of the Business for more than five consecutive days;
- (vii) Franchisee or any Owner slanders or libels No-H2O Franchise or any of its employees, directors, or officers;

- (viii) Franchisee refuses to cooperate with or permit any audit or inspection by No-H2O Franchise or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (ix) the Business is operated in a manner which, in No-H2O Franchise's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from No-H2O Franchise or otherwise);
- (x) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xi) No-H2O Franchise (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate);
- (xii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or
- (xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in No-H2O Franchise's opinion is reasonably likely to materially and unfavorably affect the No-H2O brand.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to No-H2O Franchise based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to No-H2O Franchise all copies of the Manual, Confidential Information and any and all other materials provided by No-H2O Franchise to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to No-H2O Franchise or any new franchisee as may be directed by No-H2O Franchise, and Franchisee hereby irrevocably appoints No-H2O Franchise, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and

- (iv) cease doing business under any of the Marks.

14.4 Remove Identification. Within 30 days after termination or expiration, Franchisee shall at its own expense “de-identify” any Plug-and-Play Locations so that they no longer contain the Marks, signage, or any trade dress of a No-H2O business, to the reasonable satisfaction of No-H2O Franchise. Franchisee shall comply with any reasonable instructions and procedures of No-H2O Franchise for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, No-H2O Franchise may enter the Plug-and-Play Locations to remove the Marks and de-identify the Plug-and-Play Locations. In this event, No-H2O Franchise will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by No-H2O Franchise.

14.5 Liquidated Damages. If No-H2O Franchise terminates this Agreement based upon Franchisee’s default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to No-H2O Franchise a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the Minimum Royalty plus the applicable Technology Fee; multiplied by: (y) the lesser of (1) 156 or (2) the number of weeks remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of No-H2O Franchise’s damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee’s payment to No-H2O Franchise under this Section will be in lieu of any direct monetary damages that No-H2O Franchise may incur as a result of No-H2O Franchise’s loss of Royalty Fees, Marketing Fund Contributions, and Technology Fees that would have been owed to No-H2O Franchise after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, No-H2O Franchise’s right to injunctive relief for enforcement of Article 13, and any attorneys’ fees and other costs and expenses to which No-H2O Franchise is entitled under this Agreement. Except as provided in this Section, Franchisee’s payment of this lump sum shall be in addition to any other right or remedy that No-H2O Franchise may have under this Agreement or otherwise.

14.6 Purchase Option. When this Agreement expires or is terminated, No-H2O Franchise will have the right (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to No-H2O Franchise. To exercise this option, No-H2O Franchise must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that No-H2O Franchise elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee’s last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. No-H2O Franchise’s purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or “going concern” value for the Business. No-H2O Franchise may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by No-H2O Franchise. If No-H2O Franchise exercises the purchase option, No-H2O Franchise may deduct from the purchase price: (a) all amounts due

from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by No-H2O Franchise to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, No-H2O Franchise may pay a portion of the purchase price directly to the lienholder to pay off such lien. No-H2O Franchise may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. No-H2O Franchise may assign this purchase option to another party.

ARTICLE 15. TRANSFERS

15.1 By No-H2O Franchise. No-H2O Franchise may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and No-H2O Franchise may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that No-H2O Franchise entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing No-H2O Franchise at least 60 days prior notice of the proposed Transfer, and without obtaining No-H2O Franchise's consent. In granting any such consent, No-H2O Franchise may impose conditions, including, without limitation, the following:

- (i) No-H2O Franchise receives a transfer fee equal to \$10,000, plus any broker fees and other out-of-pocket costs incurred by No-H2O Franchise;
- (ii) the proposed Transferee and its owners have completed No-H2O Franchise's franchise application processes, meet No-H2O Franchise's then-applicable standards for new franchisees, and have been approved by No-H2O Franchise as franchisees;
- (iii) the proposed Transferee is not a Competitor;
- (iv) the proposed Transferee executes No-H2O Franchise's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the form will be amended to provide that proposed assignee will not be required to pay an initial franchise fee);
- (v) all owners of the proposed Transferee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to No-H2O Franchise and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to No-H2O Franchise or its affiliates;
- (vii) the proposed Transferee and its owners and employees undergo such training as No-H2O Franchise may require;

- (viii) Franchisee, its Owners, and the Transferee and its owners execute a general release of No-H2O Franchise in a form satisfactory to No-H2O Franchise; and
- (ix) the Business fully complies with all of No-H2O Franchise's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to No-H2O Franchise, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by No-H2O Franchise, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by No-H2O Franchise (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 No-H2O Franchise's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), No-H2O Franchise will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to No-H2O Franchise a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of No-H2O Franchise's receipt of such copy, No-H2O Franchise will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that if some or all of the purchase price is not payable in cash, No-H2O Franchise may pay the equivalent value in cash for the purchase price). If No-H2O Franchise does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to No-H2O Franchise) No-H2O Franchise, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against No-H2O Franchise and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business.

Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions arising which Franchisee proves arose solely as a result of any Indemnitee's intentional misconduct or negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption. An Indemnitee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsections (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where No-H2O Franchise's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of No-H2O Franchise's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for No-H2O Franchise to comply with laws and regulations applicable to the sale of franchises.

(f) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, No-H2O Franchise and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not required to be submitted to arbitration, the parties agree that such proceeding will be brought in the United States District Court where No-H2O Franchise's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where No-H2O Franchise's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

17.7 Franchisor Personnel. The provisions of this Article 17 will apply to any Action by Franchisee or its Owners against No-H2O Franchise's officers, directors, shareholders, members, employees, and/or agents. Nothing in this Agreement authorizes any Action against No-H2O Franchise's officers, directors, shareholders, members, employees, and/or agents or makes those persons liable for No-H2O Franchise's conduct.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. No-H2O Franchise is not a fiduciary of Franchisee. No-H2O Franchise does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect No-H2O Franchise's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. No-H2O Franchise has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third-Party Beneficiaries. Except as stated in Article 16 or Article 17, this Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, No-H2O Franchise, and No-H2O Franchise's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by No-H2O Franchise in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit No-H2O Franchise's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the state of Florida (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to No-H2O Franchise, addressed to ~~501 East Las Olas Blvd., 719 NE 2nd and 3rd Floor, Fort Ave., Ft. Lauderdale, Florida 33304~~ FL 33304. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notices will be effective upon the earlier of: (i) receipt by the recipient, (ii) first rejection by the recipient, (iii) three business days after mailing if sent via registered or certified mail; or (iv) the next business day after mailing if sent via overnight courier. Notwithstanding the foregoing, No-H2O Franchise may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication, in which case notice would be effective on Franchisee upon the delivery of the electronic mail or other electronic communication.

18.10 Holdover. If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time (regardless of any course of dealing by the parties), No-H2O Franchise may by giving written notice to Franchisee (the "Holdover Notice") either (i) require Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as No-H2O Franchise specifies, or (ii) bind Franchisee to a renewal term of 5 years, collect the renewal fee this

Agreement specified in Section 3.2(v), and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi).

18.11 Joint and Several Liability. If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

18.12 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by No-H2O Franchise does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and No-H2O Franchise.

[Signatures on next page]

Agreed to by:

FRANCHISOR:

NO-H2O FRANCHISING, INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

Date: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:

- _____ Illinois
- _____ Indiana
- _____ Maryland
- _____ Minnesota
- _____ New York
- _____ North Dakota
- _____ Ohio
- _____ Rhode Island
- _____ Washington

Attachment 1 to Franchise Agreement

OWNERSHIP INFORMATION

1. Form of Ownership. Franchisee is a (check one):

- _____ *Sole Proprietorship*
- _____ *Partnership*
- _____ *Limited Liability Company*
- _____ *Corporation*

State: _____

2. Owners. If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. Officers. If Franchisee is a limited liability company or corporation:

Name	Title

Attachment 2 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of No-H2O Franchising, Inc., a Florida corporation (“No-H2O Franchise”).

Background Statement: _____ (“Franchisee”) desires to enter into a Franchise Agreement with No-H2O Franchise for the franchise of a No-H2O business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce No-H2O Franchise to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to No-H2O Franchise and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to No-H2O Franchise, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and No-H2O Franchise upon demand from No-H2O Franchise. Guarantor waives (a) acceptance and notice of acceptance by No-H2O Franchise of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that No-H2O Franchise make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information, Guarantor shall (a) adhere to all security procedures prescribed by No-H2O Franchise for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by No-H2O Franchise, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by

No-H2O Franchise or its affiliates (except for Confidential Information which No-H2O Franchise licenses from another person or entity). Guarantor acknowledges that all customer data collected or generated or obtained by Guarantor the Business and all data collected or generated by the point-of-sale system (other than data regarding employees) is Confidential Information belonging to No-H2O Franchise. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor located within five miles of Franchisee’s Territory or within five miles of the territory of any other No-H2O business operating on the date of expiration, termination, or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of No-H2O Franchise. Guarantor agrees that the existence of any claim it or Franchisee may have against No-H2O Franchise shall not constitute a defense to the enforcement by No-H2O Franchise of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. Modification. Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which No-H2O Franchise may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of Florida (without giving effect to its principles of conflicts of law). The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 6. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to No-H2O Franchise all costs incurred by No-H2O Franchise (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

|

|

Agreed to by:

~~Name:~~ _____
~~Address:~~ _____

~~Date:~~ _____

Name: _____
Address: _____

Date: _____

Name: _____
Address: _____

Date: _____

~~Name:~~ _____
~~Address:~~ _____

~~Date:~~ _____

Attachment 3 to Franchise Agreement

SET UP EXPENSE AND EQUIPMENT PACK AND SUPPLIES FEE LIST

(Per Territory)

<u>Description</u>	<u>Qty</u>
<u>Pop Up Site Set Up</u>	
Signus Inflatable <u>Pop Up</u> Tent	1
Parking Lot fit out	<u>1</u>
Starter kit signage	<u>1</u>
Tent Weights (4 x 15kg pack)	<u>43</u>
Roof Topper	<u>2</u>
No H2O Sign Flags	<u>2</u>
Ryobi Inflator/Deflator Battery Pump + charger + battery	<u>21</u>
Tarp Cover for Tent	<u>21</u>
Traffic Cones (Green)	<u>1</u>
<u>Static Site Set Up</u>	-
<u>Static Site Workstation</u>	1
<u>Static Site Floor Tiles (Green)</u>	96
<u>Static Site Floor Tiles (Black)</u>	48
<u>Static Site Floor Tiles (Silver)</u>	56
<u>Static Site Floor Tiles (Black Edge)</u>	12
<u>Static Site Floor Tiles (Silver Edge)</u>	34
<u>Static Site Floor Tiles (Silver Corners)</u>	2
<u>Detailing Equipment</u>	-
Service Cart	1
<u>Service Cart (Folding Side Tray)</u>	1
<u>Service Cart (Magnetic Paper Towel Holder)</u>	1
<u>Service Cart (Magnetic Glove/Tissue Dispenser)</u>	1
<u>Wet/Dry Battery Vacuum</u>	5
<u>Lithium ion Battery (8-Pack)</u>	2
Numatic Henry Cordless Vacuum (2 Batteries Model) <u>Drill/Driver (Tool Only)</u>	<u>45</u>
Numatic Harry Cylinder Vacuum Cleaner (If Electric is Available) <u>6-Port Battery Charger (Tool Only)</u>	<u>41</u>
<u>Drill Brush Attachments</u>	5
Numatic George Wet & Dry Vac (If Electric is Available) <u>Dual Action Polisher (Tool Only)</u>	2
<u>Gloss Polishing Pad 5"</u>	4
Step Ladder	2
Traffic Cones	4
No H2O Uniform Set & Bag	<u>12</u>
6 months No H2O chemicals-	as below
No Water (barrel)	<u>1</u>

Wheel Kleen (barrel)	1
Ultra Kleen 25L	6
Tyre Shine 25L Step Stool (2 Pack)	2
Tar Remover 20L	2
Diamond Kote 5L	2
Leather Kote 5L	2
1.5L Spray Dispenser Firs Aid Kit	20 1
Tar Remover Spray bottle	5
Tyre Shine Spray Bottle	5
Diamond Kote/Leather Kote Dispenser	10
Microfiber Green Cloths Box	2
Microfibre Cloth 240 Pack (Green)	2
Microfiber Microfibre Cloth 240 Pack (Yellow Cloths Box)	2
Microfiber Microfibre Cloth 240 Pack (White Cloths Box)	2 1
<u>Detailing Tools</u>	-
1.5L No-Water Spray Bottle	5
1.5L Wheel Kleen Spray Bottle	5
Metal Polish Interior Detail Brush (5 Pack)	5
Dog Pet Hair Removal Brush	5
Interior Upholstery & Leather Brush	5
Wheel Tire Cleaning Brush	5
Polish Tire Shine Applicator (2 pack)	5
Tyre Shine Sponge	10
Green Nitrile Gloves box	10 1
Applicator Pads (5 Green, 5 Yellow)	1
Zip Lock Bags (100 Per Case)	1
Squeeze Bottle 250ml (8oz)	10
55 Gallon Pump	1
<u>Detailing Products</u>	-
No--Water 5L Container (Empty for On Demand (55 Gallon)	5 1
Wheel Kleen 5L Container (Empty for On Demand)	5
Ultra Kleen 5L Container (Empty for On Demand 1 U.S Quart (6 Pack)	5 2
Tyre Shine 5L Container (Empty for On Demand Dressing (1 Gallon)	5 2
Leather Conditioner (1 Gallon)	1
Ceramic Spray Coating 1 U.S Quart (6 Pack)	1
Tar & Bug Remover 5L Container (Empty for On Demand 1 U.S Quart (6 Pack)	5 1
App localization Interior Sanitiser & Disinfectant 1 U.S Quart (6 Pack)	-1
Bespoke online booking system Medium Cut Compound 1 U.S Quart (6 Pack)	-1
Chrome Polish 1 U.S Quart (6 Pack)	1
Clay Bar (2 Pack)	5
<u>Uniforms</u>	-

<u>No-H2O Branded Polo</u>	<u>10</u>
<u>No-H2O Branded Jogger Pants</u>	<u>5</u>
<u>No-H2O Branded Jacket</u>	<u>5</u>
<u>No-H2O Branded Insulated Vest</u>	<u>2</u>
<u>No-H2O Branded Zip Jacket</u>	<u>5</u>
<u>No-H2O Branded Hats</u>	<u>5</u>
<u>No-H2O Branded Caps</u>	<u>5</u>
<u>No-H2O Sneakers</u>	<u>5</u>
Signage Kit	
<u>A Frames Sandwich Boards with Signage</u>	<u>2</u>
<u>Flags single side print</u>	<u>2</u>
<u>Yard signs (we did not discuss)</u>	<u>2</u>
<u>Car Topper</u>	<u>1</u>
<u>Fliers</u>	<u>1,000</u>
<u>Business Cards</u>	<u>250</u>

* some products may arrive separate from franchise opening kit

** some products can be on back order from time to time

*** Static kit is dispatched once location is identified and lease signed

Attachment 4 to Franchise Agreement

CERTIFICATION OF FRANCHISOR’S COMPLIANCE

By signing below, the undersigned acknowledges the following:

- (1) The undersigned understands all the information in No-H2O Franchise’s Disclosure Document.
- (2) The success or failure of the Business will depend in large part upon Franchisee’s skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee’s control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, and the marketplace.
- (3) That no person acting on No-H2O Franchise’s behalf made any statement or promise regarding the costs involved in operating a No-H2O franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (4) That no person acting on No-H2O Franchise’s behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.
- (5) That no person acting on No-H2O Franchise’s behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a No-H2O franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (6) That no person acting on No-H2O Franchise’s behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.
- (7) The undersigned understands that this Agreement contains the entire agreement between No-H2O Franchise and Franchisee concerning the No-H2O franchise, which means that any oral or written statements not set out in this Agreement will not be binding. In deciding to enter into this Agreement, the undersigned is not relying on any statement, promise, claim, or representation not expressly set forth in this Agreement or in the Disclosure Document.

None of the representations here are intended to act nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law or under the Washington Franchise Investment Protection Act.

Name: _____
Date: _____

Name: _____
Date: _____

|

|

EXHIBIT C

RIDER TO LEASE AGREEMENT

Landlord: _____
Notice Address: _____

Telephone: _____

Franchisor: No-H2O Franchising, Inc.
Notice Address: ~~501 East Las Olas Blvd., 719~~
~~NE 2nd and 3rd Floor, Fort Ave., Ft.~~
~~Lauderdale, Florida 33301 FL 33304~~
Telephone: (954) 505-9335

Tenant: _____

Leased Premises: _____

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a No-H2O business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor or its affiliate, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease unless otherwise agreed by Landlord. If Franchisor or its affiliate becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the No-H2O brand. Any provision of the Lease which limits Tenant’s right to own or operate other No-H2O outlets in proximity to the Leased Premises shall not apply to Franchisor or to its affiliates.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant’s business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

By: _____

Name: _____

Title: _____

Date: _____

TENANT:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

NO-H2O FRANCHISING, INC.

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT ED

FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of No-H2O Franchising, Inc., a Florida corporation (“No-H2O Franchise”).

Background Statement: *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases No-H2O Franchise, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that No-H2O Franchise reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

5. State Addenda.

[Maryland Residents]: This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[Washington Residents]: A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

Agreed to by:

Name: _____
Date: _____

|

EXHIBIT FE
FINANCIAL STATEMENTS

NO-H2O FRANCHISING, INC.

FINANCIAL REPORT
AS OF DECEMBER 31, 2020

NO-H2O FRANCHISING, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Balance Sheet	5
Statement of Operations	6
Statement of Changes in Member's Equity	7
Statement of Cash Flows	8
Notes to Financial Statements	9



Independent Auditor's Report

To the Stockholder and Board of Directors
No-H2O Franchising, Inc.
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying balance sheet of No-H2O Franchising, Inc. as of December 31, 2020 and the related statement of operations, stockholder's equity and cash flows for the year ended December 31, 2020, and the notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of No-H2O Franchising, Inc. as of December 31, 2020 and the results of their operations and their cash flows for the year ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company has changed its method of accounting for revenue from contracts with customers in fiscal year 2020 due to the adoption of the new revenue standard ASC 606, "Contracts with Customers". The Company adopted the new revenue standard using the modified retrospective approach. Our opinion is not modified with respect to this change in accounting principle.

Reese CPA LLC

Thornton, Colorado
May 14, 2021

NO-H2O FRANCHISING, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2020

	2020
ASSETS:	
CURRENT ASSETS	
Cash and equivalents	\$ 15,773
Accounts receivable	276,824
TOTAL CURRENT ASSETS	292,597
NON-CURRENT ASSETS	
Intangible assets	45,500
Deferred tax asset	5,775
TOTAL ASSETS	\$ 343,872
LIABILITIES AND STOCKHOLDER'S EQUITY:	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 61,269
Due to related party	82,245
Income tax payable	35,042
Deferred franchise license fees - current portion	22,000
TOTAL CURRENT LIABILITIES	200,556
LONG-TERM LIABILITIES	
Deferred franchise license fees	57,169
TOTAL LIABILITIES	257,725
STOCKHOLDER'S EQUITY	
Common stock, no par value, 1000 shares issued and outstanding	200
Retained earnings	85,947
TOTAL STOCKHOLDER'S EQUITY	86,147
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 343,872

The accompanying notes are an integral part of these financial statements.

**NO-H2O FRANCHISING, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020
REVENUES	
Franchise sales	\$ 72,498
Royalties	7,940
Other	181,860
TOTAL REVENUES	262,298
 COST OF SALES	 56,012
 GROSS PROFIT	 206,286
 OPERATING EXPENSES	
General and administrative	23,605
Professional fees	23,075
Advertising and promotion	10,664
Amortization expense	13,000
TOTAL OPERATING EXPENSES	70,344
 OPERATING INCOME	 135,942
 OTHER INCOME (EXPENSE)	 2,000
 INCOME BEFORE INCOME TAX EXPENSE	 137,942
 INCOME TAX (EXPENSE)	 (29,267)
 NET INCOME	 \$ 108,675

The accompanying notes are an integral part of these financial statements.

NO-H2O FRANCHISING, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Common Stock	Retained Earnings	Total Stockholder's Equity
BALANCE, DECEMBER 31, 2019	\$ 200	\$ 28,939	\$ 29,139
Adoption of new revenue standard	-	(51,667)	(51,667)
Net income	-	108,675	108,675
BALANCE, DECEMBER 31, 2020	\$ 200	\$ 85,947	\$ 86,147

The accompanying notes are an integral part of these financial statements.

NO-H2O FRANCHISING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 108,675
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization expense	13,000
Recognition of deferred license fees	(22,498)
Changes in assets and liabilities:	
Accounts receivable	(138,803)
Inventory	2,995
Deferred tax asset	(5,775)
Accounts payable and accrued expenses	(7,777)
Income tax payable	35,042
Due to related party	(19,614)
Deferred license fees	50,000
Net cash provided by operating activities	15,245
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash (used) in investing activities	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash provided (used) by financing activities	-
NET INCREASE IN CASH	15,245
CASH, beginning	528
CASH, ending	\$ 15,773
SUPPLEMENTAL DISCLOSURES	
Cash paid for interest	\$ -
Cash paid for taxes	\$ -

The accompanying notes are an integral part of these financial statements.

**NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

No-H2O Franchising, Inc ("the Company") was formed on February 7, 2018, (Inception) in the State of Florida as a corporation. The Company grants franchises to qualified persons to operate car wash and detailing services under the trade name "No-H2O". The franchised business will incorporate both a fixed or static location which is often operated from a parking structure or lot and an on-demand services business where you provide onsite car wash and detailing services for your clients.

Affiliates

The Company's Parent, No-H2o USA Inc was incorporated on May 19, 2020. No-H2O Limited is the parent of No-H2o USA and was incorporated in 2007. No-H2O Limited is located in Dublin, Ireland. The Company's Affiliate, No-H2o Franchising, Ltd has offered No-H2o franchises since 2012 in Europe, the Middle East, and other parts of the world. None of the Company's affiliates has offered franchises in other lines of business.

Summary of Location Activity

Changes in the number of locations for the year ended December 31, 2020 is as follows:

	<u>2020</u>
Units in operation, beginning	7
Units opened	-
Units terminated or closed	-
Units in operation, ending	<u>7</u>
Franchised units	7
Affiliate owned units	-

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2020.

Franchisee Receivables

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company did not have any allowance for doubtful accounts as of December 31, 2020 and 2019 and did not charge-off any accounts receivable during the year ended December 31, 2020 and the period from July 12, 2019 (Inception) through December 31, 2019.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2020.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”.

The Company’s revenue is principally generated through franchise agreements executed with the Company’s franchisees. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a franchisee purchases a franchise, the Company grants the franchisee the right to operate the franchised business in an exclusive territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos (“symbolic intellectual property” or “IP”). Revenues related to the exclusive territory and IP are continuing royalties that are 10% of monthly gross revenues from On-Demand Services and 8% of gross revenues for the franchisee’s static location. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on- going support for the Company’s franchisees. The royalties are billed monthly and are recognized as revenue when earned.

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the symbolic intellectual property. The amount allocated to each identified performance obligation is based on contractual amounts. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the good or service has been transferred to the franchisee. Unearned license fee revenues will be recorded as deferred license fees and will be recognized as revenue over the term of the franchise agreement.

Ancillary Franchise Fees

Fees for transaction processing, technology, training services and equipment and products are recognized as revenue when control of the related good or service has been transferred to control of the franchisee. Transaction fees are collected at the point of sale and technology fees are billed monthly as the technology is delivered or available. Training is billed in advance and recognized at the conclusion of the training. Revenue from initial equipment and supplies is billed in advance and recognized upon delivery of the equipment and supplies.

Brand Fund Contribution

Contributions to the brand fund are 2% of monthly gross revenue. Contributions are billed monthly and recognized as revenue when earned.

Advertising Expenses

The Company expenses advertising costs for the selling of franchises as incurred. Advertising costs expensed were \$10,664 for the year ended December 31, 2020,

NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company has adopted the liability method of accounting for income taxes ASC 740, "Income Taxes." Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized.

The Company adopted the provisions ASC 740-10-25 "Accounting for Uncertainty in Income Taxes," (formerly "FIN 48"). This provision prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under the provision, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

The Company does not have any unrecognized tax benefits as of December 31, 2020 which if recognized would affect the Company's effective income tax rate.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and franchisee receivables. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. The carrying amounts of these financial statement items approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

**NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – ADOPTION OF NEW ACCOUNTING STANDARD

The Company has adopted and applied the provisions of ASC 606 – “Contracts for Customers” (“ASC 606”) issued by the FASB related to revenue recognition which became effective for the Company as of January 1, 2020. The provisions have been applied using the modified retrospective method under the provisions of new revenue standard. The Company recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings as of January 1, 2020. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

The revenue recognition policy above discloses the Company’s application of the new revenue standard to the contracts of the Company. This policy was applied to all franchise agreements that were still in force at December 31, 2019 and those franchise agreements that the Company executed from January 1, 2020 signed through December 31, 2020.

The cumulative effect of the adoption of the new revenue standard on the Company’s balance sheet as of January 1, 2020 and December 31, 2020, and the Company’s statement of operations for the year ended December 31, 2020 were as follows:

	Balance at December 31, 2019	Adjustments Due to ASC 606	Balance at January 1, 2020
Balance Sheet			
Deferred license fees	\$ -	\$ 51,667	\$ 51,667
Retained earnings	28,939	(51,667)	(22,728)
For the Year Ended December 31, 2020			
	As Reported	Balance Without Adoption of ASC 606	Increase (Decrease)
Statement of Operations			
Franchise sale revenue	\$ 72,498	\$ 100,000	\$ (27,502)
Net income	109,975	137,477	(27,502)
As of December 31, 2020			
Balance Sheet			
Deferred license fees, current	\$ 22,000	\$ -	\$ 22,000
Deferred license fees	57,169	-	57,169
Retained earnings	87,247	164,416	77,169

NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CONTRACTS WITH CUSTOMERS

The Company has recorded a liability for unearned revenue associated with customer deposits and license fee performance obligation of the Company’s franchise agreement. The account balances and activity are as follows:

	December 31, 2020
Deferred License Fees:	
Balance Beginning of year	\$ -
Adoption of new revenue standard	\$ 51,667
Deferral of license fees	50,000
Recognition of license fees	(22,498)
Balance at End of Year	\$ 79,169

Estimated Recognition of Deferred License Fees

Estimated revenues to be recognized in future periods related to deferred license fees as reported at December 31, 2020 is as follows:

	License Fees
Year ending December 31:	
2021	\$ 22,000
2022	21,666
2023	17,334
2024	12,334
2025	5,835
	\$ 79,169

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company’s contracts with franchisees is as follows:

	Year Ended December 31, 2020
Performance obligations satisfied at a point in time	\$ 239,800
Performance obligations satisfied through the passage of time	22,498
Total revenues	\$ 262,298

**NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – INTANGIBLE ASSETS

The components of the intangible assets as of December 31, 2020 are as follows:

	2020
Franchise development cost	\$ 65,000
Accumulated amortization	<u>(19,500)</u>
	<u>\$ 45,500</u>

Amortization expense was \$13,000 for the year ended December 31, 2020. Amortization expense for the next three years is expected to be \$13,000 per year, with remainder of \$6,500 in year four.

NOTE 5 – INCOME TAXES

The components of the deferred income tax asset of December 31, 2020 are as follows:

	2020
Deferred license fees	<u>\$ 5,775</u>

The following is a reconciliation of the amount of income tax expense that would result from applying the statutory federal income tax rates to pre-tax income (and the reported amount of income tax for the year ended December 31, 2020):

	2020
Tax expense at federal statutory rates	\$ 35,042
Permanent differences	26
Deferred license fees	<u>(5,775)</u>
Totals	<u>\$ 29,267</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

From time to time the Company advances fund to and receives funds from the Company’s Parent. The Company from time to time is also billed by its Parent for shared expenses. The net advance received by the Company from those sources was \$82,245 at December 31, 2020.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

**NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through May 14, 2021 the date on which the financial statements were available to be issued.

NO-H2O FRANCHISING, INC.

FINANCIAL REPORT
AS OF DECEMBER 31, 2021

NO-H2O FRANCHISING, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Balance Sheets	5
Statements of Operations	6
Statements of Changes in Member's Equity	7
Statements of Cash Flows	8
Notes to Financial Statements	9



Independent Auditor's Report

To the Stockholder and Board of Directors
No-H2O Franchising, Inc.
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying balance sheet of No-H2O Franchising, Inc. as of December 31, 2021, and 2020 and the related statements of operations, stockholder's equity and cash flows for the years ended December 31, 2021, and 2020, and the notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of No-H2O Franchising, Inc. as of December 31, 2021, and 2020 and the results of their operations and their cash flows for the years ended December 31, 2021, and 2020 in accordance with accounting principles generally accepted in the United States of America.

Reese CPA LLC

Thornton, Colorado
April 18, 2022, except for Note 9, as to which the date is April 27, 2022

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NO-H2O FRANCHISING, INC.
BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 57,824	\$ 15,773
Accounts receivable	196,900	276,824
Prepaid expenses	26,259	-
Due from affiliate	14,067	-
Deferred franchise costs	143,960	-
Franchise right	64,972	-
TOTAL CURRENT ASSETS	503,982	292,597
NON-CURRENT ASSETS		
Property and equipment, net	38,105	-
Intangible assets, net	137,659	45,500
Deferred franchise costs, less current	389,507	-
Deferred tax asset	-	5,775
TOTAL ASSETS	\$ 1,069,253	\$ 343,872
LIABILITIES AND STOCKHOLDER'S EQUITY:		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 287,763	\$ 61,269
Due to related party	-	82,245
Income tax payable	-	35,042
Deferred franchise revenue	266,783	22,000
TOTAL CURRENT LIABILITIES	554,546	200,556
LONG-TERM LIABILITIES		
Deferred franchise revenue, less current	502,717	57,169
TOTAL LIABILITIES	1,057,263	257,725
STOCKHOLDER'S EQUITY		
Common stock, no par value, 1000 shares issued and outstanding	200	200
Additional Paid In Capital	513,677	-
Retained earnings	(501,887)	85,947
TOTAL STOCKHOLDER'S EQUITY	11,990	86,147
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 1,069,253	\$ 343,872

The accompanying notes are an integral part of these financial statements.

NO-H2O FRANCHISING, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUES		
Franchise revenue	\$ 13,334	\$ 72,498
Royalties	11,921	7,940
Other	12,231	181,860
TOTAL REVENUES	37,486	262,298
COST OF SALES	1,114	1,351
GROSS PROFIT	36,372	260,947
OPERATING EXPENSES		
Franchise-related expenses	6,133	54,661
General and administrative	170,572	23,605
Payroll and related expenses	17,625	-
Professional fees	175,001	23,075
Advertising and promotion	143,418	10,664
Management fee	138,000	-
Depreciation and Amortization	1,371	13,000
TOTAL OPERATING EXPENSES	652,120	125,005
OPERATING (LOSS) INCOME	(615,748)	135,942
OTHER INCOME	-	2,000
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	(615,748)	137,942
INCOME TAX BENEFIT (EXPENSE)	27,914	(29,267)
NET (LOSS) INCOME	\$ (587,834)	\$ 108,675

The accompanying notes are an integral part of these financial statements.

NO-H2O FRANCHISING, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholder's Equity
BALANCE, DECEMBER 31, 2019	\$ 200	\$ -	\$ 28,939	\$ 29,139
Adoption of new revenue standard	-		(51,667)	(51,667)
Net income	-	-	108,675	108,675
BALANCE, DECEMBER 31, 2020	<u>200</u>	<u>-</u>	<u>85,947</u>	<u>86,147</u>
Additional capital contribution	-	513,677	-	513,677
Net loss	-	-	(587,834)	(587,834)
BALANCE, DECEMBER 31, 2021	<u>\$ 200</u>	<u>\$ 513,677</u>	<u>\$ (501,887)</u>	<u>\$ 11,990</u>

The accompanying notes are an integral part of these financial statements.

NO-H2O FRANCHISING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ (587,834)	\$ 108,675
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,371	13,000
Recognition of deferred revenue	(13,334)	(22,498)
Recognition of deferred costs	6,133	-
Changes in assets and liabilities:		
Accounts receivable	(70,076)	(138,803)
Prepaid expenses	(26,259)	-
Inventory	-	2,995
Deferred tax asset	5,775	(5,775)
Accounts payable and accrued expenses	265,687	(7,777)
Income tax payable	(35,042)	35,042
Deferred franchise costs	(539,600)	-
Deferred franchise revenue	749,500	50,000
Net cash provided by operating activities	(243,679)	34,859
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(39,476)	-
Purchase of intangible assets	(92,159)	-
Net cash (used) in investing activities	(131,635)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional capital contribution	513,677	-
Due to related party	(96,312)	(19,614)
Net cash provided by financing activities	417,365	(19,614)
NET INCREASE IN CASH	42,051	15,245
CASH, beginning	15,773	528
CASH, ending	\$ 57,824	\$ 15,773
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

No-H2O Franchising, Inc ("Company") was incorporated on February 7, 2018, (Inception) in the State of Florida. The Company grants franchises to qualified persons to operate car wash and detailing services under the trade name "No-H2O." The franchised business will incorporate both a fixed or static location which is often operated from a parking structure or lot and an on-demand services business where you provide onsite car wash and detailing services for your clients.

Affiliates

The Company's Parent, No-H2o USA Inc was incorporated on May 19, 2020. No-H2O Limited is the parent of No-H2o USA and was incorporated in 2007. No-H2O Limited is located in Dublin, Ireland. The Company's affiliate, No-H2o Franchising, Ltd has offered No-H2o franchises since 2012 in Europe, the Middle East, and other parts of the world. None of the Company's affiliates has offered franchises in other lines of business.

Summary of Location Activity

Changes in the number of locations for the years ended December 31 is as follows:

	2021	2020
Units in operation, beginning	5	5
Units opened	1	-
Units terminated or closed	-	-
Units in operation, ending	6	5
Franchised units	5	5
Affiliate owned units	1	-

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2021, and 2020.

Accounts Receivables

The Company's receivables primarily result from initial franchise fees, royalty fees, and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company did not have any allowance for doubtful accounts as of December 31, 2021, and 2020 and did not charge-off any accounts receivable during the years ended December 31, 2021, and 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years).

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”. The Company’s revenue mainly consists of franchise fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is five or 10 years depending on when the agreement was executed.

When a franchisee purchases a franchise, the Company grants the franchisee the right to operate the franchised business in an exclusive territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos (“IP”). Revenues related to the exclusive territory and IP are continuing royalties that are 8% of gross sales subject to a minimum fee of \$125 per week per territory. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide ongoing support for the Company’s franchisees. Royalties are billed monthly and are recognized as revenue when earned.

Brand Fund Contribution

Contributions to the brand fund are 0% of gross sales during the first three years of the franchise agreement and 2% of gross sales after this period. Contributions are billed monthly and recognized as revenue when earned. The Company has not collected any brand fund fees.

Advertising Expenses

The Company expenses advertising costs for the selling of franchises as incurred. Advertising costs expensed were \$143,148 and \$10,664 for the years ended December 31, 2021, and 2020,

Income Taxes

The Company has adopted the liability method of accounting for income taxes ASC 740, “Income Taxes.” Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized.

The Company adopted the provisions ASC 740-10-25 “Accounting for Uncertainty in Income Taxes,” (formerly “FIN 48”). This provision prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under the provision, an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

The Company does not have any unrecognized tax benefits as of December 31, 2021, and 2020 which if recognized would affect the Company’s effective income tax rate.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and franchisee receivables. The Company grants credit to franchisees. The Company’s ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. The carrying amounts of these financial statement items approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACT BALANCES

The Company recorded an asset for the incremental costs and a liability for unearned revenue associated with the performance obligation of the Company’s franchise agreements. The account balances and activity at December 31 are as follows:

	2021	2020
Deferred Franchise Costs:		
Balance at beginning of year	\$ -	\$ -
Implementation of new revenue standard	-	-
Deferral of franchise acquisition costs	539,600	-
Recognition of franchise-related costs	(6,113)	-
Balance at end of year	\$ 533,467	\$ -
Less: Current portion	143,960	-
Deferred franchise costs, long term portion	\$ 389,507	\$ -
Deferred Franchise Revenue:		
Balance at beginning of year	\$ 79,169	\$ -
Implementation of new revenue standard	-	51,667
Deferral of franchise revenue	749,500	50,000
Conversion to franchise right, net	(45,835)	-
Recognition of franchise revenue	(13,334)	(22,498)
Balance at end of year	\$ 769,500	\$ 79,169
Less: Current portion	266,783	22,000
Deferred franchise revenue, long term portion	\$ 502,717	\$ 57,169

Estimated Recognition of Deferred Franchise Costs and Revenues

Estimated expenses and revenues to be recognized in future periods related to deferred franchise costs and revenues as reported at December 31, 2021, is as follows:

	Costs	Revenues
Year ending December 31:		
2022	\$ 143,960	\$ 266,783
2023	43,960	58,783
2024	43,960	54,950
2025	43,960	54,950
2026	43,960	54,950
Thereafter	213,667	279,084
	\$ 533,467	\$ 769,500

NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACT BALANCES (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2021, and 2020 is as follows:

	2021	2020
Performance obligations satisfied at a point in time	\$ 24,152	\$ 239,800
Performance obligations satisfied through the passage of time	13,334	22,498
	\$ 34,486	\$ 262,298

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	2021	2020
Furniture and fixtures	\$ 27,051	\$ -
Computers	12,425	-
Less accumulated depreciation	(1,371)	-
	\$ 38,105	\$ -

Depreciation expense was \$1,371 and \$0 for the years ended December 31, 2021, and 2020.

NOTE 4 – INTANGIBLE ASSETS, NET

The components of the intangible assets as of December 31 are as follows:

	2021	2020
Franchise development costs	\$ 65,000	\$ 65,000
App development	92,159	-
Accumulated amortization	(19,500)	(19,500)
	\$ 137,659	\$ 45,500

Amortization expense was \$0 and \$13,000 for the years ended December 31, 2021, and 2020.

**NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - INCOME TAXES

The components of the deferred income tax asset of December 31 are as follows:

	2021	2020
Deferred revenue	\$ -	\$ 5,775
Net operating loss	108,062	-
Net operating loss allowance	(108,062)	-
	\$ -	\$ 5,775

The following is a reconciliation of the amount of income tax expense that would result from applying the statutory federal income tax rates to pre-tax income and the reported amount of income tax for the years ended December 31:

	2021	2020
Tax expense at federal statutory rates	\$ (132,321)	\$ 29,241
Permanent differences	1,055	26
Deferred revenue	(5,775)	5,775
Management fee	28,980	-
Increase in allowance	108,062	-
	\$ -	\$ 35,042

NOTE 6 – RELATED PARTY TRANSACTIONS

From time to time the Company advances fund to and receives funds from the Company’s affiliate. The Company from time to time is also billed by its affiliates for shared expenses. The advances due the Company from those sources was \$14,057 as of December 31, 2021. The advances from those sources were \$82,245 at December 31, 2020.

NOTE 7 – CAPITAL CONTRIBUTION

During 2021 the Company’s Parent contributed \$513,677 to fund the Company’s operations.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NO-H2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - SUBSEQUENT EVENTS

Capital Contribution

On April 27, 2022, the Company's Parent contributed \$140,000 of working capital into the Company as a capital contribution.

Date of Management's Evaluation

Management has evaluated subsequent events through April 27, 2022, the date on which the financial statements were available to be issued.

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A. ANDREW GIANIODIS

CERTIFIED PUBLIC ACCOUNTANT

NOH2O FRANCHISING, INC.

DECEMBER 31, 2019 AND 2018

FINANCIAL STATEMENTS

NOH2O FRANCHISING, INC.

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1
BALANCE SHEET.....	2
STATEMENT OF OPERATIONS.....	3
STATEMENT OF CHANGES IN EQUITY.....	4
STATEMENT OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS.....	6 - 7



A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

April 28, 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders of
NoH2O Franchising, Inc.:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying financial statements of NoH2O Franchising, Inc., which consist of a balance sheet as of December 31, 2019 and 2018, and the related statements of income, changes in stockholders' equity and cash flows for the period March 1 through December 31, 2018 and year ending December 31, 2019 and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I express no such opinion.

-1-

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NoH2O Franchising, Inc. as of December 31, 2019 and 2018 and the results of operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "A. Andrew Gianiodis CPA". The signature is written in a cursive style with the letters "A", "I", and "Q" being particularly prominent.

A. Andrew Gianiodis

Certified Public Accountant

Amherst, New York

279 Niagara Falls Blvd.

Amherst, New York 14226

716 – 510-6068

NoH2O Franchising, Inc.
 Balance Sheet
 December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 528	\$ 1,323
Accounts receivable	138,021	47,500
Due from affiliates	109,856	-
Inventory	2,995	-
TOTAL CURRENT ASSETS	<u>251,400</u>	<u>48,823</u>
OTHER ASSETS		
Intangible Assets (Net)	58,500	-
TOTAL ASSETS	<u>\$ 309,900</u>	<u>\$ 48,823</u>
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 260,261	\$ 73,034
Due to Stockholders	20,500	22,000
TOTAL CURRENT LIABILITIES	<u>280,761</u>	<u>95,034</u>
STOCKHOLDER'S EQUITY		
Common Stock. No par value, 1000 shares issued and outstanding	200	200
Retained Earnings	28,939	(46,411)
TOTAL STOCKHOLDER'S EQUITY	<u>29,139</u>	<u>(46,211)</u>
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u>\$ 309,900</u>	<u>\$ 48,823</u>

See accompanying notes

- 2 -

NoH2O Franchising, Inc.

Statement of Operations

Year ending December 31, 2019 and Period ending March 1 through
December 31, 2018

	2019	2018
Revenues		
Franchise fees	\$ 335,544	\$ 60,000
Revenue collections	113,749	10,490
Total revenue	<u>449,293</u>	<u>70,490</u>
Reimbursement to franchisees	<u>108,365</u>	<u>-</u>
Gross margin	<u>340,928</u>	<u>70,490</u>
Expenses		
Advertising	27,157	27,900
Auto expenses	-	
Bank Fees	3,811	100
Contract labor	750	2,452
Franchise consulting	5,500	80,050
Miscellaneous	219	940
Office supplies	5,106	164
Payroll expenses	191,215	-
Professional fees	925	-
Travel	24,395	5,295
Total expenses	<u>259,078</u>	<u>116,901</u>
Operating income/(loss)	81,850	(46,411)
Amortization	<u>6,500</u>	<u>-</u>
Net Income/(Loss)	<u>\$ 75,350</u>	<u>\$ (46,411)</u>

See accompanying notes

- 3 -

NoH2O Franchising, Inc.

Statement of Changes in Stockholder's Equity Year ending December 31, 2019 and Period ending March 1 through December 31, 2018

	Common Stock	Retained Equity	Total Stockholder's Equity
Balance, March 1, 2018	\$ -	\$ -	-
Stock Sales	200	-	200
Net Loss	<u>-</u>	<u>(46,411)</u>	<u>(46,411)</u>
Balance, December 31, 2018	<u>\$ 200</u>	<u>\$ (46,411)</u>	<u>(46,211)</u>
Balance, January 1, 2019	\$ 200	\$ (46,411)	(46,211)
Stock Sales	-	-	-
Net Income	<u>-</u>	<u>75,350</u>	<u>75,350</u>
Balance, December 31, 2019	<u>\$ 200</u>	<u>\$ 28,939</u>	<u>29,139</u>

See accompanying notes

- 4 -

NoH2O Franchising, Inc.

Statement of Cash Flows

Year ending December 31, 2019 and Period ending March 1 through
December 31, 2018

	2019	2018
Cash flows from operating activities:		
Net Income/(Loss)	\$ 75,350	\$ (46,411)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation & amortization	6,500	-
Changes in assets and liabilities		
Current assets	(203,372)	(47,500)
Current liabilities	<u>185,727</u>	<u>95,034</u>
Net cash provided by operating activities	<u>64,205</u>	<u>1,123</u>
Cash flows from investing activities:		
Expenditures for intangible assets	<u>(65,000)</u>	<u>-</u>
Net cash provided by investing activities	<u>(65,000)</u>	<u>-</u>
Cash flows from financing activities:		
Stock Sale	-	200
Payments of long-term debt	<u>-</u>	<u>-</u>
Net cash provided by financing activities	<u>-</u>	<u>200</u>
Net change in cash	(795)	1,323
Cash - beginning of period	<u>1,323</u>	<u>-</u>
Cash - end of period	<u><u>\$ 528</u></u>	<u><u>\$ 1,323</u></u>
Supplemental Disclosures		
Interest Paid	\$ -	\$ -
Income Taxes Paid	\$ -	\$ -

See accompanying notes

- 5 -

NoH2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of NoH2O Franchising, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

ORGANIZATION AND NATURE OF BUSINESS

The Company was incorporated under the laws of the State of Florida for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own No H2O operation, as a franchise.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, the Company considers unrestricted currency, demand deposits, money market accounts and all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Equipment and leasehold improvements are stated at cost. The depreciation method used for the equipment and leasehold improvements is double declining balance or straight line. Asset lives are 5 to 10 years.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue. Monthly royalty fees will be recognized when paid by the franchisee.

NOH2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

COMPANY INCOME TAXES

The Company, with the consent of its stockholder, has elected to be treated as an C-Corporation. Federal income tax is calculated using rates as provided by the Internal Revenue Service. The Company reports taxes due in the current period only. Tax deferrals, if any, are immaterial.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2019 and 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

NOTE 3 COMMITMENTS AND CONTINGENCIES

The Company does not carry general liability or worker's compensation coverage, nor is it self-insured.

NOH2O FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 5 SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 28, 2020 the date that the financial statements were available to be issued.

EXHIBIT GF

BRAND STANDARDS MANUAL TABLE OF CONTENTS

Manual Section	Number of Pages
Preface & Introduction	14
Establishing a No-H2O Business	37
No-H2O Personnel	55
Administrative Procedures	23
Daily Procedures	30
Marketing the No-H2O Brand	26
Total Number of Pages	185

EXHIBIT **HG**

CURRENT AND FORMER FRANCHISEES

Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

Sina Agua DBA No-H2O Silicon Valley
470 B Brokaw Rd, Unit B,
San Jose CA, 95112 408-422-2314

EcoTex Auto Wash LLC
700 Lavaca, Austin, TX 78701
979-~~571-9072~~599-5545
(unit transferred during 2022)

EcoTex Auto Wash LLC (Bryan, College Station)
700 Lavaca, Austin, TX 78701
979-~~571-9072~~599-5545

~~Wash on Demand LLC~~
~~5678 Mountain Hollow Dr~~
~~Dallas, Tx 75249 972-854-2010~~
(unit transferred during 2022)

Waterless Auto Care LLC
652 SE 25th Ave,
Fort Lauderdale, FL 33301 ~~801-577-7216~~
088-282-8880
(unit transferred during 2022)

Wash on Demand LLC
1790 Peters St.
Irving, TX 75061-3252 972-854-2010

Franchisees who had signed franchise agreements as of the end of our last fiscal year but are not yet open:

~~Sina Agua DBA No-H2O Silicon Valley~~
~~470 B Brokaw Rd, Unit B,~~
~~San Jose CA, 95112 408-679-1555~~
Richard Amir

8 Somerset Rd
Harwich, MA 02645 607-857-2536

Kevin Heaney
700 Cedar Field Ct
Chesterfield, MO 63017 312-282-1203

Doug and Gino Ross
7644 Rolling Green Ave. NW
Massillon, OH 44646 330-803-6260

Joe Murphy
8381 Gilmerton Ct
Dublin Ohio 43017 617-429-4908

On Demand Services, LLC (San Juan)
PO Box 8008942
Coto Laurel, PR 00780 787-925-3801

On Demand Services, LLC (Ponce)
PO Box 8008942
Coto Laurel, PR 00780 787-925-3801

~~Franchisees who had signed franchise agreements as of the end of our last fiscal year but are not yet open:~~

~~None~~

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

~~None~~ Darren Kessler/No-H2O Los Angeles, LLC
100 Promenade Way
Thousand Oaks, CA 91362
805-660-4008

EcoTex Auto Wash LLC
700 Lavaca, Austin, TX 78701
979-599-5545
(unit transferred during 2022)

EcoTex Auto Wash LLC (Bryan, College Station)
700 Lavaca, Austin, TX 78701
979-599-5545
(unit transferred during 2022)

Waterless Auto Care LLC
652 SE 25th Ave,
Fort Lauderdale, FL 33301
088-282-8880
(unit transferred during 2022)

EXHIBIT H

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

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

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

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

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person

acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

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

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

The Franchise Agreement requires binding arbitration. The arbitration will occur in Fort Lauderdale, Florida, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

4. The following paragraph is added at the end of Item 19 of the Disclosure Document:

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your No-H2O business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE 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 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN 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 THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____
2. A proposed registration or filing is or will be shortly on file in the following states:

3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights 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 claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION

WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended 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 A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending

action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

~~3. The following is added to the end of Item 4:~~

~~Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.~~

~~4. The following is added to the end of Item 5:~~

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

~~5.~~ 3. 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.

~~64.~~ 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.~~

~~85.~~ 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.

~~9. The following is added to the end of Item 19:~~

~~**REPRESENTATIONS REGARDING EARNINGS CAPABILITY**~~

~~NO H2O FRANCHISING, INC. DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND NO H2O FRANCHISING, INC. CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.~~

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

OHIO ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Ohio only, this Disclosure Document is amended by adding the following two cover pages to this Disclosure Document:

NO-H2O FRANCHISING, INC.

~~May~~April 18, ~~2021~~2022

READ THIS DISCLOSURE DOCUMENT CAREFULLY

The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any franchise. If you have any questions about this franchise, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before you sign any agreement.

The following disclosure document contains the disclosures required by Ohio law.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

Under 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 grounds for default or termination stated in the Franchise Agreement do 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.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit [J](#) for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

EXHIBIT J

STATE ADDENDA TO AGREEMENTS

ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between No-H2O Franchising, Inc., a Florida corporation (“No-H2O Franchise”) and _____, a _____ (“Franchisee”).

- 1. **Governing Law.** Illinois law governs the Agreement.

- 2. **Waivers Void.** In conformance with Section 41 of the Illinois Franchise Disclosure Act, notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

- 3. **Jurisdiction.** 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 occur outside of Illinois.

- 4. **Effective Date.** This Rider is effective as of the date of the Agreement.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

NO-H2O FRANCHISING, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement _____ (the “Agreement”), between No-H2O Franchising, Inc., a Florida corporation (“No-H2O Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Modified. Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new

models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

NO-H2O FRANCHISING, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between No-H2O Franchising, Inc., a Florida corporation (“No-H2O Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Registration and Disclosure Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. Releases, Estoppels and Waivers of Liability. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. ~~The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

3. Releases. The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.³

4. Statute of Limitations. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

45. Jurisdiction. Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction in the State of Maryland.

6. Fee Deferral. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

7. Arbitration. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable. Please also amend Item 17 accordingly.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

NO-H2O FRANCHISING, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between No-H2O Franchising, Inc., a Florida corporation (“No-H2O Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee’s rights 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 claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

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

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

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

NO-H2O FRANCHISING, INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement _____ (the “Agreement”), between No-H2O Franchising, Inc., a Florida corporation (“No-H2O Franchise”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve No-H2O Franchise or any other person from any duty or liability imposed by New York General Business Law, Article 33 (the “New York Franchise Law”).

- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by No-H2O Franchise with any provision of the New York Franchise Law, or any rule promulgated thereunder, is hereby deleted.

- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchise Law shall govern any claim arising under that law.

- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

NO-H2O FRANCHISING, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement _____ (the “Agreement”), between No-H2O Franchising, Inc., a Florida corporation (“No-H2O Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Amendments. The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

NO-H2O FRANCHISING, INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

OHIO RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between No-H2O Franchising, Inc., a Florida corporation (“No-H2O Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “BOPA” means the Ohio Business Opportunity Act, codified in Revised Code of Ohio, Title XIII, Chapter 1334.

2. Applicability of BOPA. Franchisee acknowledges that No-H2O Franchise is providing this Rider out of an abundance of caution, and that neither the execution of this Rider nor any other act of No-H2O Franchise constitutes an intent that BOPA apply to the transaction between No-H2O Franchise and Franchisee or an admission by No-H2O Franchise that the transaction fails to comply in any material respects with the trade regulation rule of the federal trade commission, “disclosure requirements and prohibitions concerning franchising,” 16 C.F.R. 436.1 et seq.

3. No Delivery of Goods or Services during Cancellation Period. No-H2O Franchise will not commence delivery of any goods or provide any services during the time within which Franchisee may cancel the Agreement as provided in Section 5 below.

4. Jurisdiction and Venue. In connection with the sale of the franchise, any provision in the Agreement restricting jurisdiction or venue to a forum outside of Ohio, or requiring the application of laws of another state, is void with respect to a claim otherwise enforceable under Sections 1334.01 to 1334.15 of the BOPA.

5. Cancellation. You, the franchisee, may cancel the transaction at any time prior to midnight of the fifth business day after the date you sign this Agreement. See the attached notice of cancellation for an explanation of this right.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

NO-H2O FRANCHISING, INC.

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**OHIO
NOTICE OF CANCELLATION**

[*Insert Date Agreement Signed by FRANCHISEE*]

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following No-H2O Franchising, Inc.'s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to No-H2O Franchise at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of No-H2O Franchise regarding the return shipment of the goods at No-H2O Franchise's expense and risk. If you do make the goods available to No-H2O Franchise and No-H2O Franchise does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to No-H2O Franchise, or if you agree to return them to No-H2O Franchise and fail to do so, then you remain liable for the performance of all obligations under the Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to No-H2O Franchising, Inc., at ~~501 East Las Olas Blvd., 719 NE 2nd and 3rd Floor, Fort Ave., Ft. Lauderdale, Florida 33301 FL 33304~~, or send a fax to No-H2O Franchise at [*Insert facsimile number*] or an e-mail to No-H2O Franchise at franchise@noh2o.com, not later than midnight of [*Insert date that is five business days after the date above*].

I hereby cancel this transaction.

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between No-H2O Franchising, Inc., a Florida corporation (“No-H2O Franchise”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

- 2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

- 3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

NO-H2O FRANCHISING, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT
AND
RIDER TO 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 \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening

obligations under the Franchise Agreement and the franchise is open for business. In addition, for franchisees who purchase additional territories at the same time as the purchase of the initial territory, the initial fees will be pro-rated and paid proportionally upon the opening of each territory.

Agreed to by:

FRANCHISOR:

NO-H2O FRANCHISING, INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

|

|

|

EXHIBIT J

EFT AUTHORIZATION FORM

Bank Name: _____
ABA#: _____
Acct. #: _____
Acct. Name: _____

Effective as of the date of the signature below, _____ (“Franchisee”) hereby authorizes No-H2O Franchising, Inc. (“Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Franchisor under the franchise agreement (the “Franchise Agreement”) between Franchisor and Franchisee: (1) all Royalty Fees; (2) all Marketing Fund Contributions; (3) all other fees authorized under the Franchise Agreement; and (4) any amounts charged by Franchisor or its affiliates in connection with equipment, inventory, supplies, and/or services that Franchisee purchases from Franchisor or its affiliates, as and when such amounts become due and owing to Franchisor and/or its affiliates. Franchisee acknowledges that Royalty Fees, Marketing Fund Contributions, and all other fees may be collected by Franchisor in the manner provided for in the Franchise Agreement. The parties further agree that all capitalized terms not specifically defined herein will be given the same definition as set forth in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in force and effect until terminated in writing by Franchisor. Franchisee shall provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

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

|

|

RECEIPT

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

If No-H2O Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If No-H2O Franchising, 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 any applicable state agency (which are listed in Exhibit A). No-H2O Franchising, Inc. authorizes the respective state agencies identified in Exhibit A to receive service of process for it in the particular state.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Emmet O'Brien	501 East Las Olas Blvd., 719 NE 2nd and 3rd Floor, Fort Ave., Ft. Lauderdale, Florida 33301 FL 33304	(954) 505-9335

Issuance Date: ~~May~~ April 18, ~~2022~~ 2021

I received a disclosure document dated ~~May~~ April 18, ~~2022~~, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Rider to Lease Agreement
- D. Form of General Release
- E. Financial Statements
- F. Brand Standards Manual Table of Contents
- G. Current and Former Franchisees
- H. State Addenda to Disclosure Document
- I. State Addenda to Agreements
- J. EFT Authorization Form

Signature: _____
Print Name: _____
Date Received: _____

Keep This Copy For Your Records
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Signature: _____
Print Name: _____
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- ~~H. State Addenda to Disclosure Document~~
- ~~I. State Addenda to Agreements~~

Signature: _____

Print Name: _____

Date Received: _____

Return This Copy To Us

No-H2O Franchising, Inc.