

# FRANCHISE DISCLOSURE DOCUMENT



Natural Life Franchise Corp.  
A Florida corporation  
1704 Capital Circle NE, Unit 103  
Tallahassee, Florida 32308  
Phone: (800) 851-6839  
Email: [admin@NaturalLifeFranchise.com](mailto:admin@NaturalLifeFranchise.com)  
Website: [www.NaturalLifeFranchise.com](http://www.NaturalLifeFranchise.com)

Natural Life Franchise Corp. offers franchises for the operation of a retail store that offers and sells a variety of lifestyle and wellness products to the general public under the name NATURAL LIFE WELLNESS BEGINS HERE.

The total investment necessary to begin operation of a Natural Life franchise ranges from \$205,300 to \$353,600. This includes \$65,000 to \$95,000 that must be paid to us and our affiliate.

Area developers must commit to open a minimum of 3 Natural Life Stores. If you purchase area development rights to open 3 to 5 Stores, the total investment necessary to begin operation of a Natural Life franchise ranges from \$270,300 to \$478,600. This includes \$130,000 to \$220,000 that must be paid to us and our affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement, area development 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 government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 1704 Capital Circle NE, Unit 103, Tallahassee, Florida 32308 or by phone at (800) 851-6839.

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 accountant.

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

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

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## How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or EXHIBIT "F".
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or EXHIBIT "G" includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Natural Life Store in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Natural Life franchisee?</b>	Item 20 or EXHIBIT "F" lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Arizona. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Arizona than in your own state.
2. **Limited Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
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. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
6. **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.
7. **Pricing of Customer Accounts.** The franchisor determines the amount to be charged for your services by bidding on customer accounts. You have no say in that determination. If the franchisor prices a customer account too low, even by mistake, you still must service the customer under the price the franchisor negotiates, even if you will lose money doing so.

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

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**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 document 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 protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 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 subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, 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  
CONSUMER PROTECTION DIVISION  
Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

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

The franchised business offered under this Disclosure Document is for a retail store that offers and sells hemp-based products to the general public under the name NATURAL LIFE WELLNESS BEGINS HERE (a “Store”). To simplify the language in this Disclosure Document, “you” means the person who buys the franchise for a Store – the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company. “We,” “us” and “the Company” mean Natural Life Franchise Corp. – the franchisor.

### **Corporate Information**

Natural Life Franchise Corp. is a Florida corporation that was incorporated on June 1, 2019. Our principal business address is 1704 Capital Circle NE, Unit 103, Tallahassee, Florida 32308. Our telephone number is (800) 851-6839. Our agents for service of process are disclosed in EXHIBIT "A" (for franchise registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than “Natural Life Franchise Corp.” and our tradename “Natural Life”.

### **Business History**

Our founder opened the first Store in February 2018 in Florida. We began offering franchises for Stores in November 2019. We are not engaged in any business other than offering franchises for Stores and administering the franchise system. We have never offered franchises in any other line of business. We have never directly owned and operated a Store.

### **Predecessors, Parents and Affiliates**

We do not have any predecessors or parent companies. We do not have any affiliates that offer (or have ever offered) franchises in this or any other line of business. Our affiliate NL Fulfillment Corp. (“NL Fulfillment”) sells all branded inventory items, and certain non-branded inventory items, to franchisees. NL Fulfillment also operates our ecommerce platform allowing customers to purchase products online. NL Fulfillment has never owned and operated a Store. NL Fulfillment’s principal business address is 2101 W. Pensacola Street, Unit 3B, Tallahassee, Florida 32304. Except for NL Fulfillment, we do not have any affiliates that provide products or services to our franchisees.

### **Description of Franchised Business**

The franchised business offered under this Disclosure Document is for a retail store that offers and sells various lifestyle and wellness products. If we award you a franchise, you must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the “Franchise Agreement”). We refer to the franchised business you purchase as your “Business” or your “Store”. The Franchise Agreement grants you a license to use certain service marks, trademarks, trade names and logos, including the trademark NATURAL LIFE WELLNESS BEGINS HERE and related logos (collectively, the “Marks”). The Marks also include our distinctive trade dress used to identify a Store or the products it sells. The Franchise Agreement also grants you a license to use our system that was developed for the operation of a Store (the “System”). Our confidential Brand Standards Manual (the “Manual”) describes the operational aspects of a Store. You will operate your Store as an independent business using the Marks, the System, the information in the Manual, and the support, guidance and other methods and materials we provide.

### **Area Development Rights**

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to sign the form of Area Development Agreement attached to this Disclosure Document as EXHIBIT "D" (the “ADA”). The ADA grants you the right and obligation to develop, open and operate multiple Stores within a defined “development territory” according to a predetermined “development schedule”. You must develop, open and operate all of the Stores identified in the development schedule. We only grant area development rights to franchisees who commit to develop, open and operate a minimum of 3 Stores. You must sign a separate franchise agreement for

each Store you develop. Each franchise agreement will be our then-current form of franchise agreement, which may differ from the current Franchise Agreement attached to this Disclosure Document.

### **Market and Competition**

The target market for Store customers includes health-conscious members of the general public between the ages of 35 to 64 seeking natural alternatives for their wellness needs. Our industry is developing and growing rapidly. Sales are not seasonal. As a franchisee, you will compete with other retail and online businesses that sell hemp-based products similar to those sold by our Stores. Some of our competitors are independently owned and operated businesses while others consist of regional or national chains. Some of our competitors operate through a franchise model.

### **Laws and Regulations**

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Store.

Our Stores offer and sell various lifestyle and wellness products, including CBD, hemp flower and hemp flower-derived products, Kratom extract and Kratom-infused products, Kava extract and Kava-infused products. These products may contain: (a) CBD or other cannabinoids with tetrahydrocannabinol (THC) concentrations less than 0.3%; or (b) kratom. As further discussed below, there are federal and state laws that may regulate the transportation, possession, sale and use of these wellness products. We make no representation that you can lawfully sell our entire product line from your Store. We will provide you with any information we have regarding federal and state laws that may regulate the sale of our wellness products, but it is your responsibility to investigate the specific federal, state, municipal and local laws and regulations applicable to your Store that restrict or prohibit the sale of any of our wellness products in your state. Your Store may not offer or sell any wellness products that are prohibited in your state. Your failure to carry these products is not a breach of the Franchise Agreement. Our Stores are prohibited from selling marijuana or cannabis products.

The U.S. Food and Drug Administration (FDA), United States Department of Agriculture (USDA) and other federal and state agencies and departments administer and enforce laws, rules and regulations governing the production, transportation, sale and use of agricultural products, cosmetic products, foods and dietary supplements, and the ingredients that may be utilized in foods and dietary supplements. The Agriculture Improvement Act of 2018 (known as the “2018 Farm Bill”) established a new category of cannabis, classified as “industrial hemp” (defined as the plant *Cannabis sativa* L. and any part of such plant, whether growing or not, with a [THC] concentration of not more than 0.3% on a dry weight basis) and removed it as a “controlled substance” under federal law. Our Stores sell wellness products that contain cannabidiol derived from industrial hemp. The FDA and certain states currently take the position that cannabidiol is prohibited from use as an ingredient in food and dietary supplements. The Federal Food, Drug and Cosmetic Act prohibits the marketing or sale of THC or CBD products as “dietary supplements”. Our wellness products that contain cannabidiol are distinguishable from marijuana products as none of our products contain a THC concentration of more than 0.3% on a dry weight basis, or in any extractions from its isomers and other biomass. As such, our product line complies with federal industry regulations allowing for the sale of such products (the 2018 Farm Bill).

There are ongoing efforts at the federal and state levels to change current restrictions on hemp and cannabidiol, and you should investigate these laws, rules and regulations on a continual basis. Some state laws are or may be inconsistent with federal law, and may still prohibit the sale of CBD products while at the time allowing the sale of recreational or prescribed medicinal marijuana products. It is very important that you investigate the most recent federal and applicable state and local laws and regulations governing the transportation, possession, sale, and use of hemp and cannabidiol, and the use of cannabidiol as an ingredient in foods and dietary supplements. There is no federal license or certification required to sell CBD or other industrial hemp-based products at our Stores.

Our Stores also offer and sell certain wellness products derived from “kratom”, which is a tropical tree native to Southeast Asia. Kratom is not a controlled substance under federal law but some states have laws restricting or

prohibiting the sale or possession of kratom.

The laws regulating the sale of the wellness products described above may change. You are responsible for compliance with the norms and rules related to FDA, USDA and state health regulations and other directives relating to the making of medical or any other form of health claims, issuing diagnosis or health advice, issuing endorsements, guarantees or promises regarding any particular intended use of products, or as to safety, reliability, durability and performance of those products, along with the use of certain prohibited terms, expressions, words and phrases relating to the products.

Our Stores do not currently offer tobacco products, such as cigarettes. However, they may do so in the future. Retailers selling tobacco products are subject to additional federal and state laws and regulations (including those implemented by the Alcohol and Tobacco Tax and Trade Bureau). These laws impose various requirements on retailers, including: obtaining a tobacco license; paying special tobacco taxes; restrictions on sales to minors; restrictions on distributing “samples”; and restrictions on advertisements for tobacco products.

While our Stores do not currently sell tobacco products, they do offer and sell various products, such as e-cigarettes and vapes, that the FDA refers to as “ENDS Products” (Electronic Nicotine Delivery System Products). Retailers that sell ENDS Products are subject to various federal and state laws and regulations. Currently, the FDA treats ENDS Products similar to tobacco products. As result, you are subject to the same federal laws and regulations applicable to the sale of tobacco products. Some states and local municipalities also subject retailers of ENDS Products to the same state and local laws and regulations applicable to the sale of tobacco products. For further information, the FDA provides an overview of the laws and regulations applicable to retailers who sell tobacco and/or ENDS Products that can be accessed via the following FDA webpage: <https://www.fda.gov/tobacco-products/products-guidance-regulations/products-ingredients-components>.

There may be other local, state and/or federal laws or regulations pertaining to your Store with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Gabriel Suarez: President & Founder**

Mr. Suarez is our Founder and has served as our President since June 2019. During the prior 5 years, he has also held the following positions:

<b>Company</b>	<b>Location</b>	<b>Title</b>	<b>Period of Time</b>
NL Fulfillment Corp.	Tallahassee, FL	President & Owner	Jan 2021 to present
The Corner Shop Inc.	Tallahassee, FL	President & Owner	Jan 2009 to present

### **Jennifer Gassler: Support Manager**

Ms. Gassler has served as our Support Manager since October 2023. During the prior 5 years, she has also held the following position:

<b>Company</b>	<b>Location</b>	<b>Title</b>	<b>Period of Time</b>
Atticus Franchise Group	Atlanta, Georgia	District Manager	Dec 2018 to Sep 2023

### **Megan Hoss: Marketing Manager**

Ms. Hoss has served as our: (a) Marketing Manager (November 2023 to present); and (b) Graphic Designer (March 2021 to November 2023). During the prior 5 years, she has also held the following positions:

<b>Company</b>	<b>Location</b>	<b>Title</b>	<b>Period of Time</b>
Self Employed	Tallahassee, FL	Freelance Artist	Jun 2020 to Mar 2021
Unemployed – Student	Tallahassee, FL	Student	Mar 2019 to Jun 2020

### ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

### ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

### ITEM 5 INITIAL FEES

#### **Initial Franchise Fee**

You pay us a nonrefundable \$40,000 initial franchise fee at the time you sign the Franchise Agreement. The initial franchise fee is uniformly imposed except for the discounts disclosed below:

Type of Discount*	Discount	Qualifications for Discount
Veterans Discount	10% discount	Person holding at least a 51% interest in the franchise is an honorably discharged veteran of any branch of the United States military and provides Form DD-214.
Minority Discount	10% discount	Person holding at least a 51% interest in the franchise is a member of a recognized minority group as designated by the SBA.
First Responder Discount	10% discount	Person holding at least a 51% interest in the franchise is a current or former police officer, fireman, EMT or other first responder).
Multi-Unit Discount	Store 1 – No discount Store 2 – \$5,000 discount Store 3 and up – \$10,000 discount	You must (a) purchase 2 or more Stores from us at the same time, (b) sign a Franchise Agreement for all Stores at the same time, (c) pay full \$40,000 initial franchise fee for 1 <sup>st</sup> Store and discounted initial franchise fee for each additional Store at same time.

\* The discounts listed in the table above may not be combined for a single Store. If multiple discounts apply to the same Store being purchased (including under an ADA), you receive the discount resulting in the lowest total initial franchise fee. The Veteran’s Discount, Minority Discount and First Responder Discount only apply to the first Store purchased, and do not apply to any Stores purchased under an ADA.

#### **Development Fee**

If you acquire area development rights, you pay us a nonrefundable development fee at the time you sign the ADA. The development fee is calculated as the sum of the total initial franchise fees you pay for all Stores you commit to develop under the ADA. The initial franchise fees you pay are the same as those disclosed above for the Multi-Unit Discount. We anticipate most area developers will purchase the right to develop between 3 and 5 Stores, which results in development fees ranging from \$105,000 to \$165,000. The development fee is deemed to satisfy the initial franchise fee associated with each Store you are required to develop under the ADA. Development fees are uniformly imposed.

#### **Initial Training Fee**

You pay us a nonrefundable \$5,000 initial training fee in consideration of the preopening initial training program we conduct. The initial training fee is due prior to commencement of initial training. The initial training fee includes: (a) our Natural Life Brand, Management and Operations training program (“Management Training”), which includes remotely conducted training and 2 days of classroom training held at a company-owned Store in Tallahassee, Florida; and (b) 2 days of onsite training and opening assistance that we provide at the time your Store opens (“Onsite Training”). The initial training fee is uniformly imposed.

## **Initial Inventory Purchase**

Between 30 and 90 days prior to your anticipated opening date, you must purchase your initial supply of branded, and certain non-branded, inventory items from our affiliate. The total estimated cost of this purchase is estimated to range from \$20,000 to \$50,000. The purchase price is nonrefundable and, except as otherwise provided in the preceding sentence, uniformly imposed. You purchase your remaining inventory items directly from third-party suppliers. Our opening team will help you determine an appropriate assortment of inventory items based on local demographics, the size of your sales floor and other factors.

## **ITEM 6 OTHER FEES**

<b>TYPE OF FEE <sup>1</sup></b>	<b>AMOUNT <sup>2,3</sup></b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty Fee	Greater of (a) 5% of Gross Sales or (b) the minimum royalty fee	Day of each week that we specify (currently Wednesday) for Gross Sales generated during prior reporting period	The “minimum royalty fee” is \$200 per week. Our current reporting period runs from Monday through Sunday. We may change the reporting period and royalty fee due date upon 30 days’ prior notice. You must provide us with weekly Gross Sales reports.
Brand Fund Fee	2% of Gross Sales	Same as royalty fee	You must contribute this amount to the Brand Fund we administer. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the Brand Fund Fee.
Local Marketing Commitment	2% of Gross Sales	Monthly, as incurred	This is the minimum amount you must spend on advertising and marketing in your local market to promote your Store (the “ <u>Local Marketing Commitment</u> ”). This expenditure is in addition to your Brand Fund Fee. We measure your compliance on a rolling 6-month basis.
Cooperative Advertising Fee	Up to 2% of Gross Sales	Same as royalty fee	See Note 4.
Training Fee	Up to \$300 per person per day (plus Travel Expenses for onsite training)	10 days after invoice	Payable for each person who attends: (a) initial training after you open; (b) repeat training (after failing a prior attempt); (c) remedial training; or (d) additional training you request. You must also reimburse us for Travel Expenses we incur for training onsite at your Store. We do not charge training fees for required system-wide refresher or supplemental training programs.
Conference Registration Fee	Up to \$750 per person per conference	10 days after invoice	We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver from us, you must pay us the conference registration fee despite your non-attendance (we will provide you with a copy of any written materials distributed at the conference).
Technology Fee	\$190 per month for POS system plus \$40 per week for other technology R&D and support (subject to change)	Weekly fee due same as royalty fee Monthly fee due 10 days after invoicing or as otherwise specified	See Note 5.

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2,3</sup>	DUE DATE	REMARKS
System Program Fees	Varies (not currently charged)	10 days after invoice or as we otherwise specify	You must participate in any customer loyalty, membership and/or gift card program we establish and pay all associated program contributions and fees we require to implement and administer these programs. These amounts are paid to us or a third party we designate.
Product Purchases	Varies depending on item purchased	10 days after invoice	We or our affiliate may serve as a System supplier for certain goods or services you must purchase. If this occurs, we will provide you with a price list upon request. You currently order inventory from our affiliate through our franchise portal.
New Product or Supplier Testing	Cost of testing (up to \$2,000 per test)	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Relocation Fee	\$5,000	At time we approve request to relocate	Imposed if we approve your request to relocate your Store.
Renewal Fee	\$5,000	At time you sign Renewal Agreement	Imposed if you renew your franchise rights by signing a renewal Franchise Agreement.
Transfer Fee	<i>[Franchise Agreement]</i> \$10,000	Before Transfer	We do not charge a transfer fee for Permitted Transfers. You pay the transfer fee for all other Transfers. If our broker finds the buyer, you must also reimburse us for all commissions we pay the broker.
	<i>[ADA]</i> \$10,000		
Reimbursement of Quality Assurance Program Costs	Actual cost paid to company we hire	10 days after invoice	If we hire a person or company to inspect your Store, you must reimburse us for all amounts we pay for the inspection, including reimbursement of costs for products purchased for inspection.
Reimbursement of Reinspection Costs	\$400 per day plus Travel Expenses and other costs we incur to travel to and inspect your Store	10 days after invoice	Imposed if we inspect your Store to determine if you remedied a (a) health or safety issue identified by a government agency or (b) breach of system standards we bring to your attention.
Audit Fee	Actual cost of audit (including Travel Expenses for audit team)	10 days after invoice	Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner or (b) reveals you understated Gross Sales by 2% or more.
Late Fee	\$100 plus default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law	10 days after invoice	If we debit your account but there are insufficient funds, or a check you issue is returned due to insufficient funds, then we may charge (in addition to the late fee) an NSF fee of \$50 per incident. In California, default interest is limited to 10% per annum.
Noncompliance fee	Up to \$500 per incident	Upon demand	Imposed if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports) and do not cure within the time period we require. We may impose an additional \$500 fee every 48 hours the noncompliance issue remains uncured after we impose the initial fee. We will deposit these fees into the brand fund (once established).

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2,3</sup>	DUE DATE	REMARKS
Default Reimbursements	All costs we incur to cure your default plus admin fee equal to 10% of the costs	10 days after invoice	If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse us for our costs (examples include failure to pay suppliers, maintain insurance, or meet quality or safety standards) and pay the admin fee.
Management Fee	Up to \$500 per day plus Travel Expenses	10 days after invoice	If you fail to timely cure a default under the Franchise Agreement or the Managing Owner dies, we can designate a person to manage your Store until the default is cured or you replace the Managing Owner.
Indemnification	Amount of our damages, losses or expenses	10 days after invoice	You must indemnify and reimburse us for all damages, losses or expenses we incur due to the operation of your Store or your breach of the Franchise Agreement.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or any related agreement.
Liquidated Damages	Varies (See Note 6)	30 days after invoice	Imposed if we terminate due to your default or you terminate in any manner not permitted by the Franchise Agreement.

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us except: (a) you pay the cooperative advertising fee directly to your advertising cooperative (we may instead require you to pay this fee to us, in which case we will remit the fee to the cooperative on your behalf); and (b) you spend the Local Marketing Commitment directly with third-party suppliers. All fees are nonrefundable and uniformly imposed. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "E") permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than fees due within 15 days after signing the Franchise Agreement). You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date. You are responsible for all taxes imposed on you or us based on products, intangible property (including trademarks) or services we provide to you.

2. Definitions: As used in this Disclosure Document, the following capitalized terms have the meanings given to them below:

“**Brand Fund**” means the brand and system development fund we currently administer to promote public recognition of our brand and improve our System.

“**Gross Sales**” means all gross sums you bill or collect from all goods and services you sell, plus all other sums you collect from the operation of your Store including any: advertising revenues; sponsorship fees; and business interruption insurance proceeds. Gross Sales includes the full retail value of any free or discounted goods or services you provide to your owners, staff, friends, family members or customers, unless the same pricing is available to the general public as part of an approved promotional program. Gross Sales excludes: (a) revenue share paid to you by our affiliate based on online sales made in your territory; (b) sales or use taxes; (c) amounts refunded to customers; and (d) revenues from the sale of furniture, fixtures and equipment in the ordinary course of business. The Manual may include policies governing the manner in which promotional coupons and proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under a customer loyalty or membership program.

**“Managing Owner”** means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Store. See Item 15 for more information.

**“Permitted Transfer”** means: (a) a Transfer from one owner to another owner who was an approved owner prior to the Transfer (other than a Transfer that results in the Managing Owner owning less than 10% of the franchised business); and/or (b) a Transfer to a newly established business entity with respect to which the transferring owners collectively own and control 100% of the ownership interests.

**“Technology Systems”** means all information and communication technology systems that we designate, which may include computer systems, point-of-sale systems, webcam systems, telecommunications systems, security systems, music systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

**“Transfer”** means a transfer or assignment of: (a) the Franchise Agreement or ADA (or any interest in either such agreement); (b) the Store’s assets (other than the sale of fixtures or equipment in the ordinary course of business); (c) any ownership interest in the entity that is the “franchisee” or “area developer”; or (d) the franchised business you conduct under the Franchise Agreement or ADA.

**“Travel Expenses”** means all travel, meals, lodging, local transportation and other living expenses and costs incurred: (a) by us and our trainers, field support personnel, auditors and/or other representatives to visit your Store; or (b) by you or your personnel to attend training programs or conferences.

3. **CPI Adjustments**: All fees (and minimum fees) expressed as a fixed dollar amount are subject to adjustment based on changes to the Consumer Price Index (CPI) in the United States. We may periodically review and increase these fees based on changes to CPI, but only if the increase to CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than 1 fee adjustment during any 5-year period.
4. **Cooperative Advertising Fee**: We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We may either: (a) collect cooperative advertising fees and remit them to the applicable cooperative; or (b) require you to pay these fees directly to the cooperative. Cooperative advertising fees are uniformly imposed on all Stores in the cooperative, including company-owned Stores. We may set the minimum cooperative advertising fee, which may be increased by majority vote of all members of the cooperative (but will not exceed the maximum amount specified in the table above). Each member is entitled to 1 vote regarding of the number of Stores owned. We and our affiliates will be members of the cooperative (and have the same voting rights as franchisees) with respect to company-owned Stores located in the cooperative. However, if the majority of Stores in the cooperative are company-owned Stores, we will not increase the cooperative advertising fee unless a majority of all franchisee members vote in favor of the increase. All cooperative advertising fees you pay are credited towards your Local Marketing Commitment. There were no advertising cooperatives in effect as of December 31, 2023.
5. **Technology Fee**: You must acquire and utilize all Technology Systems we specify from time to time. The “technology fee” includes all amounts you pay us and/or our affiliates relating to these Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. We may include within the technology fee a commercially reasonable administrative fee to compensate us for the time, money and resources we invest in administering the technology platform and associated components, negotiating and managing contracts with third-party licensors, and collecting and remitting technology fees owed to third-party licensors on

behalf of franchisees under master license arrangements. The technology fee does not include any amounts you pay directly to third-party suppliers. As of the issuance date of this Disclosure Document, we charge a technology fee of \$190 per month (which covers the monthly licensing fee for your POS system) plus \$40 per week (which covers research and development of new technology, website updates and maintenance and partially reimburses us for the costs we incur to provide you with up to 5 email addresses/accounts).

6. **Liquidated Damages:** You must pay us liquidated damages if: (a) we terminate the Franchise Agreement due to your default; or (b) you terminate the Franchise Agreement prior to its expiration date (except in accordance with the provisions governing your right to terminate following our uncured breach). Liquidated damages is calculated as the sum of average monthly royalty fees, brand fund fees and technology fees imposed during the 12-month period preceding termination (or your entire period of operation if less than 12-months) multiplied by the lesser of: (a) 24 (representing 2 years); or (b) the total number of months remaining under the term.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

**Table A:** Estimated initial investment for the purchase of a single Store.

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE STORE)				
TYPE OF EXPENDITURE <sup>1</sup>	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee <sup>2</sup>	\$40,000	Lump sum	At time you sign Franchise Agreement	Us
Initial Training Fee <sup>3</sup>	\$5,000	Lump sum	At time you sign Franchise Agreement	Us
Initial Training Expenses <sup>4</sup>	\$2,000 to \$4,000	As incurred	During training	Hotels, restaurants and airlines
Real Estate Management Fee <sup>5</sup>	\$5,000	Lump sum	At time you sign lease or purchase agreement	Supplier
Project Management Fee <sup>6</sup>	\$15,000	Lump sum	At time you sign lease or purchase agreement	Project Manager
Lease Deposit & 3 Months' Rent <sup>7</sup>	\$10,000 to \$20,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Construction <sup>8</sup>	\$15,000 to \$60,000	As incurred	Before opening	Contractor & suppliers
Furniture, Fixtures & Décor <sup>9</sup>	\$15,000 to \$25,000	As incurred	Before opening	Suppliers
Signage <sup>10</sup>	\$3,500 to \$8,000	Lump sum	Before opening	Suppliers
Technology Systems <sup>11</sup>	\$4,450 to \$8,600	Lump sum	Before opening	Suppliers
Office Supplies <sup>12</sup>	\$300 to \$1,000	Lump sum	Before opening	Suppliers
Opening Inventory <sup>13</sup>	\$40,000 to \$60,000	Lump sum	Before opening	Affiliate & suppliers
Grand Opening Advertising <sup>14</sup>	\$20,000 to \$25,000	Lump sum	30 days before through 30 days after opening	Suppliers
Utility Deposits	\$500 to \$2,500	As incurred	Before opening	Utility companies
Permits and Licenses	\$300 to \$1,500	Lump sum	Before opening	Government agencies
Professional Fees <sup>15</sup>	\$1,500 to \$5,000	Lump sum	Before opening	Lawyers & accountant
Insurance <sup>16</sup>	\$750 to \$2,000	Lump sum	Before opening	Insurance companies
Preopening Payroll <sup>17</sup>	\$2,000 to \$6,000	As incurred	Before opening	Employees

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE STORE)				
TYPE OF EXPENDITURE <sup>1</sup>	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Additional Funds <sup>18</sup> (3 months)	\$25,000 to \$60,000	As incurred	As incurred	Us, suppliers and employees
<b>Total Estimated Initial Investment</b> <sup>19</sup>	\$205,300 to \$353,600			

**Table B** – Estimated initial investment for the purchase of area development rights.

YOUR ESTIMATED INITIAL INVESTMENT (AREA DEVELOPMENT - ASSUMES COMMITMENT OF 3 STORES OR 5 STORES)				
TYPE OF EXPENDITURE <sup>1</sup>	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee <sup>20</sup>	\$105,000 to \$165,000	Lump sum	At time you sign ADA	Us
Initial Investment to Open First Store	\$165,300 to \$313,600	This is the total estimated initial investment in Table A above less initial franchise fee which is included in development fee		
<b>Total Estimated Initial Investment</b>	\$270,300 to \$478,600			

Notes:

- Financing and Refunds: We do not offer direct or indirect financing. No amounts paid to us are refundable. We are not aware of any amounts paid to third-party suppliers that are refundable, although your landlord may refund your security deposit at the end of the lease if you do not damage the property or default.
- Initial Franchise Fee: Our standard initial franchise fee is \$40,000. We offer discounts under the circumstances described in Item 5. This estimate assumes no discounts apply.
- Initial Training Fee: You pay us a \$5,000 initial training fee in consideration of the preopening initial training program we conduct. This fee includes remotely conducted training, a 2-day Management Training program held in Tallahassee, Florida and our 2-day Onsite Training program that takes place at your Store.
- Initial Training Expenses: This estimates your expenses to send 2 to 4 people to Management Training in Tallahassee, Florida. Your actual training expenses may vary depending on: (a) the number of people you send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.
- Real Estate Management Fee: You must contract with the real estate company (the “Real Estate Company”) we designate to provide certain real estate management services (“Real Estate Management Services”), including assistance with:
  - selecting and supervising a local real estate broker
  - educating landlords on our concept
  - evaluating potential sites for your Store
  - procuring site surveys (rarely needed)
  - assessing site feasibility
  - negotiating a letter of intent for the lease or purchase of the premises
  - reviewing and negotiating the lease or purchase contract for the premises
  - providing real estate and territory analytics

Our designated Real Estate Company agreed to provide the Real Estate Management Service in exchange for a discounted flat fee of \$5,000 (subject to change).

6. Project Management Fee: You must hire the project management company we designate (the “Project Manager”) to provide project management services relating to the design, construction and development of your Store (“Project Management Services”), including assistance with:
- developing a preliminary layout and design for your Store
  - if needed, coordinating with your architect and reviewing construction plans and permits
  - preparing bids and selecting your general contractor
  - monitoring construction progress
  - supporting the scheduling and installation of signage, furniture, fixtures and equipment

Most of the underlying services are provided by outside suppliers and you pay these suppliers directly for their services. The Project Manager’s role is to oversee and coordinate with the various members of your development team (architects, engineers, general contractor, etc.) in an effort to manage the overall Store development process and allow you to open as quickly as possible. Our designated Project Manager agreed to provide the Project Management Services in exchange for a flat fee of \$15,000 (subject to change).

7. Real Estate: This estimate assumes you lease your premises. Rent varies depending on the size of the premises, its location, landlord contributions and the requirements of individual landlords. We anticipate most Store facilities will range in size from 800 to 1,500 square feet with rent ranging from \$2,500 to \$5,000 per month. Landlords typically require security deposits equal to 1- or 2-months’ rent and may, in addition, require payment in advance of the first and/or last (or more) month’s rent. The total estimated initial investment shown in the chart above includes 1 month’s security plus 3 months’ rent. Some franchisees may choose to purchase the real estate. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.

8. Construction: The cost of construction and leasehold improvements varies widely based on a number of factors including:
- the size and condition of the leased space
  - whether the leased space is a first or second generation retail location
  - the extent and nature of any existing leasehold improvements
  - whether the landlord will contribute to the costs of the leasehold improvements (referred to as “TI Allowances”) and the amount of any TI Allowance you are able to negotiate
  - local demolition costs
  - local construction costs and prevailing wage rates in your local market

In some cases, landlords that provide a TI Allowance increase the monthly rent to recapture the TI Allowance and amortize it over the lease term (or part of the lease term). A significant factor in determining whether the landlord will provide a TI Allowance, and if so, the amount, is whether the building is first generation or second generation space. The estimates in the table above assume you do not receive any TI Allowance. It also assumes you select second generation space. We have not estimated the costs for new-build construction or for first generation (grey shell) space. If you acquire first generation space, you may also have to hire an architect to prepare construction plans. The estimated cost for construction fees could range from \$2,500 to \$10,000. Historically, there has never been a situation where an architect was needed to prepare construction plans for a franchised or company-owned Store.

9. Furniture, Fixtures & Décor: This includes the estimated cost for furniture, display cases (including display cases, countertop displays, shelving for cases and LED lights for display cases) and décor.
10. Signage: You must purchase and install the signage we specify. However, you may need to modify our

standard signage to conform to local zoning laws, property use restrictions and/or lease terms. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions.

11. **Technology Systems**: This includes your initial cost to purchase and set up your Technology Systems, including your: (a) computer and point-of-sale system (\$3,000 to \$5,500); (b) 3 digital menu TVs (\$1,000 to \$2,000); (c) security system and surveillance system (\$400 to \$800); (d) phone system (\$0 to \$200); and (e) music system (\$50 to \$100 for 1 Bluetooth speaker). For the phone system, some phone companies provide and set up the phone without an upfront fee or charge.
12. **Office Supplies**: This includes whiteboard, trash cans and other basic office supplies.
13. **Initial Inventory**: Your Store must offer and sell all products that we specify. You must maintain a reasonable supply of these items at your Store at all times. The estimate in the chart above represents the cost for an initial supply of these items. You purchase some of these products from our affiliate and others from third-party suppliers. You must comply with our merchandising and minimum stocking requirements in the Manual.
14. **Grand Opening Advertising**: During the period beginning 30 days before opening through 30 days after opening, you must spend a minimum of \$20,000 on grand opening marketing activities. The high estimate assumes you choose to spend more than the required minimum. We may require you to contract with a marketing company we designate to design and implement a grand opening marketing campaign to promote the opening of your Store.
15. **Professional Fees**: This estimates legal fees, accounting fees and other professional fees you may incur in order to: (a) assist you in reviewing this Disclosure Document and negotiating your Franchise Agreement; (b) advise you regarding local laws and regulations applicable to your Store; (c) set up your books, records and accounts; (d) develop a business plan; and (e) prepare budgets for the development and operation of your Store. These services are optional but highly recommended.
16. **Insurance**: This estimate includes 3 months of insurance premium. Item 8 includes a description of the insurance policies you must purchase and maintain.
17. **Preopening Payroll**: You must hire certain members of your staff prior to your opening date to allow time for training. This item estimates preopening payroll you may need to pay your staff, including 1 Store Manager (hired 2 to 3 weeks before opening) and 1 wellness coach (hired 1 to 2 weeks before opening).
18. **Additional Funds**: This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you), advertising and marketing, technology fees (@\$350 per month paid to us), utilities, inventory replenishment, and other miscellaneous expenses and required working capital. Your initial 3 months of rent and insurance premium are separately stated in the table above. These estimates are based on the most recent experience of: (a) our affiliates in opening company-owned Stores; and (b) our franchisees in opening franchised Stores.
19. **Budget and Initial Investment Report**: We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Store. Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Store. We may use this data for purposes of updating the initial investment estimate in future versions of our Franchise Disclosure Document.
20. **Development Fee**: Item 5 discusses how the development fee is calculated. This initial investment estimate assumes you commit to develop either 3 Stores (low estimate) or 5 Stores (high estimate). If you purchase the right to develop more than 5 Stores, your development fee will increase. This estimate does not include your costs to develop any Store other than the first Store you develop under the ADA.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

### **Source-Restricted Purchases and Leases - Generally**

You must purchase or lease certain “source-restricted” goods and services for the development and operation of your Store. By “source-restricted”, we mean the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). The Manual includes our specifications and supplier list. We notify you of changes to our specifications and suppliers by email, updates to the Manual or other means of communication.

### **Supplier Criteria**

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier or product, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us a written request for approval and submit all additional information we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier’s facility. We will notify you of our decision within 60 days after we receive your request for approval and all additional information and samples we require. We may periodically re-inspect the facilities and products of an approved supplier and revoke our approval if the supplier fails to meet our then-current criteria. You must reimburse us for all costs we incur to evaluate products and suppliers you propose.

### **Current Source-Restricted Items**

We estimate between 70% and 80% of the total purchases and leases to establish and operate your Store will consist of source-restricted goods or services, as further described below.

#### *Site Selection Services*

You must contract with and utilize the Real Estate Company we designate to assist you in finding a suitable site for your Store. However, it is ultimately your responsibility to find a suitable site meeting both your and our minimum standards and other requirements.

#### *Lease*

You must contract with and utilize the Real Estate Company we designate to assist you in reviewing and negotiating your lease or purchase agreement. If you lease the premises for your Store, you must use best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". We do not review the substantive terms of your lease.

#### *Project Management Services*

You must contract with and utilize the Project Manager we designate to provide Project Management Services.

#### *Design and Construction Services*

The Manual includes generic prototype plans for a Store as well as our standards and specifications for the design, layout, equipping and trade dress for a Store. We must approve all preliminary and final design and construction plans for your Store before construction begins. Once approved, you must construct and equip the Store according to the approved plans and the specifications in the Manual. Your architect (if one is needed) and general contractor must be appropriately licensed and bonded to the extent required by applicable law.

### *Furniture, Fixtures and Décor*

All furniture, fixtures and décor must meet our standards and specifications and be purchased from suppliers we designate or approve.

### *Technology Systems*

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain components of your Technology Systems must be purchased from approved or designated suppliers while other components may be purchased from any supplier of your choosing. We may also require that certain services relating to the establishment, use, maintenance, monitoring, security or improvement of your Technology Systems be purchased from approved or designated suppliers.

### *Merchant Processor*

You must use a merchant service provider we designate or approve to process credit card transactions.

### *Signage*

All signage must meet our standards and specifications and be purchased from suppliers we designate or approve.

### *Inventory*

All inventory must meet our standards and specifications and be purchased only from suppliers we designate or approve. Our affiliate is currently the exclusive designated supplier for certain inventory items. Other inventory items must be purchased from third-party suppliers that we designate or approve. You must carry the full product line and comply with all merchandising policies, product mix, minimum stocking requirements and related policies described in the Manual.

### *Marketing Materials and Services*

All marketing materials must comply with our brand standards and other requirements. We must approve your marketing materials prior to use. You must purchase branded marketing materials only from us or other suppliers we designate or approve. We may require that you contract with and utilize a company we designate to: (a) develop and/or implement your grand opening marketing campaign; and/or (b) manage your social media.

### *Music*

You must license and utilize Rockbot Music to control the music played in your Store. We may control your playlist and the songs you are permitted to play in your Store.

### *Insurance Policies*

You must obtain the insurance coverage we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers rated A or better by Alfred M. Best & Company, Inc., including the following:

<b>Policy Type</b>	<b>Minimum Coverage</b>
“All risk” Property Insurance	Replacement Value
Business Personal Property Insurance	\$100,000 per occurrence
Comprehensive General Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate
Product Liability Insurance (may not contain “health hazard exclusion” or “vape exclusion”)	\$1,000,000 per occurrence
Product Withdrawal Expense Endorsement	\$250,000

<b>Policy Type</b>	<b>Minimum Coverage</b>
Automobile Liability Insurance (only required if use a vehicle in the business or apply wraps to your vehicle bearing our Marks)	\$1,000,000 per occurrence
Commercial Umbrella Insurance	\$2,000,000 per occurrence
Business Income / Interruption Insurance	\$100,000 per occurrence
Employer's Liability Insurance	\$1,000,000 per occurrence
Worker's Compensation Insurance	As required by law
Landlord-Required Insurance	As required by lease

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide us with at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

### **Purchase Agreements**

We may attempt to negotiate purchase agreements with suppliers, including favorable pricing terms, for the benefit of our franchisees. If we succeed, you may purchase these goods or services at the discounted prices we negotiate (less any rebates or other consideration paid to us). As of the date of this Disclosure Document, we have negotiated purchase agreements (including pricing terms) with suppliers for various goods and services, including Project Management Services, Real Estate Management Services; point-of-sale system, inventory items etc.

We and NL Fulfillment may also purchase items in bulk and resell them to you at cost plus a reasonable markup ranging from 10% to 30%. Currently there are no purchasing cooperatives but we may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

### **Franchisor Revenues from Source-Restricted Purchases**

Our affiliate, NL Fulfillment, is currently the exclusive designated supplier for certain inventory items you must purchase. We are the exclusive supplier for any software, Intranet, Extranet, email accounts, website services, mobile Apps or other technology or services that we provide in exchange for the technology fee (we may license some of these items from third parties and sublicense them to you on a pass-through basis). We may designate ourselves and our affiliates as approved or designated suppliers for other items in the future. We and our affiliates may generate a profit from these purchases. No person affiliated with us is currently an approved (or the only approved) supplier other than NL Fulfillment. Our President and Founder, Gabriel Suarez, owns an interest in NL Fulfillment. There are no other approved or designated suppliers in which any of our officers own an interest.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. As of the issuance date of this Disclosure Document, we do not currently have any relationships with suppliers that involve rebates, payments or other material benefits based upon franchisee purchase or leases but may do so in the future.

Our total revenue for the fiscal year ended December 31, 2023 was \$522,368. During that year, we generated \$41,394 in revenue as a result of franchisee purchases or leases of goods or services from designated or approved suppliers (including from us), which represents 7.9% of our total revenue for the year. The \$41,394 in revenue includes: (a) \$480 in technology fees; (b) \$35,314 in POS system licensing fees, which we collected from franchisees and remitted to an unaffiliated licensor; and (c) \$5,600 in marketing fees, which we collected

from franchisees and remitted to an unaffiliated marketing company (which is no longer a System supplier).

During the fiscal year ended December 31, 2023, NL Fulfillment generated \$1,339,717 in revenue as a result of purchases or leases of goods or services made by franchised and company-owned Stores from designated or approved suppliers (including purchase from NL Fulfillment). The source of this information is financial data generated from QuickBooks, the financial accounting software used by our affiliate.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.**

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: 7.1 & 7.2 ADA: 4.2	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: 6.2, 6.3, 7.4, 11.7 & 16.1 ADA: Not Applicable	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: 7.4 & 7.5 ADA: 4.2	Item 6, Item 7 & Item 11
d. Initial and ongoing training	FA: 5 ADA: Not Applicable	Item 6 & Item 11
e. Opening	FA: 7.5 ADA: 4.1	Item 11
f. Fees	FA: 4.2, 5.4, 5.5, 6.3, 6.8, 6.9, 7.3, 7.6, 8.4, 10, 11.9, 11.11, 11.15, 14, 17, 20.2 & 22.3 ADA: 5 & 7.2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manual	FA: 6.1, 7.1, 7.4, 10.3, 11 & 18.1 ADA: 4.2	Item 11
h. Trademarks and proprietary information	FA: 18 ADA: 2	Item 13 & Item 14
i. Restrictions on products/services offered	FA: 11.3 ADA: Not Applicable	Item 16
j. Warranty and client service requirements	FA: 11.13 ADA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: 12 ADA: 4.1	Item 12
l. Ongoing product/service purchases	FA: 11.7 ADA: Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	FA: 11.8 & 11.10 ADA: Not Applicable	Item 11
n. Insurance	FA: 16.1 ADA: Not Applicable	Item 6, Item 7 & Item 8
o. Advertising	FA: 10 ADA: Not Applicable	Item 6, Item 7 & Item 11
p. Indemnification	FA: 19 ADA: Not Applicable	Item 6

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
q. Owner's participation/management/staffing	FA: 8 ADA: Not Applicable	Item 11 & Item 15
r. Records/reports	FA: 16.2 & 16.3 ADA: Not Applicable	Item 6
s. Inspections/audits	FA: 17 ADA: Not Applicable	Item 6 & Item 11
t. Transfer	FA: 20 ADA: 7	Item 17
u. Renewal	FA: 4 ADA: 4.4	Item 17
v. Post termination obligations	FA: 22 ADA: Not Applicable	Item 17
w. Non-competition covenants	FA: 15 ADA: Not Applicable	Item 17
x. Dispute resolution	FA: 23 ADA: 9	Item 17
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: 9 & <u>ATTACHMENT "D"</u> ADA: 6	Item 15

## ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases 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.**

Before you open your Store, we will:

1. Provide access to our Manual which will help you establish and operate your Store, as discussed below under "Manual". (§6.1)
2. Review and approve or disapprove sites you propose for your Store, as discussed below under "Site Selection". (§7.1, 7.4 & 7.5)
3. Provide our written specifications for goods and services you must purchase to develop, equip and operate your Store and a list of suppliers. (§11.2)
4. Cause our affiliate to sell, and deliver to you, your initial supply of certain inventory items. Neither we nor our affiliate deliver or install any other items that you purchase. (§6.3)
5. Provide access to approved advertising and marketing materials, as discussed below under "Advertising and Marketing". (§10.2)
6. Review and approve or disapprove the design and buildout of your Store, as discussed below under "Site Development". (§7.4 & 7.5)
7. Provide an initial training program, as discussed below under "Training Program". (§5)

During the operation of your Store, we will:

1. Provide periodic training programs, as discussed below under “Training Program”. (§5)
2. Provide our guidance and recommendations to improve the operation of your Store. (§6.4)
3. Maintain a corporate website to promote our brand and a local webpage to promote your Store, as discussed below under “Advertising and Marketing”. (§6.7 & 10.3)
4. Provide access to approved advertising, marketing and promotional materials, as discussed below under “Advertising and Marketing”. (§10.2)
5. Establish and implement the brand fund, as discussed below under “Advertising and Marketing”. (§10.1)
6. Provide you with our suggested retail pricing, which may vary by market. You may deviate from our suggested retail pricing at your discretion. However, you must obtain our approval of any deviation more than 20% higher or lower than our suggested retail pricing, unless the pricing is part of a temporary advertising campaign we approved. To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you sell. (§11.5)

During the operation of your Store, we may, but need not:

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Store. (§6.5)
2. Develop new products or services for sale by Stores. (§6.10)
3. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and a reasonable markup. (§6.9)
4. Hold periodic conferences to discuss relevant business and operational issues such as industry changes or new services, products, technology or marketing strategies. (§5.5)
5. Create a franchise advisory council, as discussed below under “Advisory Council”. (§13)
6. Provide additional training or assistance you request, as discussed below under “Training Program”. (§5.2)

We do not provide area developers with any support under their ADA.

**Manual** (§6.1, 11.2 & 25.8)

You will have access to our Manual during the term of the Franchise Agreement. The Manual may include, among other things:

- architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Store
- a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Store and (b) designated and approved suppliers
- a description of the authorized goods and services you may offer and sell
- specifications, techniques, methods, operating procedures and quality standards
- policies and procedures pertaining to: (a) marketing and advertising; (b) reporting; (c) insurance; (d) data ownership, protection, sharing and use; and (e) any gift card program, loyalty program or membership model we establish

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the

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Franchise Agreement. Any modification to the Manual is effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new software or technology). The Manual is confidential and remains our property. The Manual contains a total of 95 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "E".

**Training Program** (§5)

*Initial Training Program*

We will provide an initial training program that includes the following 2 phases:

1. Management Training: Management Training includes approximately 2 days of training held at our company-owned Store in Tallahassee, Florida (or any other training facility we designate). Your Managing Owner and Store Managers (described in Item 15) must successfully complete initial training to our satisfaction. You may send other owners to Management Training, but it is not required. Management Training must be completed at least 3 weeks prior to opening (it is typically conducted 4 to 6 weeks prior to opening). Prior to attending Management Training, the trainees must complete remotely-conducted training via Zoom or a comparable platform that we designate.
2. Onsite Training: Onsite Training includes approximately 2 days of onsite training and assistance conducted at your Store at the time it opens. Onsite Training is an informal training program where we monitor your operations and assist you with the opening of your Store. You must coordinate your opening date with us to ensure our trainer is available on your proposed opening date.

The format for training may include lectures, interactive role playing, conference calls and/or webinars. We reserve the right to conduct all (or any portion) of the training program remotely via webinar, conference call or similar means. The training materials consist of the Manual, operational forms and online training tools. We do not charge you for any of our training materials.

We can modify the training program at our discretion based on our subjective assessment of the skills, abilities and prior experience of your Managing Owner and management personnel. Currently, we intend to offer initial training on a monthly basis, assuming sufficient demand. Managing Training currently consists of the following:

**TRAINING PROGRAM**

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Introduction to Natural Life	0.5	0	Company-Owned Store (Tallahassee, Florida)
The Natural Life Experience	0.5	0	Company-Owned Store (Tallahassee, Florida)
A Typical Work Day	0.5	0	Company-Owned Store (Tallahassee, Florida)
Exercise #1	0.5	0	Company-Owned Store (Tallahassee, Florida)
The Natural Life Team Member – Values	0.5	0	Company-Owned Store (Tallahassee, Florida)
NL Product Education	2.5	0	Company-Owned Store (Tallahassee, Florida)
Exercise #2	1.0	0	Company-Owned Store (Tallahassee, Florida)

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Other Wellness Products	1.0	0	Company-Owned Store (Tallahassee, Florida)
Working the Floor	0.5	0	Company-Owned Store (Tallahassee, Florida)
Point-of-Sale System	0.5	0	Company-Owned Store (Tallahassee, Florida)
Exercise #3	0.5	0	Company-Owned Store (Tallahassee, Florida)
Technologies and Systems	0.5	0	Company-Owned Store (Tallahassee, Florida)
Sales Floor Role Play	1.0	0	Company-Owned Store (Tallahassee, Florida)
Onboarding	1.0	0	Company-Owned Store (Tallahassee, Florida)
Store and Distribution Field Trip	0	3.0	Company-Owned Store (Tallahassee, Florida)
TOTAL	11.0	3.0	

We reserve the right to modify our training program at any time.

#### *Ongoing Training Programs*

From time to time, we may require that your Managing Owner and Store Managers attend system-wide refresher or supplemental training courses. Any new Managing Owner or Store Manager you appoint must successfully complete our initial training program before assuming responsibility for the management of your Store. If we inspect your Store and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that your Managing Owner and Store Managers attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either remotely or at our corporate training facility or your Store). We are not required to provide additional training you request.

#### *Instructors*

Gabriel Suarez is in charge of our training program. Mr. Suarez is the founder of our System and currently serves as our President and Owner. Mr. Suarez opened the first Natural Life store in Florida in 2018. From January 2009 to the present, he has also served as President and Owner of The Corner Shop, which previously operated a store similar to a Natural Life store. He has more than 15 years' experience in the industry.

#### *Training Fees and Costs*

We provide our preopening initial training program in exchange for the \$5,000 initial training fee. We do not charge a training fee for system-wide refresher or supplemental training we conduct at our headquarters or at a company-owned Store. We may charge you a training fee of up to \$300 per person per day for each person who attends: (a) Management Training after your Store opens; (b) repeat training after failing a prior attempt; (c) remedial training; or (d) additional training requested by you. You must also reimburse us for all Travel Expenses we incur to provide onsite training (this reimbursement obligation does not apply to Onsite Training we conduct at the time your Store opens). You are responsible for all wages and Travel Expenses that you and your trainees incur for training.

### *Third-Party Training Programs*

We may require that your Managing Owner and staff members complete training conducted by representatives of System suppliers. You are responsible for all associated training fees and costs.

#### **Site Selection** (§7.1 & 7.2)

A typical Store ranges in size from 800 to 1,500 square feet. We do not select the site for your Store and we do not purchase the premises and lease it to you. You must contract with our designated Real Estate Company to assist you in finding suitable sites. However, you retain ultimately responsibility for finding the approved site for your Store. You must identify and obtain our approval of the site for your Store within 60 days after signing the Franchise Agreement. We may terminate your Franchise Agreement if you fail to meet this deadline.

Your Store must be located within the Site Selection Area identified in Part C of ATTACHMENT "A" to the Franchise Agreement (the "Site Selection Area") and conform to our minimum site selection criteria. You must send us a complete site report that includes all information we require about your proposed site. We try to approve or disapprove sites you propose within 7 business days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 7 business-day period. We consider the following factors when reviewing proposed sites:

- parking
- visibility, size, condition and characteristics of the building
- traffic counts
- general location
- existence and location of competitive businesses
- general character of the neighborhood
- local demographic information
- term and renewal term(s) under lease
- various economic indicators

If we approve your site before signing the Franchise Agreement, we will list the address in Part D of ATTACHMENT "A" to the Franchise Agreement. If we do not approve your site before signing, we will send you a Site Approval Notice (in the form attached to the Franchise Agreement as ATTACHMENT "B") within 15 days after approving your site, which will list the address of your approved site and identify your territory.

If you sign an ADA, we must approve the site for each Store you develop applying our then-current site selection criteria.

The Real Estate Company will assist you in reviewing and negotiating the terms of your lease (or your purchase agreement if you purchase the property). We do not review the substantive terms of your lease. If you lease the premises for your Store, you must use best efforts to cause your landlord to sign the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". The Lease Addendum is designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease. If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may either (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord) or (b) require you to find a new site for your Store.

#### **Site Development** (§7.3 & 7.4)

The Manual includes generic prototype plans for a Store as well as our standards and specifications for the design, layout, equipping and trade dress for a Store. If necessary, you must hire a licensed and bonded architect

to prepare initial design plans for the construction of your Store and leasehold improvements. We must approve the initial design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all federal, state and local ordinances, building codes, permit and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. Once approved, you must construct and equip your Store according to the approved construction plans and the requirements of the Manual. You must purchase (or lease) and install the Technology Systems, equipment, fixtures, signs and other items we require.

You must remodel and make all improvements and alterations to your Store that we reasonably require from time to time to reflect our then-current standards and specifications. There are no limitations on the cost or frequency of these remodeling obligations. You may not remodel or significantly alter your premises without our prior approval.

We will designate the company that will serve as your Project Manager. You pay the Project Manager a \$15,000 project management fee. In exchange for this fee, the Project Manager provides the following Project Management Services relating to the development of your Store:

- developing a preliminary layout and design for your Store
- if required, coordinating with your architect and reviewing construction plans and permits
- preparing bids and selecting your general contractor
- monitoring construction progress
- supporting the scheduling and installation of signage, furniture, fixtures and equipment

Most of the underlying services are provided by outside suppliers and you pay these suppliers directly for their services. The Project Manager's role is to oversee and coordinate with the various members of your development team (architects, engineers, general contractor, etc.) in an effort to manage the overall Store development process and allow you to open as quickly as possible.

### **Opening Requirements** (§7.5)

We expect most franchisees will open between 6 and 10 months after signing the Franchise Agreement. Factors that may affect this time include:

- the amount of time needed to find an approved site
- protracted lease negotiations with your landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of your building and extent of required upgrades, remodeling and renovations
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to complete training
- the amount of time needed to hire and train your staff

You may not open your Store prior to receipt of our written authorization to open. Unless we agree to the contrary, you must open your Store within 300 days after signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open by this deadline.

### **Advertising and Marketing** (§10)

We provide the advertising and marketing support discussed below. You must participate at your own expense in all advertising, promotional and marketing programs we require. There is currently no franchisee advertising

council that advises us on marketing and advertising matters.

#### *Grand Opening Marketing*

You must spend at least \$20,000 on your grand opening marketing activities during the 60-day period that begins 30 days prior to your opening date. We may require you to contract with a marketing company we designate to design and implement a customized grand opening marketing plan.

#### *Ongoing Local Marketing By You*

Commencing with the expiration of your grand opening period (i.e., 30 days after opening), you must spend at least 2% of your monthly Gross Sales on approved local marketing. We measure your compliance on a rolling 6-month basis, meaning as long as your average monthly expenditure on local advertising over the 6-month period equals or exceeds 2% of Gross Sales, you are deemed in compliance even if your expenditure in any given month is less than 2% of Gross Sales.

You may develop your own advertising and marketing materials and programs, provided we approve them in advance. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 10 business days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to approve them within the 10 business-day period constitutes our disapproval.

#### *Local Marketing Assistance From Us*

We provide reasonable marketing consulting, guidance and support throughout the franchise term on an “as-needed” basis. We currently administer all social media accounts to promote Stores. We may create and make available to you advertising and marketing materials for your purchase. We may use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may provide online access to these materials, in which case you must print the materials at your expense. We may also contract with third-party suppliers to create advertising or marketing materials that you may purchase.

#### *Websites, Social Media and Digital Advertising*

We will maintain a corporate website to promote our brand. We will also create and host a local webpage to promote your Store, which will be linked to our corporate website. We can modify or discontinue this website (and your local webpage) at any time.

Under current policy, you may not: (a) develop, host, or otherwise maintain a website or other digital presence relating to your Store (including any website bearing our Marks); (b) utilize the Internet to conduct digital or online advertising; or (c) engage in ecommerce.

We currently own all social media accounts associated with franchised and company-owned Stores. We use these accounts to promote Stores through social media posts. From time to time we may, in our sole discretion, allow you to access the social media accounts associated with your Store and post content provided that:

- you only utilize social media platforms we allow you to access
- you strictly comply with our social media policy, as revised from time to time
- you immediately remove any post we disapprove, even if it complies with our social media policy
- you contract with and exclusively utilize any social media company we designate
- we retain ownership of all social media accounts relating to your Store

#### *Gift Card and Loyalty Programs*

We may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. We have the right to

determine how proceeds from gift card sales are divided or otherwise accounted for and we may retain proceeds from unredeemed gift cards. You must follow all policies we establish for gift card and/or loyalty programs.

### *Advertising Cooperatives*

We may, but need not, form advertising cooperatives for the benefit of all Stores located in a particular region. We will determine the boundaries of the cooperative. In most instances, the boundaries will coincide with zip codes, designated marketing areas or municipal boundaries. We will specify the manner in which the cooperative is organized and governed. We may choose between: (a) administering the cooperative ourselves; or (b) establishing an advertising council, comprised by the cooperative's members, to administer the cooperative. We may require that the cooperative be administered in accordance with written bylaws, organizational documents or other governing documents that we approve.

If your Store is located within a region subject to an advertising cooperative you must: (a) participate in the cooperative according to its rules and procedures and abide by its decisions; and (b) pay a cooperative advertising fee. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed 2% of Gross Sales. All cooperative advertising fees you pay are credited against your Local Marketing Commitment. Any company-owned Store located in the cooperative will contribute on the same basis as franchisees.

Advertising cooperatives are not required to prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to you upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

### *Brand and System Development Fund*

We currently administer a brand and system development fund to promote public awareness of our brand and improve our System. We may use the fund to pay for any of the following in our discretion:

- developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs
- conducting and administering promotions, contests or giveaways
- expanding public awareness of the Marks
- public and consumer relations and publicity
- brand development
- sponsorships
- charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development and maintenance of an ecommerce platform
- development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys
- conducting market research
- changes and improvements to the System
- the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts
- collecting and accounting for contributions to the fund
- preparing and distributing financial accountings of the fund
- any other programs or activities we deem appropriate to promote or improve the System

- direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above)

We direct and have complete control and discretion over all advertising programs paid for by the fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. Currently, most advertising is intended to be local or regional in coverage but may expand to national coverage as our System grows. We may use any media we deem appropriate, including, digital, print, television, radio and billboard. The fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as “franchises available” and one or more pages on our website may promote the franchise opportunity.

You must contribute to the fund the amount we specify from time to time (not to exceed 2% of Gross Sales). We deposit into the fund all brand fund fees and noncompliance fees we collect from you and other franchisees. Any company-owned Store will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the fund, any company-owned Store that is established or acquired after the modification may contribute to the fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area.

All monies deposited into the fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. An unaudited financial accounting of the operations of the fund will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2023 we spent the marketing funds in the following manner:

Allocation of Marketing Expenditures (2023)				
Use of Funds	Production	Media Placement	Administrative Expenses	Other*
Percentage Allocation	50%	10%	10%	30%

\* Other includes strategy and consulting work associated with marketing programs.

We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund is not a trust and we have no fiduciary obligations with respect to our administration of the fund. Once established, we may discontinue the fund upon 30 days' prior notice.

### **Advisory Council** (§13)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as you comply with your Franchise Agreement and do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any company-owned Store would also be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

### **Computer System** (§6.8, 11.7, 11.8, 11.9, 16.3 & 17.1)

You must purchase and use all Technology Systems we designate. One component of our Technology Systems

is your “computer system” (which includes your computer and point-of-sale system). You must license and use QuickBooks Online. You must also purchase and use our designated point-of-sale system, VEND (which was acquired by, and is in the process of being rebranded as, Lightspeed), including the associated computers, computerized cash registers, cash drawers, point-of-sale terminals, touch screens, bar-code scanners, receipt printers, credit card swipe readers and other hardware, software and Apps. Your computer system must use our approved interface (high-speed telecommunication connection) to communicate electronically with our own system. You must also purchase a security system we designate or approve and install cameras at the locations within your Store that we designate. We may change the components of the Technology Systems from time to time, including your computer system.

#### *Email Addresses*

We will provide you with up to 5 email addresses for use with your Store. You must exclusively use the email addresses we provide for all communications with us, customers, suppliers and other persons relating to your Store. You may not use them for any purpose unrelated to your Store. We will own the email addresses and accounts but allow you to use them during the term of your Franchise Agreement.

#### *How Computer System Is Used*

You will use your computer system for a variety of business purposes, including email communications, financial accounting, preparing business and financial reports, scheduling employees, tracking employees, employee payroll, processing sales transactions, tracking and managing inventory, tracking sales history, accessing forms and marketing materials, accessing online training modules, customer relationship management and implementation of our customer loyalty/rewards program.

Your security system will be used for theft prevention (or to identify any theft that takes place in your Store) and to record any security incidents. You must provide us with 24-7 independent “real time” access to the video streams from all of your security cameras (which must include both audio and video content).

#### *Fees and Costs*

We estimate the initial cost of your computer system (including any upfront license fees, setup fees, software training fees, data migration fees, etc.) will range from \$3,000 to \$5,500. We estimate the initial cost of your security and surveillance system will range from \$400 to \$800. Some franchisees purchase a single system that works as both the security and surveillance system, while others have purchased separate systems.

You must pay an ongoing licensing fee of \$190 per month (\$2,280 per year) for your POS system. We currently collect this fee as part of the technology fee and remit the full amount to the licensor. We also charge an additional technology fee of \$40 per week (\$2,080 per year) which covers research and development of new technology, website updates and maintenance, and partially reimburses us for the costs we incur to provide your email addresses/accounts. The technology fee may change based on changes to the software, technology and related services that we provide.

We estimate you will also pay \$30 to \$150 per month (\$360 to \$1,800 per year) for ongoing monitoring services for your security and surveillance system and \$60 to \$70 per month (\$720 to \$840 per year) for QuickBooks Online.

#### *Maintenance, Support, Updates and Upgrades*

We are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system. In exchange for the monthly licensing fee described above, the licensor of your POS system will provide required maintenance, repairs and updates. We estimate the additional costs you will incur for maintaining, updating and upgrading your computer system may range from \$200 to \$500 per year. Except as otherwise disclosed above, neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system.

### *Collection and Ownership of Data*

Your computer system will collect general business data (including data pertaining to your inventory, sales and expenses), financial accounting data, employee data (including names, contact information, employment information and hours worked) and customer data (including names, contact information, sales history and credit card information). Your security system will generate and record live video footage of the interior of your Store. We will have independent unlimited access to the data collected by your POS system and security system and there are no contractual limits imposed on our access. We will not have independent access to the data collected on your back-office computer system. However, we may inspect your back-office computer system and access the data during an inspection.

We own all data relating to your operations and customers. We grant you a license to use this data solely for purposes of operating your Store. You must protect all customer data with a level of control proportionate to the sensitivity of data. You must comply with all applicable data protection laws and our data processing and data privacy policies in the Manual. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.

### *Computer System Maintenance and Changes*

You must maintain the computer system in good condition at your cost. We may require that you upgrade or update your computer system and other Technology Systems to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades.

## **ITEM 12 TERRITORY**

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

### **Location of Your Business**

Each Franchise Agreement grants you the right to operate one Store from a site we approve. You must identify a site for your Store within the Site Selection Area described in Part C of ATTACHMENT "A" to your Franchise Agreement.

You may relocate your Store with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) engage the Real Estate Company to provide Real Estate Management Services and pay the associated fee; (b) obtain our approval of the new site for your Store within the Site Selection Area (but outside any territory granted or reserved to us, our affiliate or any other franchisee); (c) comply with our then-current site selection and development requirements; (d) remove trade dress and alter the premises of the closed (i.e., former) Store to eliminate any resemblance to a Natural Life Store; (e) pay us a \$5,000 relocation fee at the time we approve your request to relocate; (f) pay the Project Manager a \$15,000 project management fee; and (g) open your Store at the new site and resume operations within 30 days\* after closing your Store at the former site.

\* If your Store is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, you will instead have 300 days to relocate and resume operations at the new site.

### **Description of Territory (Franchise Agreement)**

We will identify the boundaries of your territory. If we approve your site before you sign the Franchise Agreement, then your territory will be identified in Part E of ATTACHMENT "A" to your Franchise Agreement. If we do not approve your site before you sign the Franchise Agreement, then your territory will be identified in the Site Approval Notice we send you after site approval. Your territory will include a minimum population of 50,000. We may identify your territory in any manner we deem appropriate, including by protected radius, zip codes, markings on a map, etc. Upon renewal, we reserve the right to modify the

boundaries of your territory in accordance with our then-current territory guidelines and criteria.

### **Description of Development Territory (ADA)**

If you acquire area development rights, we will identify the boundaries of your development territory in Part D of ATTACHMENT "A" to your ADA. A development territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a development territory. In determining the size of your development territory, we primarily consider the number of Stores you commit to develop. The development territory would need to be large enough to support the prescribed number of Stores and include the territory for each Store (Store territories are determined in the manner described in the Section immediately above).

You must sign a separate Franchise Agreement for each Store you develop. All Stores you develop must be located within your development territory. We must approve the site for each Store you develop under our then-current site selection criteria. We send you a complete execution copy of the ADA that includes your development territory, development fee and development schedule at least 7 days before you sign it.

### **Territorial Protections and Limitations**

During the term of your Franchise Agreement we will not develop or operate, or license a third party to develop or operate, a Store using our Marks that is physically located within your territory except as otherwise permitted below with respect to Captive Venues and Acquisitions (each defined below).

During the term of the ADA (if applicable) we will not develop or operate, or license a third party to develop or operate, a Store using our Marks that is physically located within your development territory other than: (a) any Store that is located within your development territory as of the date you sign the ADA (either open, under construction or for which a Franchise Agreement has been signed); and (b) as otherwise permitted below with respect to Captive Venues and Acquisitions.

We reserve the right to develop and operate, and license third parties to develop and operate, Stores that are located in Captive Venues, including Captive Venues located within your territory and development territory, if applicable. A "Captive Venue" means a non-traditional outlet for a Store that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose unrelated to the Store. Examples of Captive Venues include Stores that are located within:

- hotels or casinos
- college campuses or universities
- airports, train stations, bus stations or cruise terminals
- stadiums or sporting arenas
- shopping malls
- military bases
- concert venues
- amusement parks

We also reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Stores operating under the Marks regardless of their location (an "Acquisition"). Any such acquired or converted businesses may be located within your territory and development territory, if applicable.

### **Alternative Channels of Distribution**

We reserve the right to sell, and license others to sell, competitive or identical goods and services (either under the Marks or different trademarks) through Alternative Channels of Distribution, including within your territory and development territory, if applicable. An "Alternative Channel of Distribution" means any channel of

distribution other than retail sales made to customers while present at a Store. Examples of Alternative Channels of Distribution include:

- sales through direct marketing, such as over the Internet or through catalogs or telemarketing
- sales through retail stores that do not operate under the Marks, such as grocery stores, drug stores or convenience stores
- sales made at wholesale
- sales through kiosks or mobile trailers

Our affiliate, NL Fulfillment, currently sells products through Alternative Channels of Distribution. If NL Fulfillment completes an online sale of products to a customer who provides a shipping address located in your territory, it will pay you a revenue share calculated as 15% of the net proceeds derived from the sale (“net proceeds” means the gross amount received by our affiliate less taxes and shipping costs). The revenue share begins on the date you sign your lease or purchase agreement (you do not receive a revenue share for any sales taking place prior to the date you sign the lease or purchase agreement). The revenue share is typically paid in the form of a credit against fees and other amounts owed. The revenue share credit is issued on a monthly basis by the 20<sup>th</sup> day of each month. You are not entitled to any other compensation for sales that take place through Alternative Channels of Distribution.

**Restrictions on Your Sales and Marketing Activities**

You can market and advertise outside of your territory and development territory, if applicable, as long as: (a) you comply with all policies and procedures in the Manual governing extra-territorial marketing; and (b) you do not engage in targeted marketing directed into any territory or development territory assigned to us, our affiliate or another franchisee (unless the marketing is conducted as part of an advertising cooperative that includes the affected territory). Marketing that is distributed, circulated or received both within your territory and within another territory is not considered “targeted marketing” if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your territory; and (b) the majority of the recipients of the advertising are located within your territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate or another franchisee. The meaning of “targeted marketing” that is “directed into a territory” may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and conducting promotional events within a given territory.

You may not market or sell using Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your territory or development territory, if applicable. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled “Websites, Social Media and Digital Advertising”. You must comply with any minimum advertised pricing policy that we establish from time to time. There are no other restrictions on your right to solicit customers, whether from inside or outside of your territory or development territory, if applicable.

**Minimum Performance Requirements**

You must generate Gross Sales equal to or greater than the minimum Gross Sales figures in the table below:

12-Month Measuring Period (commencing with opening date)	Minimum Gross Sales*
Months 0 – 12	\$250,000
Months 13 – 24	\$300,000
Months 25 – 36 (and each subsequent 12-month period)	\$350,000

\* Minimum Gross Sales figures are subject to adjustment for CPI changes in the manner described in Footnote 3 to the “Other Fees” table in Item 6 of this Disclosure Document.

If you fail to achieve the minimum required Gross Sales figure for a given 12-month measuring period, we may, at our option, elect between any of the following: (a) we may terminate the Franchise Agreement; (b) we may reduce the size of your territory in any manner we deem appropriate; or (c) we may allow you to keep your territory but charge you royalty fees and brand fund fees (and any other fees calculated as a percentage of Gross Sales) based on imputed Gross Sales equal to the difference between the minimum required Gross Sales and your actual Gross Sales generated during the relevant measuring period. Your territorial protections under the Franchise Agreement do not depend on achieving any other sales volume, market penetration or other contingency.

If you sign an ADA and fail to satisfy your development schedule by opening and operating the prescribed number of Stores within the required period of time, we may terminate your ADA and you will lose the territorial protections associated with your development territory.

**Additional Franchises and Territories**

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises, other than your right and obligation to develop the prescribed number of Stores within your development territory if you sign an ADA.

**Competing Businesses Under Different Marks**

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered by a Store. However, we reserve the right to do so in the future.

**ITEM 13 TRADEMARKS**

We grant you the right to operate a Store under the name NATURAL LIFE WELLNESS BEGINS HERE and the associated logo. By trademark, we mean trade names, trademarks, service marks and logos used to identify your Store or the products or services you sell. We may change the trademarks you may use from time to time, including by discontinuing use of the Marks listed in Item 13. If this happens, you must change to the new trademark at your expense. We have no liability to you for any expenses you incur as a result of any change to the Marks.

We registered the following trademarks on the Principal Register of the United States Patent and Trademark Office:

REGISTERED MARKS		
Mark	Registration Number	Registration Date (Renewal Date)
	7070079	May 30, 2023
NATURAL LIFE BETTER BEGINS HERE	7069849	May 30, 2023
BETTER BEGINS HERE	6357873	May 18, 2021

We also applied to register the following trademark on the Principal Register of the United States Patent and Trademark Office based on actual use:

UNREGISTERED MARKS		
Mark	Serial Number	Application Date
WELLNESS BEGINS HERE	98171427	September 8, 2023

We do not have a federal registration for the Mark immediately above. Therefore, this Mark does not have many legal benefits and rights as a federally registered trademark. If our right to use this Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

All required affidavits have been filed and we intend to file all renewals by the required renewal date.

You must follow our rules when using the Marks. You cannot use the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You cannot use the Marks relating to the sale of any product or service we have not authorized.

You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we think appropriate. We are not required to take any action if we do not feel it is warranted. We may require your assistance, but you may not control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our rights to the Marks.

The Franchise Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner unfavorable to you.

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; (c) pending material litigation matters involving any of the Marks; (d) infringing uses we are aware of that could materially affect your use of the Marks; or (e) agreements that limit our right to use or sublicense use of the Marks.

#### **ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

No patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items.

During the term of the Franchise Agreement, we allow you to use certain confidential and proprietary information (some of which constitute “trade secrets”) relating to the development, marketing and operation of a Store. Examples include:

- architectural plans, drawings and specifications for a prototype Store
- site selection criteria
- methods and techniques
- standards and specifications
- policies and procedures
- supplier lists and information
- marketing strategies
- merchandising strategies
- financial information
- information comprising the System

We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Store. We will also own all operational and customer data relating to your Store. You must treat this data as confidential and proprietary. We license you the right to use this data during the term of your Franchise Agreement.

We provide access to our confidential information through the Manual, training programs and other periodic Franchise Disclosure Document (2024)

support and guidance. You may use this information solely for purposes of developing, marketing and operating your Store in compliance with the Franchise Agreement and Manual. You may not disclose our confidential information to anyone other than your employees, on a need-to-know basis, without our prior permission. We consider all information in the Manual to be confidential.

You must promptly notify us if you discover any unauthorized use of our proprietary information or copyrighted materials. We are not obligated to act, but will respond as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information or copyrighted materials. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information or copyrighted materials. There are no infringements known to us at this time.

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

### **Store Manager**

At all times during normal business hours, a fully-trained certified business manager (a “Store Manager”) must be present at the Store to provide onsite management and supervision. Your Managing Owner must serve as a Store Manager during the initial 90-day period following your Store’s opening date. Any other person you hire as a Store Manager must:

- successfully complete all training programs we require
- dedicate full-time efforts (at least 25 hours per week) to the onsite management of your Store
- sign the Brand Protection Agreement attached to the Franchise Agreement as ATTACHMENT "F"

We strongly recommend, but do not require, that your Managing Owner continue to act as a Store Manager throughout the term of the Franchise Agreement. If you choose to hire other Store Managers, the Managing Owner must monitor and supervise them to ensure your Store is operated in accordance with the Franchise Agreement and Manual. We do not require that your Store Managers own any equity interest in the franchise (other than the Managing Owner).

### **Owner Participation**

You must designate an owner with overall responsibility for the management and operation of your Store (the “Managing Owner”). The Managing Owner must:

- be approved by us
- successfully complete all training programs we require
- serve as a Store Manager and dedicate full-time efforts (at least 25 hours per week) to the onsite management of your Store (only required during the 90-day period following the Store’s opening date)
- at all times hold at least a 10% ownership interest in the franchise (or the entity that is the franchisee under the Franchise Agreement) unless we waive this requirement

Provided that a trained Store Manager is onsite during normal business hours, the Managing Owner need not provide onsite management after the expiration of the 90-day period following the Store’s opening date. Any new Managing Owner you appoint must successfully complete our then-current initial training program before assuming responsibility for the management or supervision of your Store.

With the exception of the Managing Owner, we do not require that the franchise owners participate personally in the direct operation of the Store. However, if the franchisee is a business entity each owner (i.e., each person holding a direct or indirect ownership interest in the entity) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "D". By signing the Franchise Owner Agreement, the owner (or spouse of the owner) agrees to: (a) comply with all brand protection covenants, covenants that protect our intellectual property and transfer restrictions set forth in the Franchise

Agreement; and (b) guarantee the franchisee’s financial obligations under the Franchise Agreement.

**Other Employees**

You are responsible for hiring and training any other employees necessary for the operation of your Store. All of your employees, agents and representatives who may have access to our confidential information (and who are not required to sign a Brand Protection Agreement) must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "G".

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

We must approve all goods and services you sell. You must offer all goods and services we require. You may not sell any goods or services we have disapproved, such as marijuana or cannabis products. At any time, we may change the goods and services you sell and you must comply with the change. You may only sell goods and services to customers while present at your Store. You may only sell to retail customers. You may not sell any goods or services at wholesale or for purposes of resale. We may require you to participate in a gift card or other customer loyalty program (including utilization of a “membership” model) in accordance with our policies and procedures.

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

**This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
a. Length of franchise term	FA: 1 (Definition of “Term”) & 4.1	Term is equal to 10 years.
	ADA: 1 (definition of “Term”)	Term expires on the opening date listed in the development schedule for the last Store you are required to develop.
b. Renewal or extension of the term	FA: 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 2 consecutive successor franchise agreements. Each renewal term will be 5 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	ADA: 4.4	No renewal rights.
c. Requirements for you to renew or extend	FA: 4.1 & 4.2	You must: not be in default; give us timely notice; sign then-current form of franchise agreement; sign general release (subject to state law); pay renewal fee; remodel Store and upgrade furniture, fixtures and equipment to current standards; and extend lease for duration of renewal term. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: 4.4	You may not renew or extend the term of the ADA.
d. Termination by you	FA: 21.1	You can terminate if we default and fail to timely cure.
	ADA: Not Applicable	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: 21.3	We can terminate without cause if you and we mutually agree to terminate.
	ADA: Not Applicable	Not applicable
f. Termination by us with cause	FA: 21.2	We can terminate if you default.
	ADA: 8.2	We can terminate if you default.

**THE FRANCHISE RELATIONSHIP**

<b>PROVISION</b>	<b>SECTIONS IN AGREEMENT</b>	<b>SUMMARY</b>
g. "Cause" defined - curable defaults	FA: 21.2	You have 10 days to cure any monetary default. You have 30 days to cure any other default, other than defaults described below under "non-curable defaults".
	ADA: 8.2	You have 30 days to cure any default, other than defaults described below under "non-curable defaults".
h. "Cause" defined - non-curable defaults	FA: 21.2	The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to successfully complete training; failure to find approved site, secure lease or open in timely manner; abandonment; failure to maintain required license or permit; conviction of certain crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2 <sup>nd</sup> underreporting of amounts due by at least 2%; unauthorized Transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement by owner or spouse; breach of legal compliance representations; failure to meet minimum performance requirements; termination of lease due to your default; 3 or more default notices in any 12-month period; or termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default. However, termination of an ADA due to breach of the development schedule is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: 8.2	If we terminate a franchise agreement due to your default, we may terminate the ADA without opportunity to cure.
i. Your obligations on termination/ non-renewal	FA: 22.1	Obligations include: remove trade dress and alter premises to eliminate any resemblance to a Store; cease use of intellectual property; return Manual and branded materials; assign telephone numbers, listings and domain names; assign customer information and accounts; cancel fictitious names; comply with data retention policies; and pay amounts due (also see "r", below).
	ADA: Not Applicable	The ADA does not impose any post-term obligations on you.
j. Assignment of contract by us	FA: 20.1	No restriction on our right to assign.
	ADA: 7.1	No restriction on our right to assign.
k. "Transfer" by you – definition	FA: 1 (definition of "Transfer") & 20.2	Includes ownership change or transfer of contract or assets.
	ADA: 1 (definition of "Transfer") & 7.2	Includes ownership change or transfer of contract or assets.
l. Our approval of transfer by you	FA: 1 (definition of "Permitted Transfer"), 20.2 & 20.3	You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval.
	ADA: 1 (definition of "Permitted Transfer"), 7.2 & 7.3	You may engage in a Permitted Transfer without approval. We must approve other Transfers but will not unreasonably withhold approval.

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
m. Conditions for our approval of transfer	FA: 20.2	<p>Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; agree in writing to assume your obligations under agreements relating to the Business; sign then-current form of franchise agreement for remainder of term or, at our option, assume your Franchise Agreement; and remodel Store and upgrade furniture, fixtures and equipment to current standards within 12 months after transfer or such shorter period of time we specify.</p> <p>You must: be in compliance with Franchise Agreement; assign lease (if applicable); pay transfer fee; subordinate transferee’s ongoing payments owed to you (if any) to transferee’s financial obligations owed to us; and sign general release (subject to state law).</p> <p>We must notify you that we will not exercise our right of first refusal.</p>
	ADA: 7.2	<p>Transferee must: meet our qualifications; successfully complete training (or arrange to do so); and sign then-current form of area development agreement for remainder of term or, at our option, assume your ADA.</p> <p>You must: be in compliance with all Franchise Agreements and ADA; assign all Franchise Agreements to same purchaser unless we agree to contrary (or at our option, transferee must sign then-current form of franchise agreement); comply with transfer provisions under Franchise Agreements; pay transfer fee; and sign general release (subject to state law).</p> <p>We must notify you that we will not exercise our right of first refusal.</p>
n. Our right of first refusal to acquire your business	FA: 20.5	We can match any offer for your business.
	ADA: 7.5	We can match any offer for your area development rights.
o. Our option to purchase your business	FA: 22.2	We have the option to purchase your Store at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	The ADA does not include a purchase option.
p. Your death or disability	FA: 20.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers. We may designate manager to operate the Store prior to Transfer.
	ADA: 7.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers.
q. Non-competition covenants during the term of the franchise	FA: 15.3	No involvement in competing business.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: 15.3 & 22.1	No involvement for 2 years in competing business from site of your Store or within 15 miles from your Store or any other Store that is open or under development at the time the franchise agreement is terminated or expires.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. Modification of the agreement	FA: 25.3 & 25.8	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws.
	ADA: 11.7	Requires writing signed by both parties. Other modifications to comply with state laws.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
t. Integration/ merger clause	FA: 25.8	Only the terms of the Franchise Agreement and ADA (if applicable) and their attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document, Franchise Agreement and ADA may not be enforceable. Nothing in the Franchise Agreement, ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
	ADA: 11.7	
u. Dispute resolution by arbitration or mediation	FA: 23	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
	ADA: 9	Subject to state law, all disputes must be mediated and then arbitrated before litigation.
v. Choice of forum	FA: 23	Subject to state law, mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Leon County, Florida).
	ADA: 9	Subject to state law, mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Leon County, Florida).
w. Choice of law	FA: 25.1	Subject to state law, Florida law governs.
	ADA: 11.1	Subject to state law, Florida law governs.

## ITEM 18 PUBLIC FIGURES

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

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in 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.

### Defined Terms

For purposes of this financial performance representation, the following terms have the meanings given to them below.

**“*Company-Owned Store*”** means any Store that is owned by: (a) us; (b) any affiliate of ours; or (c) any person listed in Item 2 of this Disclosure Document if that person is also involved with the management of the Store.

“**Converted Store**” means any Store that either: (a) was a Company-Owned Store that was sold to a franchisee at any time during the Measuring Period; or (b) was a Franchised Store that we or our affiliate reacquired from the franchisee at any time during the Measuring Period.

“**FPR**” means the financial performance representation set forth in Item 19 of this Disclosure Document.

“**Franchised Store**” means any Store that is owned by a franchisee.

“**Gross Sales**” means total gross sums billed or collected from all goods and services sold, plus all other sums collected from the operation of the Store including any: advertising revenues; sponsorship fees; and business interruption insurance proceeds. Gross Sales excludes: (a) any revenue share paid by our affiliate to the franchisee for online sales made in the franchisee’s territory; (b) sales or use taxes; (c) amounts refunded to customers; and (d) revenues from the sale of furniture, fixtures and equipment in the ordinary course of business.

“**Measuring Period**” means the period of time commencing January 1, 2023 and expiring December 31, 2023.

“**Qualifying Store**” means any Company-Owned Store or Franchised Store that satisfies all of the following criteria: (a) the outlet was open and operating throughout the entire Measuring Period; (b) the outlet provided us with all data we requested in order to prepare the financial performance representation; (c) the outlet is not a Converted Store.

### **System Statistics**

For purposes of this FPR, each Store may be referred to as an “outlet.” As of December 31, 2023 (the last day of the Measuring Period), there were: (a) 13 Franchised Stores in operation, 5 of which are Qualifying Stores; and (b) 6 Company-Owned Stores in operation, 5 of which are Qualifying Stores. The table below summarizes the outlet statistics and the number of Qualifying Stores:

<b>2023 Outlet Statistics</b>						
<b>Store Type</b>	<b>Open Stores (Jan 1, 2023)</b>	<b>Open Stores (Dec 31, 2023)</b>	<b>Stores Opened During 2023</b>	<b>Stores Closed During 2023</b>	<b>Converted Stores During 2023</b>	<b>Qualifying Stores</b>
Franchised	5	13	8	0	0	5
Company-Owned	7	6	1	2	0	5
Total	12	19	9	2	0	10

This FPR includes data from both Franchised Stores and Company-Owned Stores. Of the 6 Company-Owned Stores that were open as of the end of the Measuring Period, 1 did not qualify as “Qualifying Store” because it opened in 2023 and was not open for the entire Measuring Period. Of the 13 Franchised Stores that were open as of the end of the Measuring Period, 8 did not qualify as “Qualifying Stores” because they opened in 2023 and were not open for the entire Measuring Period.

There are no material differences between the operations of the Qualifying Stores and the franchised business offered under this Disclosure Document.

### **Financial Performance Representation**

The following table presents the historical financial results achieved by the Qualifying Stores during the Measuring Period.

**FINANCIAL PERFORMANCE REPRESENTATION: 2023 GROSS SALES**

<b>Subset (Number of Stores in Subset)</b>	<b>Highest</b>	<b>Lowest</b>	<b>Median</b>	<b>Average</b>	<b>Number &amp; Percent that Achieved/Surpassed Average</b>
Company-Owned Store (5 Stores)	\$673,697	\$184,374	\$287,929	\$337,694	1 of 5 (20%)
Franchised-Stores (5 Stores)	\$302,400	\$170,138	\$217,608	\$221,839	2 of 5 (40%)

Notes:

- Source of Data: We prepared the FPR for all Qualifying Stores based on data we obtained from the point-of-sale system used by the Qualifying Stores. The data has not been audited.
- Expenses: The FPR does not include any expense information. As a franchisee, you will incur expenses, such as payroll, rent, marketing, inventory replenishment, utilities as well as the initial and ongoing fees imposed under the Franchise Agreement.

You should consult with your advisors to develop your own estimates of revenues for your Store.

**Some Stores have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.**

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting our President, Gabriel Suarez at 1704 Capital Circle NE, Unit 103, Tallahassee, Florida 32308 or by phone (800) 851-6839, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

**TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2021	1	5	+4
	2022	5	5	-
	2023	5	13	+8
Company-Owned	2021	5	6	+1
	2022	6	7	+1
	2023	7	6	-1
Total Outlets	2021	6	11	+5
	2022	11	12	+1
	2023	12	19	+7

**TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)  
FOR YEARS 2021 TO 2023**

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

**TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Arizona	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Florida	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	1	0	2
	2023	2	1	0	0	0	0	3
Georgia	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Illinois	2021	0	1	0	0	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
Massachusetts	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Missouri	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Texas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

**TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Totals	2021	1	4	0	0	0	0	5
	2022	5	2	1	0	1	0	5
	2023	5	8	0	0	0	0	13

**TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Florida	2021	5	1	0	0	0	6
	2022	6	0	1	0	0	7
	2023	7	1	0	2	0	6
Totals	2021	5	1	0	0	0	6
	2022	6	0	1	0	0	7
	2023	7	1	0	2	0	6

**TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Colorado	0	1	0
Florida	1	2	0
Georgia	1	1	0
New Jersey	1	1	0
North Carolina	1	1	0
Oklahoma	1	1	0
TOTAL	5	7	0

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2023. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the 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 our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with 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.

There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered

that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

**ITEM 21 FINANCIAL STATEMENTS**

Our fiscal year ends on December 31<sup>st</sup>. Audited financial statements of Natural Life Franchise Corp. for the fiscal years ended December 31, 2023, December 31, 2022 and December 31, 2021 are attached to this Disclosure Document as EXHIBIT "G".

**ITEM 22 CONTRACTS**

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

- EXHIBIT "C" Franchise Agreement
- EXHIBIT "D" Area Development Agreement
- EXHIBIT "H"-1 State Addenda
- EXHIBIT "H"-2 General Release

Attachments to Franchise Agreement

- ATTACHMENT "B" Form of Site Approval Notice
- ATTACHMENT "C" Lease Addendum
- ATTACHMENT "D" Franchise Owner Agreement
- ATTACHMENT "E" ACH Authorization Form
- ATTACHMENT "F" Brand Protection Agreement
- ATTACHMENT "G" Confidentiality Agreement

**ITEM 23 RECEIPT**

EXHIBIT "J" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

**EXHIBIT "A"**

**TO DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

<p><b><u>CALIFORNIA</u></b> Commissioner of Financial Protection &amp; Innovation Department of Financial Protection &amp; Innovation 320 West 4<sup>th</sup> Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677</p> <p><b><u>HAWAII</u></b> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><b><u>ILLINOIS</u></b> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p> <p><b><u>INDIANA</u></b> Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><b><u>MARYLAND</u></b> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360</p> <p><u>Agent for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p> <p><b><u>MICHIGAN</u></b> Franchise Section Consumer Protection Division 525 W. Ottawa Street, G. Mennen Williams Building, 1<sup>st</sup> Floor Lansing, MI 48913 (517) 335-7567</p> <p><b><u>MINNESOTA</u></b> Commissioner of Commerce Director of Registration 85 Seventh Place East, #280 St. Paul, Minnesota 55101-3165 (651) 539-1500</p> <p><b><u>NEW YORK</u></b> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21<sup>st</sup> Floor New York, NY 10005 Phone: (212) 416-8222</p> <p><u>Agents for Service of Process:</u> Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p><b><u>NORTH DAKOTA</u></b> North Dakota Securities Department State Capitol, 5<sup>th</sup> Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p>	<p><b><u>RHODE ISLAND</u></b> Department of Franchise Regulation 1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p> <p><b><u>SOUTH DAKOTA</u></b> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, 2<sup>nd</sup> Floor Pierre, South Dakota 57501 (605) 773-3563</p> <p><b><u>VIRGINIA</u></b> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9<sup>th</sup> Floor Richmond, Virginia 23219 (804) 371-9051</p> <p><u>Agents for Service of Process:</u> Clerk of the State Corporation Commission 1300 East Main Street, 1<sup>st</sup> Floor Richmond, Virginia 23219</p> <p><b><u>WASHINGTON</u></b> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p> <p><u>Mailing Address:</u> Department of Financial Institutions Securities Division PO BOX 41200 Olympia, WA 98504-1200</p> <p><b><u>WISCONSIN</u></b> Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500, Madison, WI 53703 (608) 261-9555</p>
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**EXHIBIT "B"**

**TO DISCLOSURE DOCUMENT**

**FRANCHISOR'S AGENT FOR SERVICE OF PROCESS**

Gabriel Suarez  
1808 Medart Dr.  
Tallahassee, Florida 32303

In states listed in EXHIBIT "A", the additional agent for Service of Process is listed in EXHIBIT "A".

**EXHIBIT "C"**  
**TO DISCLOSURE DOCUMENT**  
**FRANCHISE AGREEMENT**

[See Attached]



## FRANCHISE AGREEMENT

FRANCHISEE: \_\_\_\_\_  
DATE: \_\_\_\_\_

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### ATTACHMENTS

ATTACHMENT "A"	Deal Terms
ATTACHMENT "B"	Form of Site Approval Notice
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ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Brand Protection Agreement
ATTACHMENT "G"	Confidentiality Agreement

## NATURAL LIFE FRANCHISE AGREEMENT

This Natural Life Franchise Agreement (this “Agreement”) is entered into as of \_\_\_\_\_, 202\_\_ (the “Effective Date”) between Natural Life Franchise Corp., a Florida corporation (“we” or “us”) and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you”).

**1. DEFINITIONS.** Capitalized terms used in this Agreement have the meanings given to them below:

“Account” means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §14.5.

“ACH Agreement” means the ACH Authorization Agreement attached as ATTACHMENT "E", which authorizes us to electronically debit your Account for amounts owed to us and our affiliates.

“Authorized Products” means and includes the lifestyle and wellness products that we authorize you to offer and sell from your Store. We may revise our list of Authorized Products from time to time in our sole discretion.

“Acquisition” means either: (a) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise; or (b) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

“Acquired Assets” means any assets associated with your Store that we elect to purchase upon termination or expiration of this Agreement, as further described in §22.2(a).

“Agreement” is defined in the Introductory Paragraph.

“Alternative Channels of Distribution” means any channel of distribution other than retail sales made to customers while present at a Store, including, but not limited to:

- (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing;
- (ii) sales through retail stores that do not operate under the Marks, such as grocery stores, drug stores or convenience stores;
- (iii) sales made at wholesale;
- (iv) sales through kiosks or mobile trailers.

“Anti-Terrorism Law” means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

“Appraised Value” means the fair market value of the Acquired Assets as determined by independent appraisers in accordance with §22.2(b).

“Brand Protection Agreement” means the Brand Protection Agreement that must be signed by certain of your personnel, the current form of which is attached as ATTACHMENT "F".

“Business” means the franchised business you operate pursuant to this Agreement.

“Business Data” means, collectively or individually, Customer Data and Operational Data.

“Captive Venue” means a non-traditional outlet for a Store that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose unrelated to the Store. Examples of Captive Venues include Stores that are located within hotels, casinos, college campuses, universities, airports, train stations, bus stations, cruise terminals, stadiums, sporting arenas, shopping malls, military bases, concert venues, amusement parks or similar types of establishments.

“Claim” means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory

procedure, investigation or inquiry.

“Competing Business” means any business that meets at least one of the following criteria: (a) any business that derives, or is reasonably expected to derive, at least 20% of its revenue from the sale of competitive products that are the same as or similar to the lifestyle and wellness products sold in our Stores; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competing Business does not include any Natural Life Store operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Definitive Agreements and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Confidentiality Agreement” means the Confidentiality Agreement that must be signed by certain of your employees pursuant to §15.5, the current form of which is attached as ATTACHMENT "G".

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Store.

“Customer Data” means and includes any and all data that pertains to a Store customer, including name, address, contact information, date of birth, purchase history and any information collected in connection with any loyalty program or for any other purpose.

“Definitive Agreements” means, collectively: (a) this Agreement; (b) the Area Development Agreement pursuant to which this Agreement is executed (if applicable); (c) any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Store or any other franchised concept; and (d) all ancillary agreements executed in connection with any of the foregoing, including Franchise Owner Agreements.

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the franchise; or (c) the relationship between the parties.

“Effective Date” is defined in the Introductory Paragraph.

“Entity” means a corporation, partnership, limited liability company or other form of association.

“Equity Interest” means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in an Entity (including voting rights).

“Excluded Claim” means any Claim that, according to §23, is not subject to mandatory mediation or arbitration.

“Force Majeure” means acts or circumstances that are beyond a party’s control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party promptly provides written notice to the other party of the Force Majeure event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Store as a result of such epidemic or pandemic.

“Franchisee Entity” means the Entity, if applicable, that: (a) signs this Agreement as the franchisee (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

“Franchise Owner Agreement” means the Franchise Owner Agreement that must be signed by the Owners and their spouses pursuant to §9, the current form of which is attached as ATTACHMENT "D".

“General Release” means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §4.2 (in connection with a renewal of your franchise rights) or §20.2 (in connection with a Transfer).

“Government Official” means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

“Governmental Authority” means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.

“Gross Sales” means the total gross sums generated from all goods and services sold from or in connection with your Store, together with all other revenues and monies derived in connection with your Store including and: (a) advertising revenues; (b) sponsorship fees; and (c) business interruption insurance proceeds. In calculating Gross Sales, you must include the full retail value of any free or discounted goods or services you or your staff provide to your Owners, staff, friends, family members or customers, unless the same pricing is available to the general public as part of an approved promotional program in effect at the time. Gross Sales excludes: (a) Revenue Share paid to you; (b) sales or use taxes you pay to a Governmental Authority; (c) revenues you collect from a customer and later refund to that customer in a bona fide refund transaction; and (d) revenues derived from the sale of furniture, fixtures or equipment in the ordinary course of business. The Manual may include policies governing the manner in which promotional coupons and proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under a loyalty or membership program.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Store, (b) method of operation of a Store, (c) processes, systems or procedures utilized by a Store, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Store or (e) trademarks, service marks, logos or other intellectual property utilized by a Store, whether developed by you, your Owners, your employees or any other Person.

“Indemnified Party” or “Indemnified Parties” means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parents, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Interim Manager” means the Person we designate to temporarily manage your Store under the circumstances described in §8.4.

“Interim Term” means a month-to-month extension of the Term under the circumstances described in §4.3.

“IP Dispute” means any: (a) apparent infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person of any rights in or to the Intellectual Property.

“Know-how” means and includes our (and our affiliates’) trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Store including, but not limited to: architectural plans, drawings and specifications for a prototype Store; site selection criteria; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

“Law” means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

“Local Marketing Commitment” means the minimum amount of money you must spend each month on local advertising and marketing to promote your Store in accordance with §10.3(b).

“Losses and Expenses” means and includes any of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party.

“Managing Owner” means the Owner you designate and we approve with primary responsibility for the overall management and supervision of your Store in accordance with §8.1.

“Manual” means our confidential Brand Standards Manual for the operation of a Store, as further described in §11.2. The Manual may consist of written text as well as videos, tutorials, training modules, recordings and/or other means of communication.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Stores to use, including NATURAL LIFE WELLNESS BEGINS HERE and the associated logos. The Marks also include any distinctive trade dress used to identify a Store or the products it sells.

“Operational Data” means and includes all data and information pertaining to the operation of your Business including employee data, expense data, financial accounting data and Gross Sales data.

“Owner” means a Person who either: (a) directly signs this Agreement as the franchisee, either alone or in conjunction with one or more other Persons; or (b) directly or indirectly through one or more intermediaries owns any Equity Interest in the Franchisee Entity (if the franchisee under this Agreement is an Entity).

“PCI-DSS” means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at <https://www.pcisecuritystandards.org> as of the Effective Date.

“Permitted Transfer” means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner owning less than 10% of the ownership interests in the Store or Franchisee Entity, as applicable; and/or (b) a Transfer by the Owners to a newly established Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests.

“Person” means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

“Post-Term Restricted Period” means, with respect to you: a period of two (2) years after the termination,

expiration or Transfer of this Agreement; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means: a period of one (1) year after the termination, expiration or Transfer of this Agreement.

“Post-Term Restricted Period” means, with respect to an Owner: a period of two (2) years after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of his or her entire ownership interest in the Store or Franchisee Entity, as applicable; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means: a period of one (1) year after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of his or her entire ownership interest in the Store or Franchisee Entity, as applicable.

“Program Participation Rules” means the policies, procedures, fees and other requirements pertaining to any gift card, loyalty, membership or other system-wide program we implement pursuant to §11.11.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competing Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Store; (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Person to transfer their business from a Store to a competitor.

“Project Management Services” means the services provided by the Project Manager relating to the design, construction and development of your Store, as further described in §6.2.

“Project Manager” means the Person we designate to serve as your Project Manager and provide the Project Management Services.

“Restricted Territory” means: the geographic area within: (a) a 15-mile radius from your Store (and including your Store’s premises itself); and (b) a 15-mile radius from all other Stores that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; *provided, however*, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means: the geographic area within a 10-mile radius from your Store (and including your Store’s premises itself).

“Revenue Share” means the compensation paid to you pursuant to §3 if we or our affiliate sell certain Approved Products in your Territory through Alternative Channels of Distribution.

“Site Approval Notice” means the Site Approval Notice attached as ATTACHMENT "B" that we may issue to you in accordance with §3 and §7.1 to identify the approved site for your Store and designate the boundaries of your Territory.

“Site Selection Area” means the geographic area described in Part C of ATTACHMENT "A" and within which you must find a site we approve for your Store.

“Store” means a retail store that: (a) operates using our Marks and System; and (b) offers and sells the lifestyle and wellness products that we designate or approve from time to time. A Store may refer to a Natural Life Store operated by us, our affiliate, you or another franchisee, as the context may require.

“Store Manager” means any Person you hire in accordance with §8.2 to provide onsite management and supervision of your Store.

“Successor Agreement” means our then-current form of Natural Life Franchise Agreement you must sign pursuant to §4.2 in order to renew your franchise rights.

“System” means our system developed for the operation of a Store, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; assortment of high-quality wellness products; training programs; advertising and marketing strategies; merchandising strategies; and operating system.

“Technology Systems” means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Term” means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the 10<sup>th</sup> anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated.

“Territory” means the protected territory for your Store, as further described in §3.

“Transfer” means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the franchise or intellectual property rights granted by this Agreement (or any interest therein);
- (c) the Business you conduct pursuant to this Agreement (or any interest therein);
- (d) the right to manage the Store or occupy its premises;
- (e) the Store’s assets, other than the sale of fixtures or equipment in the ordinary course of business; or
- (f) an Equity Interest in the Franchisee Entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Franchisee Entity; foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner, including the Laws of intestate succession.

“Travel Expenses” means and includes all travel, meals, lodging, local transportation and other living expenses and costs incurred: (a) by us and our trainers, field support personnel, auditors and/or other representatives to visit your Store; or (b) by you and your personnel to attend training programs or conferences.

“We” or “us” is defined in the Introductory Paragraph.

“You” is defined in the Introductory Paragraph.

2. **GRANT OF FRANCHISE.** We hereby grant you the right, license and obligation to own and operate one (1) Store using our Intellectual Property from the site we approve. As a franchisee, you will establish and operate a retail store that offers and sells hemp-based products to the general public under the name NATURAL LIFE WELLNESS BEGINS HERE. We reserve all rights not expressly granted to you.
3. **TERRITORIAL RIGHTS AND LIMITATIONS.** We grant you a territory (your “Territory”) that includes (or will include at the time we determine the boundaries of your Territory) a minimum population of 50,000 as of the date the Territory is determined. We have no obligation to change your Territory during the Term based on population changes. If we approve the site for your Store prior to execution of this Agreement, then Part E of ATTACHMENT "A" shall identify the geographic area that comprises your Territory. If we do not approve the site for your Store prior to execution of this Agreement, then within 15 days after we approve the site for your Store we will send you a Site Approval Notice that identifies the geographic area that comprises your Territory. During the Term we will not develop or operate, or license a third party to develop or operate, a Store that is physically located within the Territory except as otherwise provided in this Section with respect to Captive Venues and Acquisitions. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Stores in Captive Venues that are located within your Territory; and (b) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within the Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Territory through Alternative

Channels of Distribution; *provided, however*, that if we or our affiliate, NL Fulfillment Corp., conduct online sales of Authorized Products through an ecommerce platform, we or our affiliate, as applicable, will pay you a revenue share (the “Revenue Share”) calculated as 15% of the net proceeds derived from the sale of such Approved Products to customers who provide a shipping address located in your Territory. For purposes of calculating the Revenue Share, “net proceeds” means the gross amount received by us or our affiliate from the sale less taxes and shipping costs. The Revenue Share is typically issued in the form of a credit against fees and other amounts owed by you. Any Revenue Share credit owed to you from the sale of Approved Products in a given month will be issued no later than the 20<sup>th</sup> day of the following month. You do not receive a Revenue Share from any sales taking place prior to the date you sign the lease or purchase agreement for your Store. You are not entitled to any other compensation for sales that take place through Alternative Channels of Distribution.

#### 4. TERM AND RENEWAL.

4.1. **Generally.** This Agreement grants you the right to operate your Store only during the Term. Provided that you satisfy all conditions for renewal specified below, you may enter into a maximum of two (2) consecutive Successor Agreements following the expiration of the Term. The Successor Agreement shall be the current form of franchise agreement we use in granting franchises as of the expiration of the Term or renewal term, as applicable, the terms of which may vary materially and substantially from the terms of this Agreement. Upon renewal, we reserve the right to modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria. Each renewal term will be five (5) years. The parties may agree to further renewals after expiration of the second (2<sup>nd</sup>) renewal term, but neither party is obligated to do so. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement and your remaining renewal rights, if any.

4.2. **Renewal Requirements.** In order to enter into a Successor Agreement, you and the Owners (as applicable) must:

- (i) notify us in writing of your desire to enter into a Successor Agreement not less than 270 days nor more than one (1) year before the expiration of the Term or renewal term, as applicable;
- (ii) not be in default under any Definitive Agreement when you send the renewal notice or sign the Successor Agreement;
- (iii) sign the Successor Agreement and all ancillary documents we require franchisees to sign;
- (iv) sign a General Release;
- (v) pay us a \$5,000 renewal fee;
- (vi) remodel the Store and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications; and
- (vii) extend the term of your lease for the duration of the renewal term.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

- 4.3. **Interim Term.** If you do not sign a Successor Agreement but continue to operate your Store after the expiration of the Term, we may either treat this Agreement as: (a) expired as of the Term expiration date with you operating in violation of our rights; or (b) continued on a month-to-month basis (the “Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

## 5. TRAINING AND CONFERENCES

- 5.1. **Initial Training Program.** The Managing Owner and any initial Store Manager you choose to hire must attend and successfully complete our initial Natural Life Brand, Management and Operations training program (“Management Training”) a minimum of three (3) weeks prior to the your Store’s opening date. If you hire a new Store Manager or appoint a new Managing Owner after we conduct our preopening Management Training program, the new Store Manager or Managing Owner, as applicable, must attend and successfully complete our then-current Management Training program before assuming responsibility for the management of your Store. As part of our initial training program, we will send a representative to your Store for approximately two (2) days to provide onsite training and assist you with the opening of your Store. We will not charge a fee for this assistance.
- 5.2. **Ongoing Training Programs.** We may offer periodic refresher or supplemental training courses for your Managing Owner and Store Managers. We may designate each course as mandatory or optional. If we determine your Store is not being operated in full compliance with this Agreement and/or the Manual, we may require that your Managing Owner and Store Managers attend remedial training relevant to your operational deficiencies. Upon your written request, we may, but need not, provide additional assistance or training to you at a mutually convenient time.
- 5.3. **Training Locations.** Our training programs may take place at any location we designate. We reserve the right to conduct training programs virtually.
- 5.4. **Training Fees and Expenses.** We provide our preopening initial training program in exchange for a \$5,000 initial training fee you must pay us prior to commencement of training. We do not charge a training fee for any system-wide refresher or supplemental training that we conduct at our headquarters or at a company-owned Store. You must pay us a training fee of up to \$300 per Person per day for any Person who: (a) attends Management Training after you open your Store; (b) retakes training after failing a prior attempt; (c) attends a remedial training program; or (d) attends additional training requested by you. If we agree to provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur (this reimbursement obligation does not apply to any onsite training we provide as part of our initial training program prior to your opening date). You are responsible for all wages and Travel Expenses you and your personnel incur to attend training programs.
- 5.5. **Conferences.** We may hold periodic conferences to discuss business and operational matters relevant to Stores. Attendance is mandatory unless: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. We may charge you a conference registration fee of \$750 per Person per conference. If you fail to attend a required conference without a waiver from us, then you must pay us the conference registration fee despite your non-attendance (we will provide you with a copy of any written materials distributed at the conference). You are responsible for all wages and Travel Expenses you and your personnel incur to attend conferences.

## 6. OTHER FRANCHISOR ASSISTANCE.

- 6.1. **Manual.** We provide you with access to our Manual during the Term. The Manual will help you develop and operate your Store. The information in the Manual is confidential and proprietary and

may not be disclosed to third parties without our prior approval.

- 6.2. **Project Management Services.** We will designate the Person who will serve as your Project Manager. You must pay the Project Manager a nonrefundable \$15,000 project management fee at the time you sign the lease or purchase agreement for your Store's premises. In exchange for this fee, the Project Manager will provide project management services relating to the design, construction and development of your Store ("Project Management Services") including assistance with: (a) developing a preliminary layout and design for your Store; (b) coordinating with your architect and reviewing construction plans and permits (to the extent required); (c) preparing bids and selecting your general contractor; (d) monitoring construction progress; and (e) supporting the scheduling and installation of signage, furniture, fixtures and equipment. Most of the underlying services are provided by outside suppliers and you pay these suppliers directly for their services. The Project Manager's role is to oversee and coordinate with the various members of your development team (architects, engineers, general contractor, etc.) in an effort to manage the overall Store development process and allow you to open the Store as quickly as possible.
- 6.3. **Supply of Inventory.** At least 30 days prior to your anticipated opening date, you must purchase your initial supply of certain inventory items from our affiliate as part of our centralized purchasing program. You must pay the associated purchase price within 10 days after invoicing. After opening, you must purchase your entire ongoing supply of these inventory items exclusively from our affiliate unless we designate or approve another supplier. Our affiliate will arrange for the purchased inventory items to be shipped to you. You understand that our affiliate is not a manufacturer of the inventory items. Instead, our affiliate purchases these inventory items from third-parties and resells them to you as a convenience. Neither we nor our affiliate make any representations or warranties regarding the inventory items purchased from our affiliate and you hereby waive any and all claims against us or against our affiliate relating to these inventory items, the use or consumption of these inventory items by you or your customers, and/or any defects in these inventory items. We reserve the right to require that you purchase some or all of these inventory items directly from third-party suppliers that we designate.
- 6.4. **General Guidance.** We will periodically review and evaluate your Store and reports you submit to us and provide our guidance and recommendations on ways to improve your operations. We will be available to render advice, discuss problems and offer general guidance to you during normal business hours by telephone, e-mail or similar methods of communication.
- 6.5. **Field Visits.** We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Store. We will provide a report detailing any problems or concerns observed during the field visit together with our instructions to address or resolve such problems or concerns. You must implement all required corrective measures in the time and manner we specify.
- 6.6. **Marketing Assistance.** As further described in §10.1 and §10.2, we will administer the brand and system development fund and provide other marketing assistance during the Term.
- 6.7. **Website.** We currently maintain a corporate website for our brand. We will also develop and host a local webpage for your Store that will be linked to our corporate website. Your webpage will include information about your Store that we designate or approve. We must approve all content on your webpage but will consider information you suggest in good faith. We will own the website (including your webpage) and domain name at all times. We may change or discontinue the website and/or your local webpage at any time.
- 6.8. **Email Addresses.** We will provide you with up to five (5) Natural Life email addresses. Our current technology partially offsets the costs we incur to provide these email addresses to you. In the future, we may require you to reimburse us for all costs we incur to provide email addresses to you (this fee would be added to the technology fee described in §11.9). You must exclusively use these email addresses for all communications with us, customers, suppliers and other Persons

relating to your Store. You may not use them for any purpose unrelated to your Store. We own the email addresses and accounts but allow you to use them during the Term.

- 6.9. Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for franchisees. We will arrange for you to be able to purchase the goods or services directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We may also purchase goods from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.
- 6.10. New Developments.** We may, but need not, create new merchandise, retail items or other products or services for sale at your Store. You must comply with any minimum inventory stocking requirements in the Manual.

## **7. ESTABLISHING YOUR BUSINESS**

- 7.1. Site Selection.** You must contract with our designated real estate company to assist you in finding a site for your Store. However, it is your responsibility to find a site that meets both your and our minimum standards and criteria. You must locate and obtain our approval of the site for your Store within 60 days after the Effective Date. The premises must be located within the Site Selection Area and conform to our minimum site selection criteria. You must send us a complete site report that includes all documents, information, photos and video we require. We may accept or reject each site you propose in our commercially reasonable judgment. We will use best efforts to issue our approval or disapproval within seven (7) business days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our approval within the seven (7) business day period. If we approve the site for your Store prior to execution of this Agreement, then the address of the approved site will be listed in Part D of ATTACHMENT "A". If we do not approve the site for your Store prior to execution of this Agreement, then within 15 days after we approve your site we will send you a Site Approval Notice that identifies the address of your approved site. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our approval of the site (and designation of your Territory) shall be deemed immediately effective and binding on you at the time we issue the Site Approval Notice, regardless of whether you send us the signed acknowledgment. Our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Store. It indicates only that we believe the site meets our minimum criteria.
- 7.2. Lease.** You must contract with our designated real estate company to assist you in identify sites and reviewing and negotiating your lease or purchase agreement. If you lease the premises for your Store, you must use best efforts to ensure your landlord signs the Lease Addendum attached to this Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement we may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require you to find a new site for your Store. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.
- 7.3. Store Design.** The Manual includes generic prototype plans for a Store as well as our standards and specifications for the design, layout, equipping and trade dress for a Store. If constructions plans are needed, you must hire a licensed and bonded architect to prepare the initial design plans for the construction of your Store and leasehold improvements. We must approve the initial design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all Laws (including the Americans with Disabilities Act), building codes, permits and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. The limited purpose of our review is to verify the construction plans are consistent with our system standards.

- 7.4. **Construction.** Following our approval of the final construction plans, you must, at your sole expense, construct and equip the premises according to the approved construction plans and the specifications in the Manual. You must also purchase (or lease) and install all equipment, fixtures, signs and other items we require. At all times during the construction process, you must maintain the minimum general liability and property damage insurance required by the Manual.
- 7.5. **Opening.** You must open your Store to the public within 300 days after the Effective Date. You may not open your Store prior to receipt of our written authorization to open. We will not issue our authorization to open before:
- (i) the Managing Owner successfully completes our initial training program;
  - (ii) you obtain all required licenses, permits and approvals from Governmental Authorities;
  - (iii) you purchase all required insurance policies and provide evidence of coverage;
  - (iv) we review and approve the construction, build-out and layout of your Store; and
  - (v) you fulfill all of your other preopening obligations under this Agreement and the Manual.

You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a preopening inspection of your Store. You must make all changes and modifications we require before you may open.

- 7.6. **Relocation.** You may relocate your Store with our prior approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) engage our designated real estate company to provide site selection and related real estate services and pay the associated fee; (b) locate your new Store within the Site Selection Area (but outside any territory granted to us, our affiliate or any other franchisee); (c) comply with §7.1 through §7.5 with respect to your new Store (excluding the 300-day opening period); (d) comply with the de-identification obligations set forth §22.1(viii) with respect to your former Store; (e) pay us a \$5,000 relocation fee at the time we approve your request to relocate; (f) pay the Project Manager its then-applicable fee for the Project Management Services it provides with respect to the development of your Store at the new site; and (g) open your Store at the new site and resume operations within 30 days after closing your Store at the former site; *provided, however*, that if you relocate because your Store is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, then you have 300 days after closing to reopen at the new site.

## 8. MANAGEMENT AND STAFFING.

- 8.1. **Owner Participation.** You must designate an Owner who will have overall responsibility for the management and operation of your Store (the “Managing Owner”). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; and (c) at all times hold at least a 10% ownership interest in the Store or the Franchisee Entity, as applicable, unless we waive this requirement. During the initial 90-day period after your Store’s opening date, the Managing Owner must act as a Store Manager and provide onsite management and supervision of the Store on a full-time basis (at least 25 hours per week). We strongly recommend, but do not require, that the Managing Owner continue to act as a Store Manager throughout the remainder of the Term. Any new Managing Owner you appoint must successfully complete our then-current initial training program before assuming responsibility for the operation of the Store.
- 8.2. **Store Managers.** You may hire a Person to assist the Managing Owner with the onsite management and supervision of the Store (a “Store Manager”). Any Person you hire as a Store Manager must: (a) successfully complete all training programs we require; (b) dedicate full-time efforts (at least 25 hours per week) to the onsite management and supervision of the Store; and (c) sign a Brand Protection Agreement. At all times during normal business hours, either the Managing Owner or a Store Manager must be present at your Store to provide onsite management and supervision. The Managing Owner must monitor and supervise each Store Manager to ensure the

Store is operated in accordance with this Agreement and the Manual.

**8.3. Employees.** You must determine appropriate staffing levels for the Store to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Store. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by Law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business Entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, hours worked, rates of pay, benefits, work assignments, training and working conditions. We will not provide any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

**8.4. Interim Manager.** We have the right, but not the obligation, to designate a Person of our choosing (an "Interim Manager") to manage your Store if either: (a) you fail to appoint an approved replacement Managing Owner, who has successfully completed all training we require, within 30 days after your Managing Owner ceases to perform the responsibilities of a Managing Owner for any reason; or (b) you fail to cure a material breach before the expiration of the cure period. The Interim Manager will cease to manage your Store at such time that you appoint an approved replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to: (a) pay us a management fee equal to \$500 per day during the period of time that the Interim Manager manages your Store; and (b) reimburse us for all Travel Expenses incurred by the Interim Manager. The Interim Manager has no liability to you except for gross negligence or willful misconduct. We have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

**9. FRANCHISEE AS ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). All Owners of the Franchisee Entity and their spouses must sign a Franchise Owner Agreement.

**10. ADVERTISING & MARKETING.**

**10.1. Brand and System Development Fund.** We have established and currently administer a brand and system development fund to promote public awareness of our brand and improve our System. On each royalty payment due date, you must pay us a brand fund fee equal to 2% of Gross Sales generated during the prior reporting period. We deposit into the fund all brand fund fees and noncompliance fees, if any, that we collect from you and other franchisees. We may use the fund to pay for any of the following in our sole discretion:

- (i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs;
- (ii) conducting and administering promotions, contests or giveaways;
- (iii) improving public awareness of the Marks;

- (iv) public and consumer relations and publicity;
- (v) brand development;
- (vi) sponsorships;
- (vii) charitable and non-profit donations and events;
- (viii) research and development of technology, products and services;
- (ix) website development and search engine optimization;
- (x) development and maintenance of an ecommerce platform;
- (xi) development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys;
- (xii) conducting market research;
- (xiii) changes and improvements to the System;
- (xiv) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts;
- (xv) collecting and accounting for contributions to the fund;
- (xvi) preparing and distributing financial accountings of the fund;
- (xvii) any other programs or activities we deem appropriate to promote or improve the System; and
- (xviii) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates relating to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, employees or independent contractors based on time spent working on any brand fund matters described above.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to marketing or advertising activities. Any surplus in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. We will prepare, and make available to you upon request, an annual statement of fund operations, including deposits and disbursements. In terms of marketing activities paid for by the fund, we do not ensure that: (a) expenditures in (or affecting) a given geographic area are proportionate or equivalent to the brand fund fees paid by franchisees in that geographic area; or (b) franchisees benefit directly or in proportion to their brand fund fees. We may suspend or discontinue the fund at any time in our sole discretion upon 30 days' prior notice.

**10.2. Marketing Assistance From Us.** We may create and make available to you advertising and other marketing materials for your purchase. We may use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may provide online access to these materials, in which case you must print the materials at your expense. We may also contract with third-party suppliers to create advertising or marketing materials that you may purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

**10.3. Your Marketing Activities.**

- (a) Grand Opening. You must implement a grand opening marketing campaign that you develop and we approve. During the 60-day period that begins 30 days prior to your Store's opening date, you must spend at least \$20,000 on grand opening marketing and advertising in accordance with your approved grand opening marketing plan. We reserve the right to

require you to contract with and utilize a marketing company we designate to design and/or implement your grand opening marketing campaign.

- (b) Ongoing Minimum Expenditures. Commencing 30 days after your opening date, you must spend at least 2% of monthly Gross Sales (the “Local Advertising Commitment”) on approved local advertising and marketing to promote your Store in your local market. We measure your compliance on a rolling six-month basis, meaning as long as your average monthly expenditure on local advertising over the six-month period equals or exceeds the Local Marketing Commitment, you are deemed in compliance even if your expenditure in any given month is less than the Local Marketing Commitment. Brand fund contributions are in addition to, and not credited towards, your Local Marketing Commitment. You must participate at your own expense in all advertising, promotional and marketing programs we require, including any advertising cooperative we establish pursuant to §10.4.
- (c) Standards for Advertising. All advertisements and promotions you create or use must be completely factual, conform to the highest standards of ethical advertising and comply with all Laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish from time to time.
- (d) Extraterritorial Advertising. You may advertise and market outside your Territory as long as you: (i) comply with all policies and procedures in the Manual governing extra-territorial marketing; and (ii) do not engage in targeted marketing directed into any territory or development territory assigned to us, our affiliate or another franchisee (unless the marketing is conducted as part of an advertising cooperative that includes the affected territory). Marketing that is distributed, circulated or received both within your Territory and within another territory is not deemed to be “targeted marketing” if: (i) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your Territory; and (ii) the majority of the recipients of the advertising are located within your Territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate or another franchisee. The meaning of “targeted marketing” that is “directed into a territory” may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and conducting promotional events within a given territory.
- (e) Approval of Advertising. Prior to use, we must approve all advertising and marketing materials and programs you intend to use, including: (i) all advertising and marketing materials we did not prepare or previously approve; and (ii) any materials we prepare or approve and you modify. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that: (i) we have not approved; or (ii) we approve and later disapprove. We have 10 business days to review and approve or disapprove advertising and marketing materials and programs you submit. Our failure to issue our approval within the 10 business-day period constitutes our disapproval. Any advertising you propose and we approve will be deemed an “Improvement” for purposes of §18.5.
- (f) Social Media. We currently use social media to promote all franchised Stores. All social media accounts are owned by us. From time to time we may, in our sole discretion, allow you to access the social media accounts for your Store and post content provided that:
  - (i) you only utilize social media platforms we allow you to access;
  - (ii) you strictly comply with our social media policy, as revised from time to time;
  - (iii) you immediately remove any post we disapprove, even if it complies with our social media policy;

- (iv) you contract with and exclusively utilize any social media company we designate; and
  - (v) we retain ownership of all social media accounts relating to your Store.
- (g) Internet and Websites. Without our prior approval, which we may withhold in our sole discretion, you may not: (i) develop, host or otherwise maintain a website or other online or digital presence in connection with your Store, including any website bearing our Marks; (ii) conduct digital or online advertising or marketing; or (iii) engage in ecommerce.

**10.4. Advertising Cooperative.** We may, but need not, establish regional advertising cooperatives for purposes of creating and/or purchasing advertising programs for the benefit of all Stores located in a particular region. We may: (a) determine the boundaries of the cooperative; (b) specify the manner in which the cooperative is organized and governed; (c) require the cooperative to be administered in accordance with written bylaws, organizational documents or other governing documents that we approve; and (d) require you to participate in the cooperative according to its rules and procedures and abide by its decisions. You must pay the cooperative advertising fee, which will be due on each royalty payment due date or on such other date established by the cooperative. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the cooperative advertising fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed 2% of Gross Sales. We may either: (a) collect cooperative advertising fees and remit them to the applicable cooperative; or (b) require you to pay these fees directly to the cooperative. All cooperative advertising fees you pay are credited towards your Local Marketing Commitment. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion.

## 11. OPERATING STANDARDS.

**11.1. Generally.** You must operate your Store in full compliance with this Agreement, the Manual and our standards in order to maintain the goodwill associated with the Marks.

**11.2. Brand Standards Manual.** You must develop and operate your Store in strict compliance with the Manual. The Manual may contain, among other things:

- (i) architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Store;
- (ii) a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Store and (b) designated and approved suppliers;
- (iii) a description of the Authorized Products and services (if any) you may sell;
- (iv) specifications, techniques, methods, operating procedures and quality standards; and
- (v) policies and procedures pertaining to: (a) reporting; (b) insurance; (c) marketing and advertising; (d) gift card, loyalty and/or membership programs; (e) data ownership, protection, sharing and use; and (f) any other matter we deem appropriate.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by Stores. We can modify the Manual at any time. Modifications are binding at the time we notify you of the change, subject to any “grace period” we provide to implement the change. All mandatory provisions in the Manual (whether included now or in the future) are binding on you.

**11.3. Authorized Goods and Services.** You must offer and sell all Authorized Products we designate from time to time. You may not offer any other goods or services without our prior approval (any goods you request and we approve will be deemed “Authorized Products” for purposes of this Agreement). You may not sell any goods or services we have disapproved, such as marijuana or cannabis products. You must carry the full product line and comply with all merchandising policies, product mix, minimum stocking requirements and related policies described in the

Manual. You may not use your Store, or permit your Store to be used, for any purpose other than offering the goods and services we authorize. We may change Authorized Products and services at any time and you must comply with our instructions regarding same. Any such change shall not constitute a termination of this Agreement.

- 11.4. Sales Restrictions.** You may only sell to retail customers while they are present at the Store. Unless you receive our prior approval, you may not offer or sell Approved Products: (a) from any location other than your Store's premises; (b) through any alternative channel of distribution, including via delivery or through an ecommerce site or shipment to customer homes; (c) at wholesale or for purposes of resale. You may not permit any vending equipment or gaming machinery to be placed within your Store without our prior approval.
- 11.5. Pricing.** We will provide you with our suggested retail pricing. You may deviate from our suggested retail pricing at your discretion; *provided, however,* that: (a) you must obtain our approval of any deviation that is more than 20% higher or lower than our suggested retail pricing unless such pricing is part of a temporary advertising campaign we approved; and (b) we may set maximum or minimum prices on the goods and services you sell to the extent permitted by applicable Law.
- 11.6. Customer Payments.** You must, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with Visa, MasterCard, American Express and all other credit card issuers we designate, in order for you to be able to accept such methods of payment from customers. You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, APPLE PAY and/or GOOGLE WALLET) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.
- 11.7. Suppliers and Purchasing.** You must purchase or lease all products, supplies, equipment, services and other items specified in the Manual. The Manual may require that you purchase certain goods and services only from suppliers we designate or approve. These suppliers may include (or be limited exclusively to) us or our affiliate. Our right to specify the suppliers you use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and operation of Stores, protect our trade secrets, negotiate bulk purchase discounts, and protect the reputation and goodwill associated with the System and the Marks. We have no liability to you for the acts, errors or omissions of, or any defective goods or services supplied by, any third-party supplier we designate or approve, provided that we exercise our discretion in good faith in designating or approving such supplier. If we receive rebates or other consideration from suppliers based on your purchases, we have no obligation to pass them through to you or use them for any particular purpose. If you wish for us to approve a supplier, you must send us a written request for approval specifying the supplier's name and qualifications and provide all additional information we request. We will approve or reject your request within 60 days after we receive your request and all information and samples we require. We are deemed to have rejected your request if we fail to issue our approval within the 60-day period. You must reimburse us for all costs and expenses we incur to review suppliers or products you propose.
- 11.8. Equipment Maintenance and Changes.** You must maintain your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment. Our right to require significant equipment changes is critical to our ability to administer and change the System and you must comply with these changes within the time period we reasonably specify.
- 11.9. Technology Systems.**
- (a) Generally. You must acquire and utilize all Technology Systems we require from time to time. Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission,

customer information, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose we deem appropriate. We may require that you acquire new or substitute Technology Systems and/or replace, upgrade or update existing Technology Systems at your expense upon reasonable prior notice. You are solely responsible for: (i) the acquisition, operation, maintenance, updating and upgrading of your Technology Systems; (ii) the manner in which your Technology Systems integrate and interface with our computer system and those of third parties; and (iii) any consequences resulting from improper use or operation, or failure to properly maintain, update or upgrade, Technology Systems.

- (b) Use and Access. You must utilize your Technology Systems in accordance with the Manual. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected through your Technology Systems, including Gross Sales data for purposes of calculating fees owed. Upon request, including upon termination or expiration of this Agreement, you must provide us with the user IDs and passwords for your Technology Systems.
- (c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.
- (d) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, enter into a license agreement with us (or our affiliate) in a form we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We may enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay to these suppliers based on your use of their software, technology, equipment, or services. The “technology fee” includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or prices charged by third-party suppliers with whom we enter into master agreements. We may include within the technology fee a commercially reasonable administrative fee to compensate us for the time, money and resources we invest in administering the technology platform and associated components, negotiating and managing contracts with third-party licensors, and collecting and remitting technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include any amounts you pay directly to third-party suppliers. The technology fee is due 10 days after invoicing or as we otherwise specify. We will list the current technology fee in the Manual.

**11.10. Remodeling and Maintenance.** You must remodel, renovate and make all improvements to your Store that we reasonably require from time to time to conform to our then-current standards and specifications. There is no limitation on the cost or frequency of these remodeling obligations. You may not remodel or significantly alter your premises without our prior approval. We need not approve any proposed remodeling or alteration that does not conform to our then-current standards

and specifications. You must maintain your Store in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to conform to our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Store's premises at the intervals we prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Store's premises as needed. You must comply with any maintenance, cleaning or facility upkeep schedule we prescribe.

#### **11.11. System Programs.**

- (a) Generally. We may periodically develop and implement membership programs, loyalty programs, gift card programs and other system-wide programs. You must fully participate in all programs we designate as mandatory. In order to participate you must: (i) comply with all policies and procedures we establish for participation in the program; (ii) purchase (or license) and utilize all equipment, software, mobile applications (Apps), technology and others items we designate as being necessary for participation in the program, and pay all associated fees and costs; and (iii) pay us, our affiliate, or a third party we designate, all program fees and other amounts we specify as being necessary for participation in the program (collectively, "Program Participation Rules"). Program Participation Rules may be set forth in the Manual. We may change Program Participation Rules at any time and you must comply with these changes. We may develop and implement new or successor programs and/or modify or terminate existing programs at any time in our discretion.
- (b) Membership Program. We may require that all Stores operate under a membership model, in which case your Store must honor memberships and the associated benefits and privileges regardless of whether the member purchased their membership from your Store. We have the right to: (i) determine how membership fees are divided or otherwise accounted for; (ii) require that all membership fees be paid to us or deposited into a trust account we control for subsequent disbursement to the Stores(s) visited by the member; (iii) adopt policies regarding cooperation between franchisees relating to members who utilize the services of, or enjoy membership privileges at, multiple Stores; and (iv) designate the use of new Technology Systems to monitor sales and allocate payments to the Store(s) visited by the member, either in whole or on a percentage basis. We may require that you utilize the form of membership agreement we specify. You must hire an attorney, licensed in your state, to review the membership agreement and advise you of any changes necessary to comply with any local Laws affecting the form of membership agreement you use. You must obtain our approval of any such changes prior to implementation.
- (c) Loyalty Programs. You must fully participate and implement all required customer loyalty, rewards and other affinity programs designed to increase customer loyalty, generate new customers or improve overall demand for our network of Stores.
- (d) Gift Card Programs. You must participate in any gift card program we establish and honor all gift cards, including gift cards purchased from us or another franchisee. You may not offer or sell any gift cards we have not approved. We have the right to: (i) determine how gift card proceeds are divided or otherwise accounted for; (ii) require that gift card proceeds be paid to us or deposited into a trust account we control for subsequent disbursement to the Store(s) where the gift card is redeemed; and (iii) retain proceeds from unredeemed gift cards.

**11.12. Hours of Operation.** Your Store must be open for business during the minimum days and hours of operation set forth in the Manual, subject to any conflicting requirements imposed by Law or under your lease. You must establish specific days and hours of operation and submit them to us for approval.

**11.13. Customer Complaints.** If you receive a customer complaint, you must follow the complaint resolution process we specify to protect the goodwill associated with the Marks.

**11.14. Quality Assurance Programs.** For quality control purposes we may: (a) periodically inspect your Store in accordance with §6.5 and §17.1; and/or (b) engage the services of a “mystery shopper” or quality assurance firm to inspect your Store. Inspections may address a variety of issues, including customer service, sanitation, inventory rotation, etc. You must fully cooperate with all inspections. If we engage a mystery shopper or quality assurance firm, we may require that you directly pay the mystery shopper or firm for the cost of the inspection. Alternatively, we may pay for the cost of the inspection, in which case you must reimburse us for the cost. We may implement a scoring system pursuant to which each Store receives a “grade” or “score” based on the inspection results. Your failure to achieve a passing grade or score constitutes a default under this Agreement. You must take all actions we specify within the period of time we prescribe in order to rectify any non-compliance issues revealed by an inspection.

**11.15. Failure to Comply with Standards.** You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our standards or operating procedures (including failure to submit required reports in a timely manner) and you fail to correct the non-compliance within the period of time we prescribe, then, in addition to any other remedies available to us under this Agreement, we may impose a noncompliance fee of up to \$500 per occurrence. We may impose an additional \$500 fee every 48 hours the same non-compliance issue remains uncured after we impose the initial fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If we take steps to cure any default committed by you after the expiration of any applicable cure period, including, without limitation, obtaining required insurance coverage on your behalf or paying amounts you owe to approved or designated suppliers, then you must: (a) reimburse us for all costs and expenses we incur, either directly or indirectly, in connection with our efforts to cure your default; and (b) pay us an administrative fee calculated as 10% of such costs and expenses. Our acceptance of noncompliance fees, default expense reimbursements and administrative fees shall not be construed as a waiver of any of our rights or remedies under this Agreement and we retain the right to terminate this Agreement in accordance with §21 should the default continue following our collection of these amounts.

**12. MINIMUM PERFORMANCE REQUIREMENTS.** You must generate Gross Sales equal to or greater than the minimum Gross Sales figures in the table below:

<b>12-Month Measuring Period</b> (commencing with opening date)	<b>Minimum Gross Sales*</b>
Months 0 – 12	\$250,000
Months 13 – 24	\$300,000
Months 25 – 36 (and each subsequent 12-month period)	\$350,000

\* We reserve the right to increase the minimum Gross Sales figures based on CPI increases in accordance with §14.6.

If you fail to achieve the minimum required Gross Sales figure for a given 12-month measuring period, we may, at our option, elect between any of the following: (a) we may terminate this Agreement; (b) we may reduce the size of your Territory in any manner we deem appropriate; or (c) we may allow you to keep your Territory but charge you royalty fees and brand fund fees (and any other fees calculated as a percentage of Gross Sales) based on imputed Gross Sales equal to the difference between the minimum required Gross Sales and your actual Gross Sales generated during the relevant measuring period.

**13. FRANCHISE ADVISORY COUNCIL.** We may, but need not, create a franchise advisory council to

provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We consider all suggestions in good faith but are not bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a council member as long as you comply with this Agreement and do not act in a disruptive, abusive or counter-productive manner. As a member, you would be entitled to all voting rights and privileges granted to other council members. Each member would have one vote on all matters on which members are authorized to vote.

#### 14. FEES

- 14.1. Initial Franchise Fee.** You agree to pay us an initial franchise fee in the amount set forth in Part B of ATTACHMENT "A" in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and nonrefundable once this Agreement is signed.
- 14.2. Royalty Fee.** On the day of each week we specify (the "royalty fee due date"), you must pay us a royalty fee equal to the greater of 5% of weekly Gross Sales generated during the immediately preceding reporting period or \$200 per week. The current reporting period runs from the opening of business on Monday through the close of business on Sunday and the current royalty payment due date is the Wednesday immediately following the end of the prior reporting period. We may periodically change the reporting period and weekly royalty payment due date through updates to the Manual.
- 14.3. Other Fees and Payments.** You must pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in §14. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you, excluding income taxes imposed on us based on fees you pay us under this Agreement.
- 14.4. Due Date & Late Fee.** Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement has not been received by us when due or there are insufficient funds in your Account to cover the sum when due, then in addition to this sum you must pay us \$100 plus default interest on the amount past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. If no due date is specified, interest begins to run 10 days after we bill you. We will not impose a late fee for any amount paid pursuant to §14.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due; *provided, however*, that if we are unable to determine the amount due because of your failure to record sales or submit Gross Sales reports in a timely manner, we may assess a late fee on the entire amount that was due. This §14.4 shall not constitute our agreement to accept late payments or extend credit to you.
- 14.5. Method of Payment.** No later than 15 days after the Effective Date, you must send us a completed and executed ACH Agreement authorizing us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date, excluding any amounts due within 15 days after the Effective Date. You must sign all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late fee imposed pursuant to §14.4. We may also impose a \$50 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.
- 14.6. CPI Adjustments.** We reserve the right to periodically adjust all fees (including minimum fees) expressed as a fixed dollar amount based on changes to the Consumer Price Index (CPI) in the United States. We may periodically review and increase these fees based on CPI changes, but only if the then-current CPI ("Current CPI") is more than 5% higher than the corresponding CPI in

effect on: (a) the Effective Date of this Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments) (“Baseline CPI”). The adjusted fee shall be calculated by multiplying the current fee by a fraction: (a) the numerator of which is an amount calculated as the product of (i) 100 and (ii) the difference of Current CPI minus Baseline CPI; and (b) the denominator of which is Baseline CPI. We may utilize any CPI index series published by the U.S. Department of Labor or any comparable Governmental Authority that we deem appropriate. We currently use the following index: All Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average (1982-84 = 100), “All Items”. We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than one (1) fee adjustment during any five (5) year period. If we, in our sole discretion, determine not to increase the fees in a given five (5) year period despite a 5% or greater CPI increase, that potential fee increase will accumulate and may be carried forward and applied in connection with a subsequent fee adjustment. We also reserve the right to adjust the minimum Gross Sales figures set forth in §12 at the same time, and in the same manner, as we adjust fees based on CPI increases in accordance with the above.

## 15. BRAND PROTECTION COVENANTS.

**15.1. Reason for Covenants.** The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree that competition by you, the Owners or Persons associated with you or the Owners (including family members) could seriously jeopardize our franchise system because you and the Owners received an advantage through knowledge of our day-to-day operations and Know-how. You and the Owners agree to comply with the covenants in §15 to protect the Intellectual Property and our franchise system.

**15.2. Intellectual Property and Confidential Information.** You and the Owners agree to:

- (i) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Store pursuant to this Agreement;
- (ii) maintain the confidentiality of all Confidential Information at all times;
- (iii) refrain from making unauthorized copies of documents containing Confidential Information;
- (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and
- (v) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).

**15.3. Unfair Competition.** You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competing Business during the Post-Term Restricted Period as long as the Competing Business is not located within, and does not use ecommerce or online channels of distribution to sell competitive products within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competing Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

**15.4. Family Members.** Because (a) an Owner could circumvent the intent of §15 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and (b) it would be difficult for us to prove whether the Owner disclosed Confidential

Information to the family member, each Owner agrees that he or she will be presumed to have violated the terms of §15 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member.

- 15.5. Employees.** You must ensure all employees, officers, directors, partners, members, independent contractors and other Persons associated with you or your Store sign and send us a Confidentiality Agreement before they are given access to any Confidential Information. Any Person who signs a Brand Protection Agreement need not sign a Confidentiality Agreement. You must: (a) use best efforts to ensure these individuals comply with the Brand Protection Agreements and Confidentiality Agreements, as applicable; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse us for all expenses we incur to enforce a Brand Protection Agreement or Confidentiality Agreement, including attorneys' fees and court costs.
- 15.6. Covenants Reasonable.** You and the Owners agree that: (a) the covenants in §15 are reasonable both in duration and geographic scope; (b) our use and enforcement of similar covenants with respect to other franchisees benefits you and the Owners by preventing others from unfairly competing with your Store; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the covenants in §15.
- 15.7. Breach of Covenants.** You and the Owners agree that: (a) any failure to comply with §15 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner breaches §15, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

## **16. YOUR OTHER RESPONSIBILITIES**

- 16.1. Insurance.** For your protection and ours, you agree to maintain the following insurance policies:
- (i) "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Store, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost;
  - (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Store, containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$2,000,000 in the aggregate;
  - (iii) product liability insurance (which may not contain a "health hazard exclusion" or "vape exclusion") containing minimum liability protection of \$1,000,000 combined single limit per occurrence;
  - (iv) product withdrawal expense endorsement containing at least \$250,000 in coverage;
  - (v) business personal property insurance containing minimum liability protection of \$100,000 per occurrence;
  - (vi) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased or used by you or your officers, directors, employees, partners or agents in the operation of your Store, containing minimum liability

protection of \$1,000,000 combined single limit per occurrence;

- (vii) umbrella insurance containing minimum liability protection of \$2,000,000 combined single limit per occurrence;
- (viii) business income and business interruption insurance providing coverage of at least \$100,000 per occurrence;
- (ix) employer's liability insurance containing minimum liability protection of \$1,000,000 combined single limit per occurrence;
- (x) worker's compensation insurance as required by Law;
- (xi) any insurance required under your lease or by Law; and
- (xii) any other insurance we specify in the Manual from time to time.

You must provide us with proof of coverage: (a) prior to opening; (b) within 10 days after the renewal of a policy; and (c) at any other time on demand. You must obtain these policies from licensed insurance carriers rated A or better by Alfred M. Best & Company, Inc. Each policy must be endorsed to: (a) name us and our members, officers, directors, and employees as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any policy fails to meet these criteria, we may disapprove the policy and you must immediately secure a new policy meeting our criteria. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance due to inflation, special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy, we may, at our option, obtain the policy on your behalf. If we do so, you must promptly sign any application or other form required to obtain the policy and reimburse us for all premiums and other costs we incur.

**16.2. Books and Records.** You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. You must maintain, and send to us upon request, a written list of all of your customers. You must send us copies of your books and records within seven (7) days of our request. You must provide us with independent access to your QuickBooks Online or other online financial accounting software account with permission to read all reports.

**16.3. Reports.**

- (a) Generally. You must prepare all reports we require including, without limitation, the reports described below. Reports must be prepared in the form and manner we specify. You must send us a copy of any report we require upon request. We also have the right to independently access your Technology Systems to retrieve and compile Business Data and generate any reports we deem appropriate, including Gross Sales reports.
- (b) Report of Initial Investment Costs. To assist us in updating future versions of our Franchise Disclosure Document, you must complete and send us a report, in the form we designate, listing all expenses you incur in connection with the development and opening of your Store. You must send us the completed report within 60 days after the opening date of your Store.
- (c) Gross Sales Reports. No later than each royalty payment due date, you must prepare and send us a weekly statement of your Gross Sales for the prior week. If you miscalculate Gross Sales, you must notify us of the error no later than the end of the next Gross Sales reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based on previously reported Gross Sales.

- (d) Advertising Expenditure Reports. No later than 30 days after the expiration of your grand opening period, you must prepare and send us a final report detailing all your expenditures on your grand opening marketing campaign in accordance with §10.3(a). No later than the 10<sup>th</sup> day of each month, you must prepare and send us a monthly report detailing your expenditures incurred during the prior month on local advertising required by §10.3(b). All advertising expenditure reports must include copies of receipts for the reported expenditures.

**16.4. Financial Statements**. No later than the 15<sup>th</sup> day of each month, you must prepare and send us a monthly balance sheet and profit and loss statement for your Business in the format we prescribe. Within 90 days after the end of each calendar year, you must prepare and send us a balance sheet (as of the end of the calendar year) and profit and loss statement for the prior calendar year. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose Operational Data to prospective franchisees, Governmental Authorities and other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.

**16.5. Legal Compliance**. You must: (a) secure and maintain all required licenses, permits and regulatory approvals; (b) operate your Store in compliance with all applicable Laws; (c) notify us in writing within two (2) business days after you become aware of any Claim, or any order, demand or disciplinary action issued by a Governmental Authority, that may adversely affect the operation of your Store; and (d) immediately send us a copy of any inspection report or other communication from a Governmental Authority alleging violation of a health or safety Law.

**16.6. Ownership and Protection of Data**. We are the exclusive owner of all Business Data collected by you, us or any other Person. We hereby grant you a license to utilize the Business Data solely for purposes of operating your Store in compliance with this Agreement. You must protect all Customer Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy Laws with respect to data which, if compromised, could have a negative impact on our image or consumer confidence. You agree to: (a) comply with all applicable data protection Laws and our data processing and data privacy policies in the Manual (if any); and (b) upon request, sign any data processing or data privacy agreement required by us or by Law. You further agree to:

- (i) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;
- (ii) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that you store, process, transmit or come in contact with;
- (iii) promptly notify us if you suspect there is, or has been, a security breach or potential compromise of any such credit card information;
- (iv) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and
- (v) promptly notify us of any noncompliance with PCI-DSS requirements to discuss your remediation efforts and timeline.

## 17. INSPECTION AND AUDIT

**17.1. Inspections**. For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Store, evaluate your operations and inspect your books, records,

accounts and tax returns. We will determine the scope of the inspection, which may include, among other things:

- (i) evaluating the physical condition of your Store for cleanliness, sanitation and state of repair;
- (ii) examining and copying your books, records, accounts and tax returns;
- (iii) inspecting and testing your equipment;
- (iv) removing samples of your inventory for testing purposes;
- (v) monitoring and speaking with your staff; and
- (vi) contacting your landlord and customers.

We may conduct the inspection at any time and without prior notice. During the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Store. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems and retrieving any Business Data we deem appropriate. You must pay us a reinspection fee of \$400 per day (for the duration of the inspection period) and reimburse us for all Travel Expenses and other costs we incur to conduct an inspection to determine if you remedied: (a) a health or safety issue identified by a Governmental Authority; or (b) a breach of our system standards we brought to your attention. We bear the cost of all other inspections.

- 17.2. Audit.** We may audit your books and records at any time. You must fully cooperate with us and any Person we hire to conduct the audit. If an audit reveals an understatement of Gross Sales, you must immediately pay us all additional fees you owe together with any late fee imposed pursuant to §14.4. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that: (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement; or (b) reveals an understatement of Gross Sales by at least 2%. We bear the cost of all other audits. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursement of our audit costs.

## **18. INTELLECTUAL PROPERTY**

- 18.1. Ownership and Use.** You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement; and (c) your right to use the Intellectual Property is limited to a license to operate your Store during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.
- 18.2. Changes to Intellectual Property.** We may change the Intellectual Property at any time in our sole discretion, including by changing the Copyrighted Materials, Know-how, Marks and/or System. You must, at your expense, implement all Intellectual Property changes we require in accordance with our instructions. We are not liable for any expenses, losses or damages you incur (including the loss of any goodwill associated with a Mark) as a result of any change to the Intellectual Property.
- 18.3. Use of Marks.** You agree to: (a) use the Marks as the sole identification of your Store; *provided, however,* that you must identify yourself as the independent owner of your Store in the manner we prescribe; (b) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, displays, receipts, stationery and forms we designate to

give notice of trademark and service mark registrations and copyrights; and (c) obtain any fictitious or assumed name registrations required by applicable Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos we license to you); (b) use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (c) register or attempt to register any Marks, or any other trademarks confusingly similar to the Marks, with any Governmental Authority; or (d) challenge or contest the validity or ownership of our Marks.

**18.4. Use of Know-how.** We disclose Know-how to you during training programs, in the Manual and through other guidance furnished during the Term. You will not acquire any interest in the Know-how other than the right to utilize it in compliance with this Agreement. The Know-how is proprietary and disclosed to you solely for use in the development and operation of your Store during the Term.

**18.5. Improvements.** If you or any of your Owners or employees conceives of or develops an Improvement, you must send us a written notice describing the Improvement. You must obtain our approval prior to using any such Improvement. Any Improvement we approve may be used by us and any third parties we authorize to operate a Store, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign to us or our designee, without charge, all rights to the Improvement, including the right to grant sublicenses. In return, we will authorize you to use Improvements developed by other Persons that we approve for use in connection with the operation of a Store.

**18.6. IP Disputes.** You must immediately notify us of any IP Dispute. You may not communicate with any Person other than us and our counsel in connection with any IP Dispute. We have sole discretion in deciding what action, if any, to take in response to the IP Dispute. We may exclusively control any litigation or other proceeding relating to the IP Dispute. You must execute all documents, render all assistance, and perform all acts that are, in our counsel's opinion, necessary or advisable to protect or maintain our interest in the litigation or proceeding and/or protect the Intellectual Property.

**19. INDEMNITY.** You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with:

- (i) the marketing, use or operation of your Store;
- (ii) the breach of any Definitive Agreement committed by you or your Owners or affiliates;
- (iii) the breach of any agreement with a third party committed by you or your Owners or affiliates;
- (iv) any Claim relating to taxes or penalties assessed by any Governmental Authority against us that are directly related to your failure to pay or perform functions required of you under this Agreement;
- (v) libel, slander or disparaging comments made by you or any of your Owners, officers, employees or independent contractors regarding the System, a Store or an Indemnified Party;
- (vi) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or
- (vii) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties shall have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof,

including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of the Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending the Claim, including court costs and reasonable attorneys' fees.

## 20. TRANSFERS

**20.1. By Us.** This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for any obligations incurred by us prior to the effective date of the assignment. We may also delegate our obligations under this Agreement to one or more Persons without assigning the Agreement.

**20.2. By You.** The rights and duties created by this Agreement are personal to you and the Owners. We are granting you franchise rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. We will not unreasonably withhold approval if all of the following conditions are satisfied:

- (i) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate a Store and meets our minimum criteria for franchisees;
- (ii) you and your affiliates and Owners are in full compliance with all Definitive Agreements;
- (iii) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;
- (iv) your landlord consents to the assignment of your lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;
- (v) the transferee and its owners obtain all licenses and permits required by applicable Law to own and operate the Store;
- (vi) the transferee: (a) agrees to discharge and guarantee all of your obligations under this Agreement and any other agreement relating to the Business (including supplier contracts); and (b) signs any agreement we require to confirm the foregoing;
- (vii) the transferee and its owners sign our then-current form of franchise agreement (unless we instruct you to assign this Agreement to the transferee) except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;
- (viii) the transferee agrees to remodel the Store and upgrade all furniture, fixtures and equipment to comply with our then-current standards and specifications (these changes must be completed within 12 months after completion of the Transfer or within such shorter period of time that we specify);
- (ix) you or the transferee pay us a \$10,000 transfer fee to defray expenses we incur in connection with the Transfer (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay the broker, which amount shall be in addition to the transfer fee);
- (x) you and your Owners sign a General Release;
- (xi) you agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement (we may require you to enter into a written subordination agreement);

- (xii) we choose not to exercise our right of first refusal described in §20.5; and
- (xiii) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of: (a) any Claims we have against the transferor; or (b) our right to demand the transferee comply with all terms of the franchise agreement.

**20.3. Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was the Franchisee Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.

**20.4. Owner Death or Disability.** Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest must be assigned to another Owner or to a third party we approve. Any assignment to a third party will be subject to all terms and conditions of §20.2 unless the assignment qualifies as a Permitted Transfer. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

**20.5. Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receiving the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §20.2, including our approval of the transferee. However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

## 21. TERMINATION

**21.1. By You.** You may terminate this Agreement if we commit a material breach and fail to cure within 90 days after receipt of a default notice specifying the nature of the breach. If you terminate pursuant to §21.1, you must still comply with your post-term obligations described in §22 (other than payment of liquidated damages) and all other obligations that survive the termination of this Agreement.

**21.2. By Us.** We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

- (i) if you become insolvent by reason of your inability to pay your debts as they become due;
- (ii) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or

you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

- (iii) if your Store, or a substantial portion of the assets associated with your Store, are seized, taken over or foreclosed by a Government Official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor;
- (iv) if a final judgment against you remains unsatisfied for 30 days unless a supersedes or other appeal bond has been filed;
- (v) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within five (5) days of the levy;
- (vi) if the Managing Owner fails to satisfactorily complete initial training as required by §5.1;
- (vii) if you fail to secure a fully executed lease and Lease Addendum (or purchase contract) for a site we have approved within the time period required by §77.1;
- (viii) if you fail to open your Store within the time period required by §7.5;
- (ix) if you abandon or fail to operate your Store for three (3) consecutive business days, unless the failure is due to Force Majeure (in which case §25.6 governs) or another reason we approve;
- (x) if a Governmental Authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Store even if you or the Owner have appeal rights;
- (xi) if you or an Owner (a) is convicted of or pleads no contest to a felony or other material crime, (b) is subject to a material administrative disciplinary action or (c) fails to comply with a material Law applicable to your Store;
- (xii) if you or an Owner commits an act that can reasonably be expected to materially and adversely affect the reputation of the System or the goodwill associated with the Marks;
- (xiii) if you manage or operate your Store in a manner that presents a health or safety hazard to your customers, employees or the public;
- (xiv) if you or an Owner makes any material misrepresentation to us, whether occurring before or after being granted the franchise;
- (xv) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment;
- (xvi) if you underreport Gross Sales by at least 2% on two (2) or more occasions;
- (xvii) if you make an unauthorized Transfer;
- (xviii) if you use the Intellectual Property in an unauthorized manner;
- (xix) if you breach any brand protection covenants described in §15;
- (xx) if you or an Owner breaches any representations in §24.4;
- (xxi) if an Owner or the spouse of an Owner breaches a Franchise Owner Agreement;
- (xxii) if you fail to meet the minimum performance requirements described in §12;
- (xxiii) if the lease for your premises is terminated due to your default;
- (xxiv) if we send you three (3) or more valid default notices within any 12-month period, regardless of whether you cure the defaults;

- (xxv) if we or our affiliate terminates any Definitive Agreement (other than an area development agreement) due to a default by you or your affiliate; or
- (xxvi) if you or an Owner breaches any other provision of this Agreement (including any mandatory provision in the Manual) and fails to cure the breach within 30 days after receipt of a default notice from us.

If we send you a default notice pursuant to §21.2 we may cease to perform our obligations under this Agreement until you cure the breach.

**21.3. Mutual Agreement to Terminate.** You and we may mutually agree in writing to terminate this Agreement, in which case you and we are deemed to have waived any required notice period.

## **22. POST-TERM OBLIGATIONS.**

**22.1. Obligations of You and the Owners.** After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease use of the Intellectual Property;
- (ii) pay us all amounts you owe including, if applicable, liquidated damages pursuant to §22.3;
- (iii) comply with all covenants in §15 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;
- (iv) comply with our instructions to return or destroy all copies of the Manual, all Copyrighted Materials and all signs, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;
- (v) comply with our data retention policies pertaining to the Business Data;
- (vi) cancel all fictitious or assumed name registrations relating to your use of the Marks;
- (vii) provide us with a list of all of your current and former customers;
- (viii) alter the interior and exterior of the premises to the extent necessary, or to the extent we require, to prevent any further resemblance to or connection with a Store or our System, including, without limitation, repainting the exterior and interior with new colors and removing trade dress, fixtures and décor items associated with a Store as well as exterior and interior signage (including window decals);
- (ix) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (a) any telephone numbers and/or domain names associated with your Store; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and
- (x) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (iv), (viii) and (ix) above shall not apply if you Transfer your Store to an approved transferee or we exercise our right to purchase your Store.

### **22.2. Purchase Option.**

- (a) Generally. Upon the termination or expiration of this Agreement we have the option to purchase your Store and/or its assets. If we choose to exercise our purchase option, we will notify you of the assets we wish to purchase (the "Acquired Assets") within 20 days after the

termination or expiration date. If we exercise our purchase option, we may require that you assign your lease to us at no additional charge. The purchase price for the Acquired Assets will be: (i) the purchase price established by the parties (if mutually agreed upon); or (ii) the Appraised Value established in accordance with §22.2(b) below. We may, at our option, assign our purchase option to a designee of our choosing.

- (b) Appraisal Process. If the parties cannot agree on the purchase price, the purchase price shall be the Appraised Value established in accordance with this Section. “Appraised Value” means the fair market value of the Acquired Assets as of the date this Agreement is terminated or expires, as applicable; *provided, however*, that fair market value shall not include any value for goodwill and/or the franchise rights granted by this Agreement. The parties shall attempt to mutually agree upon a single independent appraiser. If they fail to do so, either party may demand the appointment of three (3) appraisers in accordance with the following: (i) no later than 15 days after the party demands the appointment of three (3) appraisers, each party shall appoint one (1) appraiser and notify the other party of appointed appraiser’s name and contact information; and (ii) no later than than 30 days after the party demands the appointment of three (3) appraisers, the two (2) appraisers appointed by the parties will jointly appoint a third (3<sup>rd</sup>) appraiser. If either party fails to appoint an appraiser within the 15-day period, then the appraiser appointed by the other party shall be deemed the single appraiser approved by the parties. You must promptly provide any documents or information requested by the appraisers. If a single appraiser is appointed, the purchase price shall be the Appraised Value established by the appraiser. If three (3) appraisers are appointed, the purchase price shall be: (i) the Appraised Value agreed upon by at least two (2) of the appraisers; or (ii) the average of the two (2) Appraised Values that are closest to each other if none of the appraisers agreed upon the Appraised Value. Each party shall promptly pay 50% of the cost of the appraisal.
- (c) Closing. The parties shall memorialize the acquisition by executing an Asset Purchase Agreement, in a form reasonably prescribed by us. You agree to provide us with all customary representations and warranties given by you, as the seller of the Acquired Assets. At closing: (i) you must transfer good and clean title to the Acquired Assets, subject to any exceptions set forth in the Asset Purchase Agreement; and (ii) we must pay you the purchase price. We may deduct from the purchase price any amounts you owe to us or to our affiliates under any Definitive Agreements including, if applicable, liquidated damages imposed under this Agreement.

- 22.3. Liquidated Damages**. You must pay us liquidated damages if either: (a) we terminate this Agreement due to your default; or (b) you terminate this Agreement without cause or in any manner other than as permitted by §21.1 or §21.3. Liquidated damages shall be calculated as the product of Average Monthly Fees multiplied by the lesser of (a) 24 or (b) the total number of full months remaining under the Term as of the termination effective date. Average Monthly Fees is determined as the combined average monthly royalty fee, brand fund fee and technology fees (without regard to any fee waivers or other reductions, and regardless of collection) imposed by this Agreement during the 12-month period preceding the termination date (or during the period of time you operated the Business if less than 12 months). Liquidated damages are due 30 days after we send you an invoice detailing our calculation of liquidated damages. Liquidated damages are in addition to and not in lieu of: (a) any fees or other amounts incurred by you prior to the termination of this Agreement, all of which must be paid by you in accordance with the terms of this Agreement; or (b) any damages we or our affiliate incur as a result of your breach of this Agreement; *provided, however*, that we may not pursue a claim against you for recovery of lost future profits if you pay us all liquidated damages owed when due. The parties agree the amount of liquidated damages set forth in this Section is in proportion to, and is necessary to protect, our legitimate interests, including: (a) encouraging our franchisees to commit to the 10-year franchise relationship in which both parties have already invested time and expense to develop; (b) the time and expense we will incur to recruit a new franchisee to acquire franchise rights to the Territory;

(c) the time and expense we will incur to ensure your timely and orderly departure from our franchise network; (d) protecting the reputation and goodwill associated with our Marks; and (e) partially compensating us for our financial loss caused by your breach and the early termination of this Agreement. If this liquidated damages clause is determined to be unenforceable under applicable Law, then we will be limited to pursuing actual damages we incur as a result of your default or improper termination.

## 23. DISPUTE RESOLUTION.

- 23.1. Negotiation and Mediation.** Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, the parties agree to submit the Dispute to mediation before a mutually-agreeable mediator prior to arbitration. All negotiations and mediation proceedings (including all discovery conducted therein and statements and settlement offers made by either party or the mediator in connection with the mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose (except evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in mediation). The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. Any Dispute involving claims alleging a breach of §15 and/or §18 (referred to as “Excluded Claims”) will not be subject to mandatory negotiation or mediation.
- 23.2. Arbitration.** If the Dispute is not resolved by mediation within 60 days after either party makes a demand for mediation, the parties will submit the Dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Any Dispute involving an Excluded Claim will not be subject to mandatory arbitration.
- 23.3. Litigation.** If a Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance with the choice of venue provision set forth below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator or arbitrator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim (i.e., whether there are any claims alleging a breach of §15 and/or §18).
- 23.4. Venue.** All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Leon County, Florida). The parties irrevocably waive any objection to such venue and, with respect to litigation proceedings, submit to the jurisdiction of such courts.
- 23.5. Attorney’s Fees and Costs.** If either party must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees and arbitration costs. In addition, if you or an Owner breaches any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.
- 23.6. Waivers.** UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF §15 OR §18) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY;

AND (b) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY A PARTY.

## 24. REPRESENTATIONS.

- 24.1. Corporate Representations.** You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Franchisee Entity and shall be enforceable against the Franchisee Entity in accordance with its terms.
- 24.2. Franchise Compliance Representations.** You and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.
- 24.3. General Representations.** You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.
- 24.4. Anti-Terrorism Compliance.** You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at [www.home.treasury.gov](http://www.home.treasury.gov)); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

## 25. GENERAL PROVISIONS.

- 25.1. Governing Law.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship are governed by the Laws of the State of Florida without reference to its principles of conflicts of law, but any Law of the State of Florida that regulates the offer and sale of franchises or business opportunities or

governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

- 25.2. Relationship of the Parties.** Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, joint venture, partner, employee or servant of the other for any purpose. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Store. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Store that we specify. You must also include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other; or (b) represent that our relationship is other than franchisor and franchisee. In addition, neither party will be obligated by any agreements or representations made by the other that are not expressly authorized by this Agreement.
- 25.3. Severability and Substitution.** Each section of this Agreement, and any portion thereof, shall be considered severable. If applicable Law imposes mandatory non-waivable terms that conflict with a provision of this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court or arbitrator concludes that any promise or covenant in this Agreement is unreasonable or unenforceable: (a) the court or arbitrator may modify such promise or covenant to the minimum extent necessary to make it enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make it enforceable.
- 25.4. Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payments from you after your breach.
- 25.5. Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.
- 25.6. Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however,* that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.
- 25.7. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however,* that the additional insureds listed in §16.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §16.1 and §19, respectively.
- 25.8. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §11.2 AND §25.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of the Site Approval Notice attached hereto as ATTACHMENT "B" shall be

deemed to amend this Agreement to identify the approved site and Territory for your Store, regardless of whether you countersign and/or return the Site Approval Notice. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

- 25.9. Covenant of Good Faith.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations that are inconsistent with the express terms of this Agreement. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other particular franchisee.
- 25.10. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.
- 25.11. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an ownership interest in the Store or Franchisee Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, §14, §15, §17, §19, §22, §23 and §25.
- 25.12. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.
- 25.13. Time of Essence.** Time is of the essence in this Agreement and every term thereof.
- 25.14. Notice.** All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days’ prior written notice):

YOU: As set forth in Part A of ATTACHMENT "A"

US: Natural Life Franchise Corp.  
1704 Capital Circle NE, Unit 103  
Tallahassee, Florida 32308  
Attention: President

Email: [gabriel@shopnaturallife.com](mailto:gabriel@shopnaturallife.com)

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by email or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

**25.15. Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

\* \* \*

The parties below have executed this Agreement effective as of the Effective Date first above written.

**FRANCHISOR:**

Natural Life Franchise Corp., a Florida corporation

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

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

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

**YOU (If you are an Entity):**

\_\_\_\_\_,  
a(n) \_\_\_\_\_

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

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

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

**YOU (If you are not an Entity):**

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

**ATTACHMENT "A"**  
**TO FRANCHISE AGREEMENT**  
**DEAL TERMS**

**A. Franchisee Details.**

Name of Franchisee: [ \_\_\_\_\_ ]

Is the franchisee one or more natural persons signing in their individual capacity? **Yes:** \_\_\_\_ **No:** \_\_\_\_

Type of Entity and State of Formation\* (if applicable): [ \_\_\_\_\_ ]

*\* If the franchisee is a business Entity, each natural person holding a direct or indirect ownership interest in the business Entity, and spouse of each such person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each natural person holding a direct or indirect ownership interest in the franchise (or the franchisee business Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, describe nature of interest)

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

\_\_\_\_\_

Attention: \_\_\_\_\_

Email: \_\_\_\_\_

**B. Initial Franchise Fee.**

The amount of your initial franchise fee is as follows: (franchisor to check box by appropriate amount):

\_\_\_\_ Standard Initial Franchise Fee: \$40,000 (no discount)

\_\_\_\_ Veteran's Discount: \$36,000 (10% discount)

\_\_\_\_ First Responder Discount: \$36,000 (10% discount)

\_\_\_\_ Minority Discount: \$36,000 (10% discount)

\_\_\_\_ Multi-Unit Discount (Store #2): \$35,000 (\$5,000 discount)

\_\_\_\_ Multi-Unit Discount (Store #3 or higher): \$30,000 (\$10,000 discount)

**C. Site Selection Area.**

The Site Selection Area referenced in the Franchise Agreement consists of the following geographic area:

[ \_\_\_\_\_ ]

*\* The Site Selection Area is not your territory and there are no protections associated with this area.*

**D. Approved Site.**

We hereby approve the site listed below for your Store.

Approved Address: [ \_\_\_\_\_ ]

*\* If the site for your Store has not been approved by us at the time this Agreement is signed, we will send you a Site Approval Notice in accordance with §7.1 listing the address of your approved site.*

**E. Territory.**

The Territory referenced in the Franchise Agreement shall consist of the following geographic area (as further depicted on the map attached on the following page):

[ \_\_\_\_\_ ]

If any zip codes, municipalities, or other boundaries that define your Territory change during the Term of the Franchise Agreement, your Territory shall remain defined by the zip codes, municipalities or other boundaries that were in effect as of the Effective Date as depicted on the map below, unless otherwise agreed to by you and us in writing.

*\* If the site for your Store has not been approved by us at the time this Agreement is signed, we will send you a Site Approval Notice in accordance with §3 identifying the geographic area that comprises your Territory.*

*[Insert Map Below (if applicable)]*

**ATTACHMENT "B"**  
**TO FRANCHISE AGREEMENT**  
**FORM OF SITE APPROVAL NOTICE**

*[See Attached]*

**SITE APPROVAL NOTICE**

Natural Life Franchise Corp. (“we” or “us”) is issuing this Site Approval Notice (this “Notice”) to \_\_\_\_\_ (“you”), effective \_\_\_\_\_, 202\_\_\_\_, in connection with the Natural Life Franchise Agreement (the “Franchise Agreement”) that we executed with you on \_\_\_\_\_, 202\_\_\_\_. The purpose of this Notice is to confirm our approval of the site you proposed for your Store and our designation of the boundaries of your “Territory”.

**Approved Address:**

Pursuant to §7.1 of the Franchise Agreement, we hereby approve the site listed below for your Store:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Territory:**

Pursuant to §3 of the Franchise Agreement, we hereby designate the following geographic area as your “Territory” under the Franchise Agreement (as may be further depicted on the map attached on the following page):

[ \_\_\_\_\_ ]

If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date and depicted on the map on the following page.

\* \* \*

By signing below, you and we agree that: (a) the address identified in this Notice shall be deemed the approved site for your Store established and operated pursuant to the Franchise Agreement; and (b) the geographic area described in this Notice under “Territory” shall be deemed your Territory under the Franchise Agreement. You acknowledge and agree that our acceptance of the site you proposed is in no way a representation by us that your site will be successful. Rather, our acceptance merely indicates the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Territory. Our designation of your approved site and Territory, as set forth in this Notice, shall be binding on you effective as of the effective date listed in the first paragraph in this Notice.

**Franchisor**

**Franchisee**

Natural Life Franchise Corp.

\_\_\_\_\_

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

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

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

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

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

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

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

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

[Insert Territory Map Below]

**ATTACHMENT "C"**  
**TO FRANCHISE AGREEMENT**

**LEASE ADDENDUM**

*[See Attached]*

## **Lease Addendum**

This Lease Addendum (this "Agreement") is executed as of \_\_\_\_\_, 202\_\_ by and among Natural Life Franchise Corp., a Florida corporation ("Franchisor"), [\_\_\_\_\_] a(n) [\_\_\_\_\_] with principal offices located at [\_\_\_\_\_] ("Landlord"), and [\_\_\_\_\_] a(n) [\_\_\_\_\_] with principal offices located at [\_\_\_\_\_] ("Tenant").

### **Background**

- A. On [\_\_\_\_\_] 202[\_\_\_], Franchisor and Tenant executed a Natural Life Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisor granted Tenant the right and obligation to develop, open and operate a Natural Life Store at the premises described in Exhibit "A" (the "Premises").
- B. Concurrently with the execution of this Agreement, Landlord and Tenant are executing a lease agreement (the "Lease"), pursuant to which Landlord will lease the Premises to Tenant.
- C. To protect Franchisor's rights and interests under the Franchise Agreement, Landlord agrees to grant certain rights to Franchisor as set forth below.

### **Agreement**

1. Default Notices. Landlord agrees to provide Franchisor with copies of all written default notices sent to Tenant at the same time such notices are sent to Tenant. Landlord agrees to send such copies to Franchisor by email and registered mail as set forth below (Franchisor may change the notice email and address from time to time by sending written notice to Landlord):
  - Email: [gabriel@shopnaturallife.com](mailto:gabriel@shopnaturallife.com)
  - Mail: Natural Life Franchise Corp.  
1704 Capital Circle NE, Unit 103  
Tallahassee, Florida 32308  
Attention: President
2. Right to Cure. If Tenant defaults under the Lease, Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. In such event, Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining Landlord's or Tenant's consent. Franchisor may thereafter assign the Lease to another Natural Life franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.
3. Right to Assign. At any time, including, without limitation, upon the expiration or termination of the Franchise Agreement, and without Landlord's prior consent, Tenant may assign the Lease to Franchisor. In such event, Franchisor may thereafter assign the Lease to another Natural Life franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.
4. Right of First Refusal. Landlord hereby grants Franchisor the first right of refusal to lease the Premises as the new tenant upon the expiration or termination of the Lease. Franchisor shall have a period of 30 days after the expiration or termination of the Lease to decide whether to exercise its right of first refusal.
5. Expiration or Termination of Franchise Agreement. Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant's interests under the Lease in accordance

with §2 above.

6. Acknowledgement of Rights. Landlord acknowledges Franchisor's rights under the Franchise Agreement to enter the Premises, without being guilty of trespass or any other tort or crime, to: (a) make any modifications or alterations to the Premises that Franchisor deems necessary to protect its franchise system or trademarks; and (b) remove any trade fixtures, interior or exterior signs and other items bearing Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.
7. Modification of Lease. Landlord and Tenant will not amend, modify, supplement, terminate, renew or extend the Lease without Franchisor's written consent.
8. Miscellaneous.
  - (a) In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.
  - (b) All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.
  - (c) This Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.
  - (d) This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

In witness whereof, this Agreement has been executed the date and year first above written.

**FRANCHISOR:**

Natural Life Franchise Corp., a Florida corporation

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

**LANDLORD:**

\_\_\_\_\_, (a)n \_\_\_\_\_  
\_\_\_\_\_

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

**TENANT:**

\_\_\_\_\_, (a)n \_\_\_\_\_  
\_\_\_\_\_

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

**EXHIBIT "A" TO LEASE ADDENDUM**

**DESCRIPTION OF PREMISES**

[\_\_\_\_\_]

**ATTACHMENT "D"**  
**TO FRANCHISE AGREEMENT**  
**FRANCHISE OWNER AGREEMENT**

[See Attached]

## FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner, in favor of Natural Life Franchise Corp., a Florida corporation, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you”.

1. **Definitions.** Capitalized terms used in this Agreement shall have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement:

“Franchise Agreement” means the Natural Life Franchise Agreement executed by Franchisee with an effective date of [\_\_\_\_\_], 202[\_\_\_].

“Franchisee” means [\_\_\_\_\_].

“Restricted Period” means: the two (2) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which neither you nor your spouse holds any direct or indirect ownership interest in the Franchisee entity or the Store that it operates; *provided however*, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then Restricted Period means: the one (1) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which neither you nor your spouse holds any direct or indirect ownership interest in the Franchisee entity or the Store that it operates.

“Store” means a retail store that: (a) operates using our Marks and System; and (b) offers and sells the lifestyle and wellness products that we designate or approve from time to time. A Store may refer to a Natural Life Store operated by us, our affiliate, Franchisee or any other person.

2. **Background.** In your capacity as an owner (or the spouse of an owner) of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to “owners” and not just Franchisee. You agree to comply with this Agreement to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. **Brand Protection Covenants.**

- (a) **Intellectual Property and Confidential Information.** You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee’s Store in compliance with the Franchise Agreement and Manual; (ii) maintain the confidentiality of Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an owner of Franchisee.

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

- (b) **Unfair Competition.** You may not engage in any Prohibited Activities at any time: (i) that you are (or your spouse is) an owner of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business is not located within, and does not use ecommerce or online

channels of distribution to sell competitive products within, the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not constitute a waiver of your breach or impair any of our rights or remedies relating to your breach.

- (c) **Family Members.** Because you could circumvent the purpose of §3 by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family (i) engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
- (d) **Covenants Reasonable.** You agree that: (i) the covenants in §3 are reasonable both in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we both believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure the covenants are enforceable under applicable law.
- (e) **Breach.** You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

**4. Transfer Restrictions.** If you are an owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in the Franchisee entity. Accordingly, you agree that you will not directly or indirectly sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in the Franchisee entity except in accordance with §20 of the Franchise Agreement.

**5. Financial Security.** In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including any agreement for the purchase of goods or services from us or our affiliate and any promissory note related to payments owed to us (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive:

- (i) acceptance and notice of acceptance by us of the foregoing undertakings;
- (ii) notice of demand for payment of any indebtedness guaranteed;
- (iii) protest and notice of default to any party with respect to the indebtedness guaranteed;
- (iv) any right you may have to require that an action be brought against Franchisee or any other person

as a condition of liability; and

- (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

- 6. **Dispute Resolution.** Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures in the Franchise Agreement. Notwithstanding the foregoing, if any dispute resolution procedures in the Franchise Agreement conflict with any terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that your breach of this Agreement constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.**

7. **Miscellaneous.**

- (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Florida and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Any claim, defense or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.
- (d) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.
- (e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

In witness whereof, each of the undersigned has executed this Agreement as of the date or dates set forth below.

**OWNER / SPOUSE**

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

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

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

**OWNER / SPOUSE**

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

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

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

**OWNER / SPOUSE**

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

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

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

**OWNER / SPOUSE**

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

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

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

**ATTACHMENT "E"**  
**TO FRANCHISE AGREEMENT**  
**ACH AUTHORIZATION FORM**

[See Attached]

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**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

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**Franchisee Information:**

Franchisee Name

Business No.

Franchisee Mailing Address (street)

Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone number (if different from above)

Franchisee Fax No.

Franchisee Email Address

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**Bank Account Information:**

Bank Name

Bank Mailing Address (street, city, state, zip)

Bank Account No.

Checking  Savings  
(check one)

Bank Routing No. (9 digits)

Bank Mailing Address (city, state, zip)

Bank Phone No.

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**Authorization:**

Franchisee hereby authorizes Natural Life Franchise Corp. ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

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

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

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

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

Federal Tax ID Number: \_\_\_\_\_

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**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

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**ATTACHMENT "F"**  
**TO FRANCHISE AGREEMENT**  
**BRAND PROTECTION AGREEMENT**

[See Attached]

## BRAND PROTECTION AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Natural Life Franchise Corp., a Florida corporation, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Store, customers and business operations, whether collected by you, Franchisee, us or any other person.

“Competing Business” means any business that meets at least one of the following criteria: (a) any business that derives, or is reasonably expected to derive, at least 20% of its revenue from the sale of competitive products that are the same as or similar to the lifestyle and wellness products sold in our Stores; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competing Business does not include any Natural Life Store operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Store, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before the information was disclosed to you by us or Franchisee (or any person associated with us or Franchisee); (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Store.

“Franchisee” means the Natural Life franchisee for whom you are an officer, director, employee or independent contractor.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Store, (b) method of operation of a Store, (c) processes, systems or procedures utilized by a Store, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Store or (e) trademarks, service marks, logos or other intellectual property utilized by a Store, whether developed by you, Franchisee, us or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means and includes our (and our affiliates’) trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Store including, but not limited to: architectural plans, drawings and specifications for a prototype Store; site selection criteria; methods and techniques; standards and specifications; policies and procedures; supplier lists and

information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

“Manual” means our confidential brand standards manual for the operation of a Store.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Stores to use, including NATURAL LIFE WELLNESS BEGINS HERE and the associated logos. The Marks also include any distinctive trade dress used to identify a Store or the products it sells.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competing Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Store; (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Person to transfer their business from a Store to a competitor.

“Restricted Period” means: the two (2) year period after you cease to be an officer, director, employee or independent contractor of Franchisee; *provided, however*, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then Restricted Period means: the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee.

“Restricted Territory” means: the geographic area within: (a) a 15-mile radius from Franchisee’s Store (and including the Store’s premises itself); and (b) a 15-mile radius from all other Stores that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; *provided, however*, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means: the geographic area within a 10-mile radius from Franchisee’s Store (and including the Store’s premises itself).

“Store” means a retail store that: (a) operates using our Marks and System; and (b) offers and sells the lifestyle and wellness products that we designate or approve from time to time. A Store may refer to a Natural Life Store operated by us, our affiliate, Franchisee or any other person.

“System” means our system developed for the operation of a Store, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; assortment of high-quality wellness products; training programs; advertising and marketing strategies; merchandising strategies; and operating system.

2. **Background.** You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.

3. **Brand Protection Covenants.**

(a) Intellectual Property and Confidential Information. You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee’s Store; (ii) maintain the confidentiality of all Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an officer, director, employee or independent contractor of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and

sublicense the same.

- (b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are an officer, director, employee or independent contractor of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business is not located within, and does not use ecommerce or online channels of distribution to sell competitive products within, the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach.
- (c) Family Members. Because you could circumvent the purpose of this Agreement by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities or uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
- (d) Covenants Reasonable. You agree that: (i) the covenants in this Agreement are reasonable both in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with this Agreement. Although you and we both believe the covenants in this Agreement are reasonable, we may at any time unilaterally modify the terms of the brand protection covenants in §3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure that the covenants are enforceable under applicable law.
- (e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

#### **4. Miscellaneous.**

- (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Florida and the courts in that state shall have exclusive jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.
- (d) If you are a resident of Washington, D.C. as of the date you sign this Agreement, then the

noncompetition covenant set forth in this Agreement shall not be applicable to you and the definition of "Prohibited Activities" shall be deemed amended by deleting clause (a) from such definition.

This Brand Protection Agreement is executed as of the date or dates set forth below.

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

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

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

**ATTACHMENT "G"**  
**TO FRANCHISE AGREEMENT**  
**CONFIDENTIALITY AGREEMENT**

[See Attached]

## CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Natural Life Franchise Corp., a Florida corporation, and its successors and assigns (“us”), upon the terms and conditions set forth below.

**1. Definitions.** For purposes of this Agreement the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Store, customers and business operations, whether collected by you, Franchisee, us or any other person.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Store, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before the information was disclosed to you by us or Franchisee (or any person associated with us or Franchisee); (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Store.

“Franchisee” means the Natural Life franchisee for whom you are an officer, director, employee or independent contractor.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Store, (b) method of operation of a Store, (c) processes, systems or procedures utilized by a Store, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Store or (e) trademarks, service marks, logos or other intellectual property utilized by a Store, whether developed by you, Franchisee, us or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means and includes our (and our affiliates’) trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Store including, but not limited to: architectural plans, drawings and specifications for a prototype Store; site selection criteria; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

“Manual” means our confidential brand standards manual for the operation of a Store.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Stores to use, including NATURAL LIFE WELLNESS BEGINS HERE and the associated logos. The Marks also include any distinctive trade dress used to identify a Store or the products it sells.

“Store” means a retail store that: (a) operates using our Marks and System; and (b) offers and sells the

lifestyle and wellness products that we designate or approve from time to time. A Store may refer to a Natural Life Store operated by us, our affiliate, Franchisee or any other person.

“*System*” means our system developed for the operation of a Store, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; assortment of high-quality wellness products; training programs; advertising and marketing strategies; merchandising strategies; and operating system.

2. **Background.** You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.
3. **Intellectual Property and Confidential Information.** You agree to: (a) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee’s Store; (b) maintain the confidentiality of all Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing any Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an officer, director, employee or independent contractor of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.
4. **Family Members.** Because you could circumvent the purpose of this Agreement by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
5. **Breach.** You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.
6. **Miscellaneous.**
  - (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys’ fees and costs.
  - (b) This Agreement will be governed by, construed and enforced under the laws of Florida and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
  - (c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

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

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

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

**EXHIBIT "D"**  
**TO DISCLOSURE DOCUMENT**  
**AREA DEVELOPMENT AGREEMENT**

[See Attached]



# AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: \_\_\_\_\_  
DATE: \_\_\_\_\_

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ATTACHMENTS

ATTACHMENT "A"                      Deal Terms

## AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is entered into as of \_\_\_\_\_, 202\_\_ (the "Effective Date") between Natural Life Franchise Corp., a Florida corporation ("we" or "us") and \_\_\_\_\_, a(n) \_\_\_\_\_ ("you").

1. **DEFINITIONS.** Capitalized terms used in this Agreement shall have the meanings given to them below, or if not defined below, the meanings given to them in the Initial Franchise Agreement.

"Developer Entity" means the Entity that: (a) signs this Agreement as the area developer (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

"Development Business" means the franchised business you conduct pursuant to this Agreement consisting of developing and opening Stores within the Development Territory.

"Development Schedule" means the schedule described in §4.1 and Part C of ATTACHMENT "A" for the development of the Stores within the Development Territory.

"Development Territory" means the geographic area described in Part D of ATTACHMENT "A".

"Dispute" means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the area development rights; or (c) the relationship between the parties.

"Franchise Agreement" means a Natural Life Franchise Agreement executed by us and you (or your affiliate) for the development and operation of a Store pursuant to this Agreement.

"General Release" means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §7.2 in connection with a Transfer.

"Initial Franchise Agreement" means the Franchise Agreement you execute for the first Store to be developed pursuant to this Agreement.

"Initial Franchise Fee" means the initial franchise fee you pay for each Store as set forth in §5 of this Agreement.

"Owner" means a Person who meets any of the following criteria: (a) the Person directly signs this Agreement as the area developer, either alone or in conjunction with one or more other Persons; (b) the Person directly or indirectly through one or more intermediaries owns any Equity Interest in the Developer Entity (if the area developer under this Agreement is an Entity); (c) the Person directly signs a Franchise Agreement as the franchisee, either alone or in conjunction with one or more other Persons; and/or (d) the Person directly or indirectly through one or more intermediaries owns any Equity Interest in any affiliate of yours that executes a Franchise Agreement as authorized by §6.

"Permitted Transfer" means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner owning less than 10% of the ownership interests in the Development Business or Developer Entity, as applicable; and/or (b) a Transfer by the Owners to a newly established Developer Entity for which such Owners collectively own and control 100% of the Equity Interests.

"Store" means a retail store that: (a) operates using our Marks and System; and (b) offers and sells the lifestyle and wellness products that we designate or approve from time to time. A Store may refer to a Natural Life Store operated by us, our affiliate, you or any other Person.

"Term" means the period of time beginning on the Effective Date of this Agreement and expiring on the earlier to occur of: (a) the opening date listed in the Development Schedule for the last Store you are required to open; or (b) the date this Agreement is effectively terminated.

"Transfer" means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);

- (b) the area development rights granted by this Agreement (or any interest therein);
- (c) the Development Business you conduct pursuant to this Agreement (or any interest therein);
- (d) the right to manage a Store or occupy the Store's premises; or
- (e) an Equity Interest in the Developer Entity, including public and private offerings;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Developer Entity; foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner of the Developer Entity, including the Laws of intestate succession.

2. **GRANT OF DEVELOPMENT RIGHTS.** Subject to the terms of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Stores referred to in the Development Schedule. Each Store must be located within the Development Territory. This Agreement does not grant you any right or license to use our Intellectual Property.

3. **TERRITORIAL PROTECTIONS AND LIMITATIONS.** During the Term we will not develop or operate, or license a third party to develop or operate, a Store that is physically located within the Development Territory other than: (a) any Store that is operating, under development, or for which a franchise agreement has been executed, in each case as of the Effective Date, and that is (or will be) located within the Development Territory; and (b) any Store otherwise permitted by this Section. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Stores in Captive Venues located within the Development Territory; and (b) engage in Acquisitions even if, as a result of an Acquisition, one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within the Development Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Development Territory through Alternative Channels of Distribution, subject to any obligation to pay you a Revenue Share in accordance with the terms of a Franchise Agreement.

#### 4. **DEVELOPMENT OBLIGATIONS**

4.1. **Development Schedule.** You must develop, open and operate all Stores listed in the Development Schedule. You must develop and open each Store in strict compliance with the opening dates set forth in the Development Schedule. We may, in our sole discretion, extend one or more opening dates listed in the Development Schedule if you demonstrate to our satisfaction that you used best efforts to comply with the opening date and the need for the extension is due to unforeseeable delays rather than your lack diligence or funding. The opening date listed in the Development Schedule for a given Store may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule you must open each Store by the opening date listed in the Development Schedule even if such date is earlier than the opening date required by the associated Franchise Agreement.

4.2. **Site Selection.** You must select a specific site within the Development Territory for each Store in compliance with our then-current site selection criteria. Each site you select is subject to our prior approval in accordance with the applicable Franchise Agreement.

4.3. **Franchise Agreements.** You must sign a separate Franchise Agreement for each Store. You must sign the Initial Franchise Agreement for your first (1<sup>st</sup>) Store at the time you sign this Agreement. We will not review proposed sites for a Store until you sign the applicable Franchise Agreement for that Store. Each Franchise Agreement shall be our then-current form of Natural Life Franchise Agreement (modified to reflect the Discounted Initial Franchise Fee), the terms of which may vary materially and substantially from the terms of the Initial Franchise Agreement. The development fee paid pursuant to §5 shall be deemed to include and satisfy the Initial Franchise Fee imposed under each Franchise Agreement you sign for a Store identified in the Development Schedule. You have no right to construct or operate a Store until the parties have signed the Franchise Agreement and all ancillary agreements for that Store. You must develop, open and operate each Store in compliance with the Franchise Agreement and the Manual.

- 4.4. **Additional Stores.** You may not develop any Store other than the Stores listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms that we specify, after you develop all Stores listed in the Development Schedule in accordance with this Agreement.
5. **DEVELOPMENT FEE.** At the time you sign this Agreement you must pay us the development fee set forth in Part B of ATTACHMENT "A", which is calculated as the sum of the Initial Franchise Fees imposed for all Stores you are required to develop under this Agreement. The amount of the Initial Franchise Fee is: (a) \$40,000 for the first (1<sup>st</sup>) Store; (b) \$35,000 for the second (2<sup>nd</sup>) Store; and (c) \$30,000 per Store for each additional Store you develop pursuant to this Agreement. The development fee is fully earned and nonrefundable upon execution of this Agreement.
6. **AREA DEVELOPER AS ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of the Developer Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You may form a separate Entity to enter into each Franchise Agreement provided that: (a) the Person or Persons owning the Equity Interests (and the percentage of the Equity Interests owned) in each such Entity must be the same Person or Persons owning the Equity Interests (with the same percentage of the Equity Interests owned) in the Developer Entity; and (b) each such Entity guarantees the performance of all other Entities formed under the authority of this §6. Each Owner, and the spouse of each Owner, must sign a Franchise Owner Agreement.
7. **TRANSFERS**
- 7.1. **By Us.** This Agreement is fully assignable by us, without prior notice to you, and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.
- 7.2. **By You.** The rights and duties created by this Agreement are personal to you and the Owners. We are granting you area development rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold approval if all of the following conditions are satisfied:
- (i) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Stores to be developed under this Agreement and meets our minimum criteria for area developers;
  - (ii) you and your Owners and affiliates are in full compliance with all Definitive Agreements;
  - (iii) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;
  - (iv) the transferee and its owners sign our then-current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term shall be the Term remaining under this Agreement; (b) the transferee need not pay a separate development fee; and (c) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the Transfer);

- (v) you or the transferee pay us a \$10,000 transfer fee (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker, which amount shall be in addition to the transfer fee);
- (vi) you assign all Franchise Agreements to the transferee in accordance with the transfer provisions under each such Franchise Agreement, including payment of any transfer fee imposed under each such Franchise Agreement;
- (vii) you and your Owners sign a General Release;
- (viii) we choose not to exercise our right of first refusal described in §7.5; and
- (ix) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to our approval of the Transfer.

You may not: (a) transfer less than all area development rights remaining under this Agreement (i.e., you may not retain the right to develop any Store); or (b) transfer your area development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of: (a) any Claims we may have against the transferor; or (b) our right to demand the transferee comply with all terms of the area development agreement.

- 7.3. **Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was the Developer Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Developer Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) agree to sign all documents we reasonably request to effectuate and document the Permitted Transfer.
- 7.4. **Owner Death or Disability.** Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest in the Development Business or Developer Entity, as applicable, must be assigned to another Owner or to a third party we approve. Any assignment to a third party will be subject to all terms and conditions of §7.2 unless the assignment qualifies as a Permitted Transfer. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem that prevents him/her from substantially complying with his/her obligations under this Agreement for a continuous period of at least three (3) months.
- 7.5. **Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §7.2, including our approval of the transferee. However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

## 8. TERMINATION OF DEVELOPMENT RIGHTS

- 8.1. **Reasonableness.** You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for the development of the Stores within the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that any

breach of the Development Schedule is a material breach of this Agreement.

**8.2. Termination By Us.** We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and “good cause” for termination, and without opportunity to cure except for any cure period expressly set forth below:

- (i) if we terminate any Definitive Agreement due to a default committed by you or one of your Owners or affiliates; or
- (ii) if you or one of your Owners or affiliates breaches any provision of this Agreement or any other Definitive Agreement and fails to cure the breach within 30 days after receipt of a default notice from us.

**8.3. Effect of Termination.** The termination of this Agreement will end all of your rights and development obligations under this Agreement, including without limitation, your interests in the Development Territory and right to sign new Franchise Agreements or open additional Stores. We will not refund any portion of the development fee.

**9. DISPUTE RESOLUTION.** Any Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Initial Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

**10. REPRESENTATIONS.**

**10.1. Corporate Representations.** You and your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate’s) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and your Owners also jointly and severally represent and warrant to us that: (a) the Developer Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Developer Entity and shall be enforceable against the Developer Entity in accordance with its terms.

**10.2. Franchise Compliance Representations.** You and your Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.

**10.3. General Representations.** You and your Owners jointly and severally represent and warrant to us that: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.

**10.4. Anti-Terrorism Compliance.** You and your Owners jointly and severally represent and warrant to us that, to the best of your knowledge: (a) no property or interest owned by you or any Owner is subject to being “blocked” under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the

meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at [www.home.treasury.gov](http://www.home.treasury.gov)); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are ‘continuing’ representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

## 11. GENERAL PROVISIONS

- 11.1. Governing Law.** This Agreement and the franchise relationship are governed by the Laws of the State of Florida without reference to its principles of conflicts of law, but any Law of the State of Florida that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.
- 11.2. Severability.** Each section and subsection of this Agreement, and any portion thereof, shall be considered severable.
- 11.3. Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement (including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party’s failure to comply with such terms) by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other area developers; or (d) our acceptance of payments from you after your breach.
- 11.4. Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.
- 11.5. Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party’s failure to perform its obligations results from an event of Force Majeure; *provided, however,* that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.
- 11.6. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.
- 11.7. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire

understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

- 11.8. Covenant of Good Faith.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations that are inconsistent with the express terms of this Agreement. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other particular franchisee.
- 11.9. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.
- 11.10. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an ownership interest in the Development Business or Developer Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.
- 11.11. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.
- 11.12. Time of Essence.** Time is of the essence in this Agreement and every term thereof.
- 11.13. Notice.** All notices given under this Agreement must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.
- 11.14. Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

[Signature Page Follows]

The parties below have executed this Agreement effective as of the Effective Date first above written.

**FRANCHISOR:**

Natural Life Franchise Corp., a Florida corporation

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

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

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

**YOU (If you are an Entity):**

\_\_\_\_\_,

a(n) \_\_\_\_\_

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

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

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

**YOU (If you are not an Entity):**

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

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

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

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

**ATTACHMENT "A"**  
**TO AREA DEVELOPMENT AGREEMENT**  
**DEAL TERMS**

**A. Area Developer Details.**

Name of area developer: [ \_\_\_\_\_ ]

Is the area developer one or more natural Persons signing in their individual capacity? **Yes:** \_\_\_\_\_ **No:** \_\_\_\_\_

Type of Entity and State of Formation\* (if applicable): [ \_\_\_\_\_ ]

*\* If the area developer is a business Entity, each Person holding a direct or indirect Equity Interest in the Developer Entity, and spouse of each such Person who is a natural Person, must sign a Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each Person holding a direct or indirect ownership interest in the Business (or the Developer Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Attention: \_\_\_\_\_  
 Email: \_\_\_\_\_

**B. Development Fee.**

Your development fee is \$ \_\_\_\_\_.

**C. Development Schedule.**

You must comply with the following minimum development obligations as specified in §4 of the Agreement:

<b>DEVELOPMENT PERIOD ENDING</b>	<b>NUMBER OF STORES OPENED DURING DEVELOPMENT PERIOD</b>	<b>CUMULATIVE NUMBER OF STORES OPENED AND IN OPERATION</b>
1 year after Effective Date		
2 years after Effective Date		
3 years after Effective Date		
4 years after Effective Date		
5 years after Effective Date		
6 years after Effective Date		
7 years after Effective Date		
8 years after Effective Date		
9 years after Effective Date		
10 years after Effective Date		
Total Number of Stores to be Developed: [_____]		

**D. Development Territory.**

The Development Territory consists of, and shall be limited to, the following geographic area, as may be further depicted on a map attached below:

[\_\_\_\_\_]

If any zip codes, municipalities, or other boundaries that define your Development Territory change during the Term of the ADA, your Development Territory shall remain defined by the zip codes, municipalities or other boundaries that were in effect as of the Effective Date as depicted on the map below, unless otherwise agreed to by you and us in writing.

[Insert Map Below, if Applicable]

**EXHIBIT "E"**  
**TO DISCLOSURE DOCUMENT**  
**TABLE OF CONTENTS OF BRAND STANDARDS MANUAL**

[See Attached]

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The total number of pages in the Manual is 95.

**EXHIBIT "F"**  
**TO DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES**

**Part A (Current Franchisees)**

The following table lists franchisees that were open as of December 31, 2023.

<b>FRANCHISEES OPEN AS OF DECEMBER 31, 2023</b>				
<b>State</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>	<b>Owner Name(s)</b>
Arizona	Tempe	2240 N. Scottsdale Rd. Tempe, Arizona 85281	(480) 912-1945	Megan Joseph
Florida	Ocala	221 SW 10 <sup>th</sup> St. Ocala, Florida 34471	(352) 421-5010	Noorusaba Charania
Florida	Ocala	5400 SW College Rd., # 110 Ocala, Florida 34474	(352) 355-3040	Noorusaba Charania
Florida	Riverview	11268 Boyette Rd. Riverview, Florida 33569	(813) 392-2442	Brie Baker
Georgia	Atlanta	830 Glenwood Ave. SE, Ste. 520 Atlanta, Georgia 30316	(770) 758-0989	Dave Alford
Georgia	Alpharetta	4620 Kimball Bridge Rd. Alpharetta, Georgia 30005	(470) 275-6928	Lisa Hernet
Ohio	Columbus	1376 Polaris Pkwy. Columbus, Ohio 43240	(614) 396-8555	Kelley Ebert
Massachusetts	Boston	585 Massachusetts Ave. Boston, Massachusetts 02118	(857) 350-4069	Bill Schloth
Massachusetts	Newton	807 Washington St. Newton, Massachusetts 02460	(617) 702-1065	Noel Samu
Missouri	Florissant	2660 N. Highway 67 Florissant, Missouri 60333	(314) 475-3371	Kenneth K. Keys
Nevada	Las Vegas	10624 S. Eastern Ave., Ste. O Las Vegas, Nevada 89052	(725) 272-0069	Anja Wenzel
Tennessee	Brentwood	5006 Thoroughbred Lane Brentwood, Tennessee 37027	(615) 854-7038	Chris Pilato
Texas	Frisco	7151 Preston Rd., Ste. 111A Frisco, Texas 75034	(469) 888-4045	Arthur Solomon

\* These franchisees are also area developers that committed to open multiple franchised businesses under the terms of an area development agreement.

The following table lists franchisees with signed franchise agreements that were not open as of December 31, 2023.

<b>FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2023</b>				
<b>State</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>	<b>Owner Name(s)</b>
Florida	Gainesville	TBD	(404) 662-1464	Sadie Jourdain
Georgia	Atlanta	TBD	(508) 816-1136	Sean Reynolds & Anthony Baker*
New Jersey	Voorhees	TBD	(609) 206-2985	Ron Arculeo*
North Carolina	Durham	3511 Witherspoon Blvd., Ste. 101 Durham, North Carolina 27707	(914) 316-7948	Daniel Berlin
Oklahoma	Tulsa	TBD	(918) 625-7433	John Eakle

\* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement. Sean Reynolds and Anthony Baker signed an area development agreement for 5 units and Ron Arculeo signed an area development agreement for 3 units.

**Part B (Former Franchisees Who Left System During Prior Fiscal Year)**

<b>State</b>	<b>City</b>	<b>Current Business Phone or Last Known Home Phone</b>	<b>Owner Name(s)</b>
None			

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

**EXHIBIT "G"**  
**TO DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

*[See Attached]*

**NATURAL LIFE FRANCHISE CORP**

**Financial Statements  
December 31, 2023  
(With independent auditors' report)**

**NATURAL LIFE FRANCHISE CORP**  
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**December 31, 2023**

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**Independent Auditors' Report**

To the Board of Directors  
Natural Life Franchise Corp

**Opinion**

We have audited the financial statements of Natural Life Franchise Corp (the "Company"), which comprise the balance sheets as of December 31, 2023 and December 31, 2022 and the related statements of income and changes in retained earnings and cash flows for the years then ended and the related notes to the financial statements.

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

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

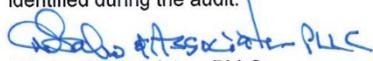
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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



DiSalvo & Associates, PLLC  
West Palm Beach, FL  
April 18, 2023

**Natural Life Franchise Corp**  
**Balance Sheets**  
**As of December 31,**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 15,749	\$ 88,716
Accounts receivable	866	32,500
Advances to affiliates	5,528	8,901
Total current assets	<u>22,143</u>	<u>130,117</u>
Fixed assets-net	2,580	3,114
Intangible assets-net	<u>25,452</u>	<u>27,976</u>
<b>Total assets</b>	<b><u>\$ 50,175</u></b>	<b><u>\$ 161,207</u></b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 17,250	\$ 3,061
Credit card payable	44,733	32,354
Accrued expense	47,348	45,229
Due to affiliates	16,032	88,686
Unearned income	113,400	248,161
Total current liabilities	<u>238,763</u>	<u>417,491</u>
Long-term liabilities:		
Notes payable	<u>325,000</u>	<u>200,000</u>
Total long-term liabilities	<u>325,000</u>	<u>200,000</u>
<b>Total Liabilities</b>	<b><u>563,763</u></b>	<b><u>617,491</u></b>
Stockholders' equity:		
Common Stock 30.000 shares authorized, 13,310 and 11,136 issued and outstanding repectively par value \$0.001 per share	16	13
Preferred Stock 10.000 shares authorized 0 issued and outstanding par value \$0.001 per share	-	-
Paid in capital in excess of par	986,146	598,323
Retained Earnings (Deficit)	<u>(1,499,750)</u>	<u>(1,054,620)</u>
<b>Total stockholders' equity</b>	<b><u>(513,588)</u></b>	<b><u>(456,284)</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 50,175</u></b>	<b><u>\$ 161,207</u></b>

READ INDEPENDENT ACCOUNTANTS' AUDIT REPORT AND NOTES TO THE FINANCIAL STATEMENTS

**Natural Life Franchise Corp**  
**Statements of Income and Changes in Retained Earnings**  
**For the years ended December 31,**

	<u>2023</u>	<u>2022</u>
<b>Revenue:</b>		
Franchise fee revenue	\$ 252,261	\$ 85,539
Leafly Fee	5,600	-
Marketing royalty income	62,425	45,451
Non-Sufficient-Funds	43	-
POS system fee	35,314	15,786
Sales royalty income	166,245	138,934
Technology Fee	480	-
	<u>522,368</u>	<u>285,710</u>
<b>Expenses:</b>		
Dues and subscriptions	69,871	47,681
Franchise brokerage fee	60,000	113,700
Payroll expenses	379,972	421,491
Other general and administrative expenses	457,655	307,041
	<u>967,498</u>	<u>889,912</u>
<b>Net income (loss) from operations</b>	<b>(445,130)</b>	<b>(604,203)</b>
Other income - Payroll Protection Program	-	-
<b>Net income (loss)</b>	<b>(445,130)</b>	<b>(604,203)</b>
Beginning Retained Earnings	<u>(1,054,620)</u>	<u>(450,417)</u>
<b>Ending Retained Earnings</b>	<b><u>\$ (1,499,750)</u></b>	<b><u>\$ (1,054,620)</u></b>

READ INDEPENDENT ACCOUNTANTS' AUDIT REPORT AND NOTES TO FINANCIAL STATEMENTS

**Natural Life Franchise Corp**  
**Other General and Administrative Expenses**  
**For the years ended December 31,**

	<u>2023</u>	<u>2022</u>
<b>Other general and administrative expenses:</b>		
Accounting	\$ 37,363	\$ 32,779
Amortization	2,524	2,524
Annual Audit	11,200	-
Advertising and marketing	87,816	34,986
Bad debt expense	-	13,381
Bank charges and fees	2,719	2,481
Broker subscriptions	28,667	42,037
Car and truck	-	12,422
Contractors	91,270	42,572
Commissions	32,100	-
Consulting expense	3,975	5,000
Depreciation expense	534	534
Insurance	226	-
Interest	31,062	3,219
Legal and professional Services	58,001	66,965
Meals and entertainment	16,798	6,621
Office supplies and software	10,915	11,802
Postage & shipping	791	141
Rent	-	481
Repairs and maintenance	-	964
Taxes and licenses	3,711	2,741
Telecommunications	895	1,018
Trade shows	-	4,619
Travel expenses	37,089	19,395
Uniforms	-	358
<b>Total other general and administrative expenses</b>	<b>\$ 457,655</b>	<b>\$ 307,041</b>

READ INDEPENDENT ACCOUNTANTS' AUDIT REPORT AND NOTES TO FINANCIAL STATEMENTS

Natural Life Franchise Corp  
 Statements of Changes in Stock and Paid in Capital  
 For the years ended December 31,

	2021		Additions		Reductions		2022		
	\$	#	\$	#	\$	#	\$	#	
Common Stock par value of \$0.001 per share	\$ 11	11,136		2	2,174	-	-	\$ 13	13,310
Total	\$ 11	11,136		2	2,174	-	-	\$ 13	13,310
Paid in capital in excess of par	\$ 381,325	-	\$ 216,998	-	-	-	-	\$ 598,323	-
Total	381,325	-	216,998	-	-	-	-	598,323	-
Total Stock and Paid in Capital	\$ 381,336	\$ -	\$ 217,000	-	\$ -	-	-	\$ 598,336	-

	2022		Additions		Reductions		2023		
	\$	#	\$	#	\$	#	\$	#	
Common Stock par value of \$0.001 per share	\$ 13	13,310		3	4,087	-	500.00	\$ 16	16,897
Total	\$ 13	13,310		3	4,087	-	500.00	\$ 16	16,897
Paid in capital in excess of par	\$ 598,323	-	\$ 387,823	-	-	-	-	\$ 986,146	-
Total	598,323	-	387,823	-	-	-	-	986,146	-
Total Stock and Paid in Capital	\$ 598,336	\$ -	\$ 387,826	-	\$ -	-	-	\$ 986,162	-

READ INDEPENDENT ACCOUNTANTS' AUDIT REPORT AND NOTES TO FINANCIAL STATEMENTS

**Natural Life Franchise Corp**  
**Statements of Cash Flows**  
**For the year ended December 31,**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net loss	\$ (445,130)	\$ (604,203)
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation and amortization	3,058	3,058
(Increase) decrease in:		
Accounts receivable	31,634	(16,489)
Loans receivable	3,374	(1,032)
Increase (decrease) in:		
Accounts payable	14,189	2,383
Credit card payable	12,379	-21038
Accrued expense	2,120	45229
Unearned income	(134,761)	184,461
<b>Net cash provided (used) by operating activities</b>	<u><b>(513,138)</b></u>	<u><b>(407,631)</b></u>
Cash flows from investing activities:		
Purchase of fixed assets	-	-
<b>Net cash provided (used) by investing activities</b>	<u><b>-</b></u>	<u><b>-</b></u>
Cash flows from financing activities:		
Notes payable	125,000	200,000
Due to affiliates	(72,654)	69,673
Common stock par value of \$0.001 per share	3	2
Additional paid-in-capital	387,823	216,998
<b>Net cash provided (used) by financing activities</b>	<u><b>440,171</b></u>	<u><b>486,673</b></u>
<b>Net increase (decrease) in cash</b>	<b>(72,967)</b>	<b>79,042</b>
Cash, Beginning of year	<u>88,716</u>	<u>9,674</u>
<b>Cash, End of year</b>	<u><b>\$ 15,749</b></u>	<u><b>\$ 88,716</b></u>

READ INDEPENDENT ACCOUNTANTS' AUDIT REPORT AND NOTES TO FINANCIAL STATEMENTS

**NATURAL LIFE FRANCHISE CORP**  
**Notes to the Financial Statement**  
**December 31, 2023**

**NOTE A – Organization**

Natural Life Franchise Corp (The “Company”) was organized on May 10, 2019, under the laws of the State of Florida. The company sells franchises for the operation of a retail business offering CBD, Kratom, Kava, and related products under the name “Natural Life CBD/Kratom/Kava” trademark. The Company has 22 franchises in good standing as of December 31, 2023 in 8 states.

**Note B - Summary of significant accounting policies**

**Basis of presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Revenue recognition**

The Company adopted FASB ASU No 2020-05 Revenue from Contracts with Customers (Topic 606) for recognizing revenue for contracts with its customers.

The company enters into franchise agreements with its customers which covers services to be provided by the Company and charges and fees to be paid by the customers.

Franchisees pay an initial franchise fee that covers certain aspects of initial services to be provided by the Company including site selection assistance, lease assistance, plans and specifications, inventory control systems, lists, forms and schedules, employee information and assistance, basic management training, loan of manuals, pre-opening inspections, pre-opening on site training, opening supervisor, grand opening assistance, continued assistance and support.

The Company measures the percentage of obligations under each franchise agreement by category and recognizes franchise fee income based on the percentage of services provided in each reporting period to each franchisee.

In addition to the initial franchise fee franchisees pay royalty fees, marketing fund contributions, technology fees, secret shopper fees, convention fee, design fees, re-inspection fees and mentor fees.

The additional fees are recorded as invoiced mostly on a weekly based on the sales of each franchise location for the royalties and marketing fees which are based on sales of each franchisee.

**NATURAL LIFE FRANCHISE CORP**  
**Notes to the Financial Statement**  
**December 31, 2023**

**Cash and cash equivalents**

For purposes of the statement of cash flows, the Company defines cash and cash equivalents as cash and all short-term investments with an original maturity of three months or less to be cash equivalents.

**Fixed Assets**

The company recorded fixed and intangible assets at cost. Depreciation and amortization are provided over the estimated useful lives of the assets using the straight-line method. As of December 31, 2023 and 2022 net fixed and intangible assets were \$32,032 and \$31,090 respectively.

**Income taxes**

The Company is organized as a Corporation and has elected to be taxed as a S Corporation starting January 1, 2020 under the provisions of the Internal Revenue Code section whereby the members report their proportionate share of the Company's income, losses and tax credits on their individual tax returns. The Company revoked the S Corp election in August of 2022 and is now treated as a C Corporation for the balance of 2022 and future years. The Company will file its final return for the period ended August 28, 2022 as a S Corporation for the short period.

The Company's income tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they are required to be filed. The Company's tax returns for the years ended December 31, 2020 through 2023 remain subject to examination by major tax jurisdictions.

**Pervasiveness 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Advertising and marketing**

Advertising costs are expensed when incurred. Advertising costs were \$87,816 and \$34,986 for the years ended December 31, 2023 and 2022 respectively.

**Interest**

Interest is expensed as incurred. Interest expense was \$31,062 and \$3,219 for the years ended December 31, 2023 and 2022 respectively.

**NATURAL LIFE FRANCHISE CORP**  
**Notes to the Financial Statement**  
**December 31, 2023**

**NOTE C - Accounts receivable**

Accounts receivable consist of balances due from franchise fees and are reflected at their net realizable value. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible. Management determines the allowance for doubtful accounts by evaluating individual customer accounts by considering the customer's financial condition, credit history and the current economic conditions. At December 31, 2023 and December 31, 2022, the allowance for doubtful accounts was \$0. For the year ended December 31, 2023 and 2022 accounts receivable were \$866 and \$32,500 respectively. Bad debt expense for 2023 and 2022 were \$0 and \$13,381 respectively.

**NOTE D – Fixed Assets**

The fixed assets are summarized by major classifications as follows:

	<u>2023</u>	<u>2022</u>
Fixed Assets		
Classroom	3,737	3,737
Less Accumulated Depreciation	<u>(1,157)</u>	<u>(623)</u>
Total Fixed Assets	<u>2,580</u>	<u>3,114</u>
Intangible Assets		
Start Up Costs	30,361	30,361
Website	7,500	7,500
Less Accumulated Amortization	<u>(12,409)</u>	<u>(9,885)</u>
Total Intangible Assets	<u>25,452</u>	<u>27,976</u>
Total Fixed and Intangible Assets	<u>\$ 28,032</u>	<u>\$ 31,090</u>

**NOTE E - Loans receivable – affiliate**

The Company makes advances from time to time to its various affiliates. The advances are used to fund working capital needs of the affiliate and are unsecured and non-interest bearing with no predetermined maturity dates.

**NOTE F - Franchises**

The Company's activity regarding its franchises for the year ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Franchises January 1	21	14
New Franchises sold	3	8
Franchises closed	<u>-2</u>	<u>-1</u>
Franchises December 31	<u>22</u>	<u>21</u>

**NATURAL LIFE FRANCHISE CORP**  
**Notes to the Financial Statement**  
**December 31, 2023**

The company as of December 31, 2023, has signed a total of 25 franchises, less 3 closures for a net of 22 franchisees that are in good standing.

**NOTE G - Income Taxes**

As noted above the company became a C Corporation for income tax reporting purposes in August 2022 and is subject to federal and state income taxes on its income. Since the Company incurred a net operating loss for the period after the S Corp election was revoked there is no provision made for federal and state income taxes for the year. Further since the likelihood of future profitability cannot be determined at this time there is no income tax benefit recorded for the potential future tax benefit for the net operating loss carry forward.

**NOTE H - Notes Payable**

The Company has notes payable in the amount of \$325,000 and \$200,000 as of December 31, 2023 and 2022 respectively. The notes carry an interest rate of 15%, interest only, and the maturity date is January 1, 2026.

**NOTE I - Related Parties**

During the years ended December 31, 2023 and 2022, the Company had transactions with entities related through common ownership and also with its members. Following is a summary of transactions with these related entities:

1. Multiple franchises were owned by related parties and its members. Royalties earned from these entities were \$94,001 in 2023 and \$103,356 in 2022.
2. The Company charges weekly advertising and marketing contribution of 2% of gross revenue to related parties totaling \$37,600 for 2023, and \$36,817 for 2022.
3. The Company has made non-interest-bearing loans to related parties. The balances due of the loans receivable from affiliates at December 31, 2023 were \$5,528 and \$8,901 at December 31, 2022.
4. The Company has received non-interest-bearing loans from related parties. The balances due of the loans payable to affiliates at December 31, 2023 were \$15,251 and \$24,714 at December 31, 2022.
5. The Company uses facilities owned by related parties for meetings or training, the company is not charged for the use of this space.

**NOTE J - Commitments and Contingencies**

One of the Company's affiliates provides products for resale to the Company's franchisees. Should the affiliate not be able to supply these products to franchisees due to non-availability of the products, the Company's franchisees would need to source these products from alternate sources. If the franchisees are not able to source these products from another source, or at

**NATURAL LIFE FRANCHISE CORP**  
**Notes to the Financial Statement**  
**December 31, 2023**

prices similar to those offered by the Company's affiliate, the revenues of the Company's future revenue may be negatively impacted.

**NOTE K - Subsequent Events**

The company has evaluated events and transactions for potential recognition and disclosures through April 18, 2024, the date the audit report was available to be issued. Per management there are no subsequent events that need to be disclosed.

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**NATURAL LIFE FRANCHISE CORP**

**Financial Statements  
December 31, 2022  
(With independent auditors' report)**

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**NATURAL LIFE FRANCHISE CORP**  
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ASSOCIATES, PLLC**

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**Independent Auditors' Report**

To the Board of Directors  
Natural Life Franchise Corp

**Opinion**

We have audited the financial statements of Natural Life Franchise Corp (the "Company"), which comprise the balance sheets as of December 31, 2022 and December 31, 2021 and the related statements of income and changes in retained earnings and cash flows for the years then ended. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern as of December 31, 2022.

**Auditor's Responsibilities for the Audit of the Financial Statements**

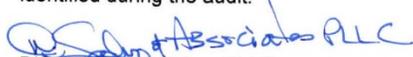
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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



DiSalvo & Associates, PLLC  
West Palm Beach, FL  
February 28, 2023

**Natural Life Franchise Corp**  
**Balance Sheets**  
**As of December 31,**

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 88,716	\$ 9,674
Accounts receivable	32,500	16,010
Advances to affiliates	8,901	7,869
Total current assets	<u>130,118</u>	<u>33,553</u>
Fixed assets-net	3,114	3,648
Intangible assets-net	<u>27,976</u>	<u>30,500</u>
Total other assets	<u>31,090</u>	<u>34,147</u>
<b>Total assets</b>	<b><u>\$ 161,207</u></b>	<b><u>\$ 67,701</u></b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 3,061	\$ 678
Credit card payable	32,354	53,392
Accrued expense	45,229	-
Due to affiliates	88,686	19,012
Unearned income	248,161	63,700
Total current liabilities	<u>417,491</u>	<u>136,782</u>
Long-term liabilities:		
Loan advances payable	<u>200,000</u>	-
Total long-term liabilities	<u>200,000</u>	-
<b>Total Liabilities</b>	<b><u>617,491</u></b>	<b><u>136,782</u></b>
Stockholders' equity:		
Common Stock 30.000 shares authorized, 13,310 and 11,136 issued and outstanding repectively par value \$0.001 per share	13	11
Preferred Stock 10.000 shares authorized 0 issued and outstanding par value \$0.001 per share	-	-
Paid in capital in excess of par	598,323	381,325
Retained Earnings (Deficit)	<u>(1,054,620)</u>	<u>(450,417)</u>
<b>Total stockholders' equity</b>	<b><u>(456,284)</u></b>	<b><u>(69,081)</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 161,207</u></b>	<b><u>\$ 67,701</u></b>

READ INDEPENDENT ACCOUNTANTS' AUDIT REPORT AND NOTES TO THE FINANCIAL STATEMENTS

**Natural Life Franchise Corp**  
**Statements of Income and Changes in Retained Earnings**  
**For the years ended December 31,**

	<u>2022</u>	<u>2021</u>
<b>Revenue:</b>		
Franchise fee revenue	\$ 85,539	\$ 131,500
Marketing royalty income	45,451	44,197
POS system fee	15,786	-
Sales royalty income	<u>138,934</u>	<u>69,411</u>
<b>Total Revenue</b>	<b><u>285,710</u></b>	<b><u>245,108</u></b>
<b>Expenses:</b>		
Dues and subscriptions	47,681	2,017
Franchise brokerage fee	113,700	41,750
Payroll expenses	421,491	104,189
Other general and administrative expenses	307,041	195,584
Total general and administrative expenses	<u>889,912</u>	<u>343,540</u>
<b>Net income (loss) from operations</b>	<b><u>(604,203)</u></b>	<b><u>(98,432)</u></b>
Other income - Payroll Protection Program	<u>-</u>	<u>14,700</u>
<b>Net income (loss)</b>	<b><u>(604,203)</u></b>	<b><u>(83,732)</u></b>
Beginning Retained Earnings	<u>(450,417)</u>	<u>(366,685)</u>
<b>Ending Retained Earnings</b>	<b><u><u>\$ (1,054,620)</u></u></b>	<b><u><u>\$ (450,417)</u></u></b>

READ INDEPENDENT ACCOUNTANTS' AUDIT REPORT AND NOTES TO FINANCIAL STATEMENTS

**Natural Life Franchise Corp**  
**Other General and Administrative Expenses**  
**For the years ended December 31,**

	<u>2022</u>	<u>2021</u>
<b>Other general and administrative expenses:</b>		
Accounting	\$ 32,779	\$ 14,950
Amortization	2,524	2,524
Advertising and marketing	34,986	28,567
Bad debt expense	13,381	-
Bank charges and fees	2,481	860
Broker subscriptions	42,037	-
Car and truck	12,422	172
Contractors	42,572	523
Commissions	-	2,500
Consulting expense	5,000	-
Depreciation expense	534	89
Employee leasing	-	33,973
Insurance	-	368
Interest	3,219	1,000
Legal and professional Services	66,965	71,921
Meals and entertainment	6,621	7,261
Office supplies and software	11,802	14,626
Postage & shipping	141	-
Rent	481	658
Repairs and maintenance	964	1,704
Reimbursements	-	1,458
Taxes and licenses	2,741	2,225
Telecommunications	1,018	-
Trade shows	4,619	-
Travel expenses	19,395	9,385
Uniforms	358	643
Utilities	-	175
	<u>          </u>	<u>          </u>
<b>Total other general and administrative expenses</b>	<b><u>\$ 307,041</u></b>	<b><u>\$ 195,584</u></b>

READ INDEPENDENT ACCOUNTANTS' AUDIT REPORT AND NOTES TO FINANCIAL STATEMENTS

**Natural Life Franchise Corp**  
**Statements of Changes in Stock and Paid in Capital**  
**For the years ended December 31,**

	2021		Additions		Reductions		2022	
	\$	#	\$	#	\$	#	\$	#
Common Stock par value of \$0.001 per share	\$ 11.14	11,136	2.17	2,174	-	-	\$ 13.31	13,310
Total	\$ 11.14	11,136	\$ 2.17	2,174	\$ -	-	\$ 13.31	13,310
Paid in capital in excess of par	\$ 381,325	-	\$ 216,998	-	-	-	\$ 598,323	-
Total	381,325	-	216,998	-	-	-	598,323	-
Total Stock and Paid in Capital	\$ 381,336	\$ -	\$ 217,000	-	\$ -	-	\$ 598,336	-

READ INDEPENDENT ACCOUNTANTS' AUDIT REPORT AND NOTES TO FINANCIAL STATEMENTS

**Natural Life Franchise Corp**  
**Statements of Cash Flows**  
**For the year ended December 31,**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (604,203)	\$ (83,732)
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation and amortization	3,058	2,613
(Increase) decrease in:		
Accounts receivable	(16,489)	(15,953)
Loans receivable	(1,032)	(7,869)
Increase (decrease) in:		
Accounts payable	2,383	40,130
Credit card payable	(21,038)	
Accrued expense	45,229	
Unearned income	184,461	-
<b>Net cash provided (used) by operating activities</b>	<u><b>(407,631)</b></u>	<u><b>(64,812)</b></u>
Cash flows from investing activities:		
Purchase of fixed assets	-	(3,737)
<b>Net cash provided (used) by investing activities</b>	<u><b>-</b></u>	<u><b>(3,737)</b></u>
Cash flows from financing activities:		
Loan advances payable	200,000	-
Due to affiliates	69,673	(54,954)
Common stock par value of \$0.001 per share	2	11
Additional paid-in-capital	216,998	130,589
<b>Net cash provided (used) by financing activities</b>	<u><b>486,673</b></u>	<u><b>75,646</b></u>
<b>Net increase (decrease) in cash</b>	<b>79,042</b>	<b>7,098</b>
Cash, Beginning of year	<u>9,674</u>	<u>2,576</u>
<b>Cash, End of year</b>	<u><b>\$ 88,716</b></u>	<u><b>\$ 9,674</b></u>

READ INDEPENDENT ACCOUNTANTS' AUDIT REPORT AND NOTES TO FINANCIAL STATEMENTS

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**NATURAL LIFE FRANCHISE CORP**  
**Notes to the Financial Statement**  
**December 31, 2022**

**NOTE A – Organization**

Natural Life Franchise Corp (The “Company”) was organized on May 10, 2019, under the laws of the State of Florida. The company sells franchises for the operation of a retail business offering CBD, Kratom, Kava, and related products under the name “Natural Life CBD/Kratom/Kava” trademark. The Company has sold 21 franchises as of December 31, 2022 in 8 states.

**Note B - Summary of significant accounting policies**

**Basis of presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Revenue recognition**

Franchisees pay an initial franchise fee for a license to operate a Natural Life CBD/Kratom/Kava franchise at a specific site within a protected geographic territory. Payment must be made in a lump sum at the time of signing the deposit receipt, the franchise fee is fully refundable for a period of 30 calendar days from the date of the deposit receipt, if the company and the franchisee do not enter into a franchise agreement acceptable to both parties within such 30-day period is considered earned and nonrefundable at that time. The initial term of the franchise is for ten years with an additional renewable term of ten years if the franchisee is in good standing.

Pursuant to the various franchise agreements, franchisees are required to pay the Company royalties, advertising and marketing fee and a technology fee.

Royalties are based on a percentage of sales ranging from the greater of 5% of Gross Revenues or \$200 per week for the first year; the greater of 5% of Gross Revenues or \$300 per week for the second year; and the greater of 5% of Gross Revenues or \$400 per week thereafter.

Advertising and Marketing Contribution of 2% of Gross Revenues.

Technology Fee of \$40.00 per week.

Royalties, advertising and marketing fees are based on a percentage of each franchisee's gross revenue. These are recognized directly as revenue, on a monthly basis.

Franchise fees are recorded as income upon completion of the significant obligations of the Company under the franchise license agreement. These obligations consist of assistance in the leasing process and issuance of licenses and permits required for the opening, advice with the construction, remodeling and decoration of the physical location, provision of a classroom for training and support and guidance of a representative in the first two days of opening.

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**NATURAL LIFE FRANCHISE CORP**  
**Notes to the Financial Statement**  
**December 31, 2022**

**Cash and cash equivalents**

For purposes of the statement of cash flows, the Company defines cash and cash equivalents as cash and all short-term investments with an original maturity of three months or less to be cash equivalents.

**Fixed Assets**

The company recorded fixed and intangible assets at cost. Depreciation and amortization are provided over the estimated useful lives of the assets using the straight-line method. As of December 31, 2022 and 2021 net fixed assets were \$31,090 and \$34,147 respectively.

**Income taxes**

The Company is organized as a Corporation and has elected to be taxed as a S Corporation starting January 1, 2020 under the provisions of the Internal Revenue Code section whereby the members report their proportionate share of the Company's income, losses and tax credits on their individual tax returns. The Company revoked the S Corp election in August of 2022 and is now treated as a C Corporation for the balance of 2022 and future years. The Company will file its final return for the period ended August 28, 2022 as a S Corporation for the short period.

The Company's income tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they are required to be filed. The Company's tax returns for the years ended December 31, 2019 through 2022 remain subject to examination by major tax jurisdictions.

**Pervasiveness 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Advertising and marketing**

Advertising costs are expensed when incurred. Advertising costs were \$34,986 and \$28,267 for the years ended December 31, 2022 and 2021 respectively.

**Interest**

Interest is expensed as incurred. Interest expense was \$3,219 and \$1,000 for the years ended December 31, 2022 and 2021 respectively.

**NOTE C - Restatement of 2021 Financial Statements**

**The 2021 financial statements in this report have been restated to correct an error that was discovered after the original audit report was issued. The error was related to the amount of revenue recognized for franchise fee income. The correction resulted in reducing**

**NATURAL LIFE FRANCHISE CORP**  
**Notes to the Financial Statement**  
**December 31, 2022**

retained earnings by \$63,700 and increasing unearned income due to certain obligations of the franchisor that still needed to be provided by the franchisor to the franchisees under signed franchise agreements as of December 31, 2021.

**NOTE D - Accounts receivable**

Accounts receivable consist of balances due from franchise fees and are reflected at their net realizable value. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible. Management determines the allowance for doubtful accounts by evaluating individual customer accounts by considering the customer's financial condition, credit history and the current economic conditions. At December 31, 2021 and December 31, 2022, the allowance for doubtful accounts was \$0. For the year ended December 31, 2022 and 2021 accounts receivable were \$32,500 and \$16,010 respectively. Bad debt expense for 2022 and 2021 were \$13,381 and \$0 respectively.

**NOTE E – Fixed Assets**

The fixed assets are summarized by major classifications as follows:

	2022	2021
Fixed Assets		
Classroom	3,737	3,737
Less Accumulated Depreciation	<u>(623)</u>	<u>(89)</u>
Total Fixed Assets	<u>3,114</u>	<u>3,648</u>
Intangible Assets		
Start Up Costs	30,361	30,361
Website	7,500	7,500
Less Accumulated Amortization	<u>(9,885)</u>	<u>(7,361)</u>
Total Intangible Assets	<u>27,976</u>	<u>30,500</u>
Total Fixed and Intangible Assets	<u>\$ 31,090</u>	<u>\$ 34,147</u>

**NOTE F - Loans receivable – affiliate**

The Company makes advances from time to time to its various affiliates. The advances are used to fund working capital needs of the affiliate and are unsecured and non-interest bearing with no predetermined maturity dates.

**NOTE G - Franchises**

The Company's activity regarding its franchises for the year ended December 31, 2022 is as follows:

Franchises at December 31, 2021	14
New Franchises sold in 2022	8
Franchises closed	<u>(1)</u>
Franchises sold at December 31, 2022	<u>21</u>

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**NATURAL LIFE FRANCHISE CORP**  
**Notes to the Financial Statement**  
**December 31, 2022**

**NOTE H - Income Taxes**

As noted above the company became a C Corporation for income tax reporting purposes in August 2022 and is subject to federal and state income taxes on its income. Since the Company incurred a net operating loss for the period after the S Corp election was revoked there is no provision made for federal and state income taxes for the year. Further since the likelihood of future profitability cannot be determined at this time there is no income tax benefit recorded for the potential future tax benefit for the net operating loss carry forward.

**NOTE I - Loan Advances Payable**

The Company received advances in the amount of \$200,000 as of December 31, 2022. The advances were from third parties as part of negotiations for a more long term credit relationship. The advances do not bear interest and have no definite due date. The understanding with the potential creditors is that the advances will be repaid once the longer term credit facility is finalized. See subsequent Events footnote for further details.

**NOTE J - Related Parties**

During the years ended December 31, 2022 and 2021, the Company had transactions with entities related through common ownership and also with its members. Following is a summary of transactions with these related entities:

1. Multiple franchises were owned by related parties and its members. Royalties earned from these entities were \$103,356 in 2022 and \$48,419 in 2021.
2. The Company charges weekly advertising and marketing contribution of 2% of gross revenue to related parties totaling \$36,817 for 2022, and \$43,129 for 2021.
3. The Company has made non-interest-bearing loans to related parties. The balances due of the loans receivable from affiliates at December 31, 2022 were \$8,901 and \$7,869 at December 31, 2021.
4. The Company has received non-interest-bearing loans from related parties. The balances due of the loans payable to affiliates at December 31, 2022 were \$24,714 and \$4,137 at December 31, 2021.
5. The Company uses facilities owned by related parties for meetings or training, the company is not charged for the use of this space.

**NOTE K - Commitments and Contingencies**

One of the Company's affiliates provides products for resale to the Company's franchisees. Should the affiliate not be able to supply these products to franchisees due to non-availability of the products, the Company's franchisees would need to source these products from alternate sources. If the franchisees are not able to source these products from another source, or at prices similar to those offered by the Company's affiliate, the revenues of the Company's future revenue may be negatively impacted.

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**NATURAL LIFE FRANCHISE CORP**  
**Notes to the Financial Statement**  
**December 31, 2022**

**NOTE L - Subsequent Events**

The company has evaluated events and transactions for potential recognition and disclosures through February 24, 2022, the date the audit report was available to be issued. Following are subsequent events management believes need to be disclosed:

1. Debt issuance: On January 1, 2023 the company obtained funding on promissory notes in the aggregate amount of \$325,000 at an annual interest rate of 15% maturing in 2026. The promissory notes require payments of interest only on a monthly basis. The funds will be used for working capital needed to fund the Company's expansion plans.
2. Warrants issued: On January 1, 2023 the Company entered into warrant agreements with three parties for the issuance equity interests in the Company equal to 13% of the outstanding shares the Company at the time of the exercise of the warrants. The warrants may be exercised at the option of the warrant holder for an indefinite period of time.

**EXHIBIT "H"**  
**TO DISCLOSURE DOCUMENT**  
**OTHER AGREEMENTS**

**EXHIBIT “H”-1**

**STATE ADDENDA**

[See Attached]

**STATE ADDENDA AND AMENDMENTS TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES**

**BACKGROUND AND PURPOSE**

The following modifications are made to the Natural Life Franchise Disclosure Document (“FDD” or “Disclosure Document”) issued by Natural Life Franchise Corp. (“we” or “us” or “franchisor”) to franchisee (“you” or “franchisee”) and may supersede certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_, 202\_\_ (the “Franchise Agreement”). When the term “Supplemental Agreements” is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the applicable state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

## CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. California Business and Professions Code 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.
2. 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.).
3. 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.
4. The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.
5. Neither the Franchisor nor any person or franchise broker identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.
6. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form and containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
7. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.
8. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. The Franchise Agreement requires binding arbitration. The arbitration will occur in Florida or such other place designated by the Franchisor, with the costs being borne by the party instituting the arbitration procedure, and each party being responsible for their own attorney fees; however, the arbitrator has the discretion to award costs of the arbitration, including reasonable attorney fees against either or both parties in such proportion as the arbitrators determine. 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 the franchise agreement restricting venue to a forum outside the State of California.
10. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov)

11. The Franchise Agreement contains a waiver of punitive damages and a waiver of jury trial. These provisions may not be enforceable under California law.

12. The highest interest rate allowed by law in California is 10% per year.

13. The financial performance representation does 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 franchise business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.

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

15. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

16. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

17. Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

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

## CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

1. California Business and Professions Code 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.
2. 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.).
3. The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.
4. Neither the Franchisor nor any person or franchise broker identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.
5. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form and containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
6. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.
7. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
8. The Franchise Agreement requires binding arbitration. The arbitration will occur in Florida or such other place designated by the Franchisor, with the costs being borne by the party instituting the arbitration procedure, and each party being responsible for their own attorney fees; however, the arbitrator has the discretion to award costs of the arbitration, including reasonable attorney fees against either or both parties in such proportion as the arbitrators determine. 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 the franchise agreement restricting venue to a forum outside the State of California.
11. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov)
12. The Franchise Agreement contains a waiver of punitive damages and a waiver of jury trial. These provisions may not be enforceable under California law.
13. The highest interest rate allowed by law in California is 10% per year.

14. The financial performance representation does 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 franchise business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.
15. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
16. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.
17. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
18. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

**FRANCHISOR:**

Natural Life Franchise Corp.

**FRANCHISEE:**

By: \_\_\_\_\_  
 Name: Gabriel Suarez  
 Title: Founder and PRESIDENT AND  
 FOUNDER

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

## CALIFORNIA ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

1. California Business and Professions Code 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.
2. 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.).
3. The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.
4. Neither the Franchisor nor any person or franchise broker identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.
5. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form and containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
6. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.
7. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
8. The Franchise Agreement requires binding arbitration. The arbitration will occur in Florida or such other place designated by the Franchisor, with the costs being borne by the party instituting the arbitration procedure, and each party being responsible for their own attorney fees; however, the arbitrator has the discretion to award costs of the arbitration, including reasonable attorney fees against either or both parties in such proportion as the arbitrators determine. 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 the franchise agreement restricting venue to a forum outside the State of California.
19. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov)
9. The Franchise Agreement contains a waiver of punitive damages and a waiver of jury trial. These provisions may not be enforceable under California law.
10. The highest interest rate allowed by law in California is 10% per year.

11. The financial performance representation does 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 franchise business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.
12. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
13. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.
14. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
15. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

**FRANCHISOR:**

Natural Life Franchise Corp.

By: \_\_\_\_\_  
 Name: Gabriel Suarez  
 Title: Founder and PRESIDENT AND  
 FOUNDER

**FRANCHISEE:**

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

HAWAII

1. The following is added to the Cover Page:

**THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT 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 YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS FRANCHISE 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 US AND YOU.**

2. Our registered agent in the state authorized to receive service of process:

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

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".
4. The states in which this filing is or will be shortly on file include the following:  
\_\_\_\_\_
5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: \_\_\_\_\_
6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: \_\_\_\_\_
7. The states, if any, in which the filing of these franchises has been withdrawn include the following:  
\_\_\_\_\_

## ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.
2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in Arizona in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General's Office. Accordingly, you will pay no fees to us until we have completed all of our material preopening responsibilities to you and you commence operating the franchised business. The Illinois Attorney General's Office imposed this deferral requirement due to franchisor's financial condition.
6. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.
7. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.
2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.
4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.
5. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1(9).
6. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

7. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

## MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document of Natural Life Franchise Corp. for use in the State of Maryland shall be amended as follows:

1. Items 17(c) and 17(m), under the headings, “Requirements for you to renew or extend” and “Conditions for our approval of transfer,” shall be supplemented by adding the following language at the end of each Item: “However, pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”
2. Item 17(v), under the heading “Choice of forum” shall be supplemented by adding the following language at end of such Item: “except that you may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure must be brought within 3 years after the grant of the franchise under the Franchise Agreement.”
3. Item 5 is hereby amended to add the following: “Based on the Franchisor’s financial information submitted, the Securities Commissioner of the State of Maryland has determined that all fees paid to the Franchisor by the Franchisee, including payment for goods and services received from the Franchisor before the business opens, shall be deferred pending satisfaction of all of the Franchisor’s pre-opening obligations to the Franchisee. In addition, all development fees and initial payments by developers shall be deferred until the first franchise under the MUDA opens”.
4. The Franchisee Agreement, Attachment 1 and the Franchise Disclosure Document, Acknowledgment Statements are amended to state: “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.”
5. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**MARYLAND ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., BUS. REG. Sections 14-201 to 14-233 (2004 Repl. Vol. and Supp. 2006), the parties to the attached Natural Life Multi-Unit Development Agreement (“Development Agreement”) agree as follows:

1. Notwithstanding the provisions of Section 2 of the Development Agreement, all development fees and initial payments by Developer shall be deferred until the first franchise under the Development Agreement opens.
2. Section 14 of the Development Agreement, entitled “Jurisdiction and Venue” is hereby amended by adding the following language at the end of the Section: “provided, however, that Maryland franchisees are permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”
3. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
4. The Development 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 or not this forum selection requirement is legally enforceable.
5. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Development Agreement on the same date as that on which the Development Agreement was executed.

**FRANCHISOR:**  
Natural Life Franchise Corp.

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: Gabriel Suarez  
Title: Founder and PRESIDENT AND  
FOUNDER

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

## MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., BUS. REG. Sections 14-201 to 14-233 (2004 Repl. Vol. and Supp. 2006), the parties to the attached Natural Life Franchise Agreement (“Franchise Agreement”) agree as follows:

1. All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.
2. Section 17 and 20.10 of the Franchise Agreement, entitled “Jurisdiction and Venue” is hereby amended by adding the following language at the end of the Section: “provided, however, that Maryland franchisees are permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”
3. The Franchise Agreement, Attachment 7 Acknowledgment Statements are amended to state: “All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”
4. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether or not this forum selection requirement is legally enforceable.
5. Section 11, Section 18, and Attachment 4 to the Franchise Agreement, shall be amended to state that 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. The appropriate sections of the Franchise Agreement are hereby amended accordingly.
6. Franchise Agreement, Article 20 are amended to state:  
“The integration clause/entire agreement to clarify that nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.”
7. The provision contained in the termination sections of the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
8. The appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
9. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
10. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

**FRANCHISOR:**

Natural Life Franchise Corp.

**FRANCHISEE:**

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

Name: Gabriel Suarez

Title: Founder and PRESIDENT AND  
FOUNDER

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

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

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

## MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any document 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 protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 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:
  - (v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (vi) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (vii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (viii) 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 \$100,000.00, 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  
CONSUMER PROTECTION DIVISION  
Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

## MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.
2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.
4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.
6. Item 5 and 7 of the Disclosure Document, as well as the initial fee provisions within the Franchise Agreement and Supplemental Agreements, are amended to include the following:

“All fees referenced are subject to deferral pursuant to order of the State of Minnesota. Accordingly, you will pay no fees to us until we have completed all of our material preopening responsibilities to you and you commence operating the franchised business.”
7. Item 6 and the Franchise Agreement are amended to state that the Late Fee is Thirty Dollars (\$30.00) per occurrence.

## NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are 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, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 1005. 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 to 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 any 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 trade 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 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 any 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 5:

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the Franchise Agreement upon any grounds available by law.

6. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of Forum”, and Item 17(w), titled “Choice of Law”:

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

7. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the “North Dakota Franchise Law”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17<sup>®</sup> of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee’s business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

## RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.
2. Section 19-28.1-14 of the Rhode Island Franchise Law provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.
3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.
4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

## VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
5. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.
2. RCW 19.100.180 may supersede the Franchise Agreement and Supplemental Agreements 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 and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. 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.
4. 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.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. 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.
7. 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.
8. The claims limitation provision in Section 23.6 of the Franchise Agreement does not apply to Washington franchisees.

**WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

*(Signatures on following page)*

**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement. We are responsible for checking the appropriate box or boxes.

- |                                     |                                       |                                       |
|-------------------------------------|---------------------------------------|---------------------------------------|
| <input type="checkbox"/> California | <input type="checkbox"/> Michigan     | <input type="checkbox"/> South Dakota |
| <input type="checkbox"/> Hawaii     | <input type="checkbox"/> Minnesota    | <input type="checkbox"/> Virginia     |
| <input type="checkbox"/> Illinois   | <input type="checkbox"/> New York     | <input type="checkbox"/> Washington   |
| <input type="checkbox"/> Indiana    | <input type="checkbox"/> North Dakota | <input type="checkbox"/> Wisconsin    |
| <input type="checkbox"/> Maryland   | <input type="checkbox"/> Rhode Island |                                       |

Dated: \_\_\_\_\_, 202\_\_\_\_

**FRANCHISOR:**

Natural Life Franchise Corp.

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

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

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

**FRANCHISEE:**

[ \_\_\_\_\_ ]

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

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

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

**EXHIBIT “H”-2**

**GENERAL RELEASE**

[See Attached]

## WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “Agreement”) is made as of \_\_\_\_\_, 202\_\_ (the “Effective Date”) by \_\_\_\_\_, a(n) \_\_\_\_\_ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of Natural Life Franchise Corp., a Florida corporation (“us,” and together with you and Owner, the “Parties”).

### Background

- A. We signed a Franchise Agreement with you, dated \_\_\_\_\_, 202\_\_ (the “Franchise Agreement”) pursuant to which we granted you the right to own and operate a Natural Life Store.
- B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**].
- C. As a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.
- D. In consideration of our consent to the transfer [**our entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

### Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.
2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive §1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

[Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor

Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].
6. Miscellaneous.
  - (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.
  - (b) This Agreement shall be construed and governed by the laws of the State of Florida.
  - (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.
  - (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.
  - (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.
  - (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.
  - (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.
  - (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**FRANCHISEE:**

[REDACTED]

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

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

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

**FRANCHISE OWNERS:**

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

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

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

**EXHIBIT "I"**  
**TO DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

**State Effective Dates**

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

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

<b>State</b>	<b>Effective Date</b>
California	
Hawaii	
Illinois	April 26, 2024
Indiana	
Maryland	
Michigan	
Minnesota	
New York	July 16, 2024
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT "J"**  
**TO DISCLOSURE DOCUMENT**  
**RECEIPTS**

[See Attached]

## 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 Natural Life Franchise Corp. offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Natural Life Franchise Corp. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

\_\_\_\_ Tony Bello; 1704 Capital Circle NE, Unit 103, Tallahassee, Florida 32308; (800) 851-6839

\_\_\_\_ Gabriel Suarez; 1704 Capital Circle NE, Unit 103, Tallahassee, Florida 32308; (407) 430-3968

\_\_\_\_ Lauren Wanamaker; 9112 E. Verde Grove View, Ste. 101-E, Scottsdale, Arizona 85255; (303) 921-1155

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Issuance Date: April 22, 2024

Natural Life Franchise Corp.'s agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	List of State Administrators and Agents for Service of Process
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "F"	List of Franchisees
EXHIBIT "G"	Financial Statements of Natural Life Franchise Corp.
EXHIBIT "H"	Other Agreements
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	General Release
EXHIBIT "I"	State Effective Dates
EXHIBIT "J"	Receipts

---

Print Name

---

Date

---

(Signature) Prospective Franchise Owner

---

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Natural Life Franchise Corp.)

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 Natural Life Franchise Corp. offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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- EXHIBIT "H" Other Agreements
- EXHIBIT "H"-1 State Addenda
- EXHIBIT "H"-2 General Release
- EXHIBIT "I" State Effective Dates
- EXHIBIT "J" Receipts

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Natural Life Franchise Corp.)