

End Blue Nose Franchising, LLC

A Colorado limited liability company

2548 Akron Street

Denver, Colorado 80238

Telephone: (703) 615-7196

E-mail: tanner@bluenoseaerial.com

Website: www.bluenoseaerial.com



Blue Nose Franchising, LLC sells franchises in which the franchisee will operate a service business offering aerial drone photography services. __

The total investment necessary to begin operation of a Franchised Business ranges from \$10,340 - \$79,600. This includes \$9,700 and \$74,300 that must be paid to the franchisor or an affiliate.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, 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 to you. To discuss the availability of disclosures in different formats, contact Tanner Harris at tanner@bluenoseaerial.com; 2548 Akron Street, Denver, Colorado, 80238; (703) 615-7196.

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

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

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

Issuance Date: January 31, 2025

How to Use this Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit [4A](#).

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, or litigation only in Colorado. 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 franchisor in Colorado than in your own state.
2. **Minimum Sales**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in the loss of any territorial rights you are granted, termination of your franchise and loss of your investment.
3. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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.

**NOTICE REQUIRED BY
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the 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 terms 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 Section 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 six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact 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 the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

TABLE OF CONTENTS

ITEM 1: THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES.....	8
ITEM 2: BUSINESS EXPERIENCE.....	10
ITEM 3: LITIGATION.....	10
ITEM 4: BANKRUPTCY.....	10
ITEM 5: INITIAL FEES.....	10
ITEM 6: OTHER FEES.....	12
ITEM 7: ESTIMATED INITIAL INVESTMENT.....	18
ITEM 8: RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS.....	20
ITEM 9: FRANCHISEE’S OBLIGATIONS.....	23
ITEM 10: FINANCING.....	25
ITEM 11: FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.....	26
ITEM 12: TERRITORY.....	33
ITEM 13: TRADEMARKS.....	34
ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.....	36
ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS.....	36
ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	37
ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION.....	37
ITEM 18: PUBLIC FIGURES.....	40
ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS.....	41
ITEM 20: OUTLETS AND FRANCHISEE INFORMATION.....	44
ITEM 21: FINANCIAL STATEMENTS.....	48
ITEM 22: CONTRACTS.....	49
ITEM 23: RECEIPTS.....	49

EXHIBITS

<u>1A.</u>	State Administrators/Agents for Service of Process
<u>2B.</u>	Franchise Agreement
<u>3C.</u>	List of Franchisees
<u>4D.</u>	List of Franchisees Who Have Left the System
<u>5E.</u>	Financial Statements
<u>6F.</u>	Table of Contents to Confidential Operations Manual
<u>7G.</u>	State-Specific Addendum
<u>8H.</u>	Receipt

ITEM 1: THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES

The Franchisor

The Franchisor is Blue Nose Franchising, LLC. To simplify the language in this Disclosure Document we refer to the Franchisor as “Blue Nose,” “we,” and “our.” We refer to the person interested in buying the franchise as “you” or “your” and, if such person is a partnership, corporation, limited liability company, or other entity, it includes persons that own equity interests in such entity. The franchise will be referred to as a “Franchised Business” or the “Franchised Business” throughout this document. The term “Blue Nose” is the most common reference to our franchise system.

We are a [Colorado limited liability and](#) franchising company, which promotes and sells franchises for the operation of Franchised Businesses. We do not own or operate a business of the type being franchised, although we have an affiliate that does, as described below. We are not engaged in any business other than selling franchises for Franchised Businesses. We began offering franchises on August 10, 2020. We were formed on July 16, 2020.

The principal address of the franchisor is 2548 Akron Street, Denver, Colorado 80238. Our agent for service of process is Tanner Harris. His principal business address 2548 Akron Street, Denver, Colorado, 80238. If we have an agent for service of process in your state, we disclose that agent in Exhibit ~~A~~.

Our Parents, Affiliates, and Predecessors

We have no parents or predecessors.

We have one affiliate, Blue Nose, LLC ~~and was,~~ [a Colorado limited liability company](#) formed on October 29, 2019. This affiliate owns and operates the original Blue Nose at 2548 Akron Street, Denver, Colorado, 80238 which opened in October 2019. This affiliate is the owner of the Proprietary Marks. Our affiliate is not offering, and has never offered, franchises in any line of business. We have no other affiliates.

Our Business and the Franchises Offered

We are offering franchises for the operation of a service business which provides drone services and products under the name and mark “Blue Nose,” (each a “**Franchised Business**”). Each Franchised Business is established and operated using the format and system we developed (the “**System**”), and features and operates under the Proprietary Marks (as defined in Item 13). Franchised Businesses offer services such as aerial drone photography, videography, and other related services. Franchised Businesses sell products such as aerial drone photography, image editing, and other related services. If you purchase a franchise you will be the owner of the Franchised Business. You may employ staff to assist in the operations of the business. You must operate the Franchised Business according to our standards and specifications and sign our standard Franchise Agreement (“**Franchise Agreement**”).

Franchised Businesses are characterized by our System. Some of the features of our System include: (i) standards and specifications for products, equipment, materials, and supplies; (ii) uniform standards, specifications, and procedures for operations; (iii) training and operational assistance; and (iv) marketing and promotional programs. We may periodically change and improve the System.

You must operate your Franchised Business in accordance with our standards and procedures, as set out in our confidential operations manuals and other manuals, instructional materials, and written policies (collectively, the “**Manuals**”). We will lend you a copy of the Manuals for the duration of the Franchise Agreement (or, at our option, we may make these and other updates available to you electronically).

In addition, we will grant you the right to use our marks, including the mark “Blue Nose” and any other trade names and marks that we designate in writing for use with the System (the “**Proprietary Marks**”). We may modify the Proprietary Marks or substitute new proprietary marks. See Items 13 and 14 for additional information regarding the Proprietary Marks and the Manuals.

We have not engaged in any other line of business and have not offered franchises in any other line of business. We began offering franchises on August 10, 2020.

Franchise Agreement

We offer to enter into Franchise Agreements (included as Exhibit [2B](#) to this Disclosure Document) with qualified legal entities and persons that wish to establish and operate Franchised Businesses (“**Franchisees**”).

Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate a Franchised Business within an agreed-upon specified territory (the “**Operating Territory**”). In this Disclosure Document, the term “**Franchised Business**” means the Franchised Business franchised to you under a Franchise Agreement.

If you are not an individual, then you must designate one of your owners, who must be an individual person with at least a 51% ownership interest in the franchisee legal entity, and who must be reasonably acceptable to us to assume the responsibilities of general oversight and management of your Franchised Business (the “**Designated Principal**”).

Market and Competition

The market for the services you will sell is developing and moderately competitive. Our services and related products are sold to individuals and to businesses. Selling is not seasonal in most markets; however, some markets do have seasonal aspects. You will compete with local businesses offering similar services or with regional and national businesses.

Industry Specific Regulations

You should consider that certain aspects of any business are regulated by federal, state, and local laws, rules, and ordinances in addition to the laws, regulations, and ordinances applicable to business generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health, and Safety Act. Various federal, state, and local laws, rules, and regulations may impact the operation of your Franchised Business. In addition to laws that apply to businesses generally, there may be laws or regulations specific to the services offered by this type of business in the state or local area in which you will operate your Franchised Business, such as permitting or contractor licenses. These may also be laws and regulations concerning pollution, safety, and noise. It is your responsibility to investigate and to comply with any laws or regulations in your state or local area, and to obtain all required licenses and permits required to operate the Franchised Business. In order to operate a Franchised Business, you must obtain a Remote Pilot Certificate from the FAA (an FAA PART 107 Certification) in order to pilot drones.

ITEM 2: BUSINESS EXPERIENCE

The following is a list of our directors, officers, and other executives who have responsibility for the franchise program.

Mr. Tanner Harris, Founder and Managing Member.

Blue Nose, LLC | President | October 2019 – Present | 2548 Akron St, Denver, Colorado 80238

United Airlines | First Officer | August 2018 – Present | 233 South Wacker Dr, Chicago, Illinois 60606

US Navy – USS George Washington | Assistant Strike Operations Officer | March 2017 – July 2018
| FPO AE 09550, Norfolk, Virginia

ITEM 3: LITIGATION

There is no litigation required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

There is no bankruptcy information required to be disclosed in this Item.

ITEM 5: INITIAL FEES

Initial Franchise Fee

You must pay us a lump sum initial franchise fee when you sign the Franchise Agreement (“**Initial Fee**”). The Initial Fee will range from \$9,700 to \$74,300 depending on the tier selected for a territory consisting of a population of 250,000 people. All fees and payments, or commitments to pay, for services or goods received from the franchisor or any affiliate are due before the franchisee’s business opens. The Initial Fee tiers are as follows:

Tier One - \$9,700: Tier one includes the Mavic 3 Pro, or its current equivalent, model drone. The DJI Mavic 3 Pro is a versatile drone designed for high-quality aerial imaging. Equipped with a 4/3 CMOS Hasselblad camera, it delivers exceptional image clarity and resolution. Ideal for photography and videography missions, this drone excels in real estate, marketing, and general-purpose imaging tasks.

Tier Two - \$11,950: Tier Two includes the Mavic 3 Enterprise, or its current equivalent, model drone. The DJI Mavic 3 Enterprise is tailored for commercial and industrial applications. It includes a high-resolution zoom camera and a thermal imaging option, making it suitable for inspections, search and rescue operations, and mapping projects.

Tier Three - \$12,620: Tier Three includes the Matrice 4 Enterprise, or its current equivalent, model drone. The Matrice 4E Series is a compact and intelligent multi-sensor drone designed for enterprise applications. It features a 4/3-inch CMOS 20MP wide-angle camera, a 1/1.3 CMOS 48MP medium telephoto camera, a 1/1.15-inch CMOS 48MP telephoto camera, and a laser range finding module, providing powerful imaging capabilities.

Tier Four - \$13,325: Tier Four includes the Mavic 3 Multispectral, or its current equivalent, model drone. The DJI Mavic 3 Multispectral is equipped with a multispectral imaging system that captures data across multiple light spectrums. This drone is ideal for agricultural missions, vegetation health monitoring, and environmental surveys.

Tier Five - \$15,200: Tier Five includes the Mavic 3 Thermal Option, or its current equivalent, model drone. The DJI Mavic 3 Thermal features a state-of-the-art thermal sensor capable of detecting temperature differences with precision. It is best suited for utility inspections, firefighting support, and wildlife monitoring.

Tier Six - \$15,745: Tier Six includes the Matrice 4 Thermal, or its current equivalent, model drone. Some key features include its infrared thermal camera, equipped with a 640 x 512 resolution thermal sensor, the Matrice 4T supports High-Res Mode up to 1280 x 1024 pixels, allowing for detailed thermal imaging essential for inspections and search and rescue operations.

Tier Seven - \$27,100: Tier Seven includes the Skydio X10, or its current equivalent, model drone. The Skydio X10 is an advanced autonomous drone known for its obstacle avoidance technology. It is particularly effective in confined environments and complex inspection missions, such as infrastructure assessments and hazardous area monitoring.

Tier Eight - \$46,439: Tier Eight includes the Freefly Astro Max (NDAA/Blue sUAS), or its current equivalent, model drone. The Freefly Astro Max is compliant with NDAA and Blue sUAS requirements, ensuring high security and reliability for government and enterprise missions. Its modular design supports various payloads, making it a versatile option for mapping, surveying, and inspection tasks.

Tier Nine - \$54,100: Tier Nine includes the DJI M350 + L2 LiDAR Sensor, or its current equivalent, model drone. The DJI M350 combined with the L2 LiDAR sensor offers unparalleled precision in terrain mapping and 3D modeling. This drone is ideal for construction, forestry, and other applications requiring detailed topographical data.

Tier Ten - \$74,300: Tier Ten includes the Wingtra + LiDAR Sensor, or its current equivalent, model drone. The Wingtra drone, equipped with a LiDAR sensor, is a fixed-wing UAV designed for large-area mapping. Its high endurance and efficiency make it perfect for surveying, agriculture, and infrastructure development projects.

The Initial Fee must be paid in full upon the execution of the Franchise Agreement. In the alternative, in our sole discretion, we may finance up to \$5,000 the Initial Fee provided you sign a promissory note for the financed portion of the Initial Fee in favor of Franchisor in the form attached as Exhibit D to Franchise Agreement contained in Exhibit [2B](#) of this Disclosure Document.

The Initial Fee, or any portion of the Initial Fee, or any interest paid to us as a result of the Promissory Note will be fully earned when paid and non-refundable in consideration of administrative and other expenses we incur in entering into the Franchise Agreement and for our lost or deferred opportunities to enter into the Franchise Agreement with others. You must pay the Initial Fee in full at the time you sign the Franchise Agreement.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you. We currently offer a discount of ten percent (10%) on the nonfinanced portion of the Initial Franchise Fee to first responders and qualifying active members and honorably discharged veterans of the U.S. Armed Forces, including a spouse or widow of an active member or honorably discharged veteran.

ITEM 6: OTHER FEES

Name of Fee	Amount	Date Due	Remarks
Royalty Fee	4% of Gross Sales.	Due monthly within five (5) days of invoicing.	Paid to us for use of our Proprietary Marks, proprietary systems, and our on-going support. See Note 3 for definition of Gross Sales.

Name of Fee	Amount	Date Due	Remarks
Advertising Contribution	2% of Gross Sales.	Same as Royalty Fee.	This fee goes towards the Advertising Contribution. See Item 11 under the heading "Advertising." See Note 3 for definition of Gross Sales.
Local Advertising	Recommended amount of \$150.00 or other amount best suited for the Franchised Business.	As incurred.	Paid to third party vendors.
Technology Fee	\$295.00 per month.	Due on the first day of each month.	This fee covers the cost of adding a webpage advertising your Franchised Business on our website, an email address, and access to our online franchisee support platform.
Optional Marketing Services	If collected, our then-current fee to participate in our marketing services. Currently, \$100-1,850 per month. Will need exceed more than 20% increase per year.	Monthly	Participation in the Marketing Services is optional. If you choose to participate, we reserve the right to collect a Marketing Services Fee in connection with any costs we incur in establishing and maintaining marketing services such as search engine optimization services, networking resources, client generation assistance, and other marketing and advertising programs.

Name of Fee	Amount	Date Due	Remarks
Optional Advanced Services	If collected, our then-current fee to participate in our advanced services. Will need exceed more than 20% increase per year. Currently, \$135-\$350 per month	Monthly	Participation in the Advanced Services is optional. If you choose to participate, we reserve the right to collect an Advanced Services Fee in connection with additional services provided to you, such as resources and training for industry-specific aerial photography.
Optional Training Courses	\$300-\$5,900	As incurred.	Participation in the Clemson Drone Online Training Courses is optional. Paid to third party vendors.
Required Software	QuickBooks Online: \$25.00 per month Microsoft Office Suite: \$5.00 per month Adobe Lightroom Classic: \$9.99 per month	Monthly	You must utilize third-party software programs to operate your Franchised Business. We currently require you to install and purchase a subscription for QuickBooks Online, Microsoft Office Suite and Adobe Lightroom Classic. See Item 11 for more information.
Termination Fee	\$2,500 with proper notice \$5,000 without proper notice	Upon demand, if incurred.	See Section 12.5 of the Franchise Agreement.

Name of Fee	Amount	Date Due	Remarks
Transfer Fee	An amount equal to 25% of the then-current initial franchise fee.	At time of transfer.	Payable only if you make a transfer (as defined in the Franchise Agreement), which includes any sale or assignment of your franchise or your company. We do not impose a fee for a transfer to a corporation you form for the convenience of ownership. See Note 5, or Section 14.3 of the Franchise Agreement.
Successor Agreement Fee	25% of the then-current initial franchise fee	Before successor term.	The Franchise Agreement may be entered into a successor agreement after your initial term expires. You will only need to pay this fee if you renew the Franchise Agreement. The successor agreement fee is for one five-year successor period. See Section 1.3 of the Franchise Agreement.
Late Fee and Interest on Overdue Payments	A late fee equal to \$100.00 immediately plus interest equal to 1.67% per day after the due date (but not more than any maximum rate set by law).	At time the overdue payments are paid.	Only due if you do not pay us the amounts you owe on time. Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due. See Section 8.11 of the Franchise Agreement.

Name of Fee	Amount	Date Due	Remarks
Audit Expenses	All costs and expenses associated with the audit, reasonable accounting, and legal costs.	Upon Demand.	Payable only if we conduct an audit and the audit discloses an understatement in any statement or report of 3% or more. (You will also have to pay the monies owed and interest on the underpayment, see "Interest" above. See Section 15.2 of the Franchise Agreement.
Additional Training	\$500 per day (for each additional person, newly hired personnel, or special assistance you need or request)	As incurred.	We provide initial training for up to two people prior to the opening of your Franchised Business. We may charge you for training additional persons, newly-hired personnel, or special assistance you need or request. This fee will not be charged in connection with minor, day-to-day assistance that we provide over the phone or via email. Please see Item 11 of this Franchise Disclosure Document for additional information.
Insurance Procurement	Our cost to obtain insurance coverage if you fail to do so.	Upon Demand.	We have the right (but not obligation) to buy insurance coverage if you do not do so. See Section 8.7 of the Franchise Agreement.

Name of Fee	Amount	Date Due	Remarks
Costs and Attorney's Fees	Actual costs and fees incurred.	Upon Demand.	Due only if you are in default under the Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorney's fees) as a result of your default and to enforce and terminate the Franchise Agreement.
Indemnification	Actual costs and fees incurred.	Upon Demand.	You must reimburse us if we are sued or held liable for claims arising from your operation of the Franchised Business, as well as your use of the Proprietary Marks in a manner inconsistent with our instructions, and any transfers or securities offerings that you propose.

Explanatory Notes to Item 6 Table:

1. We may require that all fees payable to us be paid through an Electronic Depository Transfer Account (“**EDTA**”). Even if we do not require payment through an EDTA, we reserve the right to charge you an additional fee for the use of any other payment instrument. This additional fee will cover our additional expenses from processing a non-EDTA payment to us or any third party. See Section 2 of the Franchise Agreement.
2. Except as otherwise noted in this Item 6, we impose and collect all of the fees described above. None of these fees are refundable. All of the fees described above in this Item 6 are uniform for all franchisees. See Section 6 of the Franchise Agreement.
3. As the term is used in the Franchise Agreement, “Gross Sales” means the gross receipts of every kind and nature for sales of all products and services made in, upon, from, or through operation of the Franchised Business, and income of every other kind and nature related to the Franchised Business, whether for products, services, exchange, credit, cash, or check regardless of whether such sale is conducted in compliance with or in violation of the terms of this Agreement. Gross Sales shall not include the amount of refunds, tax collections, or allowances or discounts to customers, including discounts attributable to coupon sales. See Section 6.1 of the Franchise Agreement.

4. The Initial Franchise Fee covers your Initial Training; however you are responsible for any travel and living expenses for any additional in-person training sessions. See Section 5.1 of the Franchise Agreement.
5. The transfer fee that is due to us upon your transfer or sale of the franchised business is equal to 25% of the then-current initial franchise fee. See Section 14.3(d) of the Franchise Agreement.
6. The maximum interest rate in California is 10% annually.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Low-High Range)	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee (Note 1)	\$9,700 and \$74,300	Lump sum	Upon signing your Franchise Agreement	To us
Licenses, Permits, and Certifications (Note 2)	\$75 - \$200	As arranged	As incurred	To 3 rd party vendors
Computer System (Note 3)	\$500 - \$1,000	As arranged	As incurred	To 3 rd party vendors
Optional Accountant and Attorney Fees (Note 4)	\$0 - \$1,500	As arranged	As incurred	To 3 rd party vendors
Insurance (Note 5)	\$65-\$100	As arranged	As incurred	To 3 rd party vendors
Additional Funds (3 months) (Note 6)	\$0 - \$2,500	As arranged	As incurred	To 3 rd party vendors
Total Estimated Initial Investment	\$10,340 - \$79,600			

Explanatory Notes to Item 7 Table:

1. **Initial Franchise Fee.** The Franchise Fee shown in the chart above is uniform for all franchisees and the same for each Franchised Business opened, except in the case where certain discounts and promotions are offered. We may elect to occasionally offer a discounted franchise fee to qualified franchise owners. Basis for discounts include, but are not limited to, territory location, industry experience, and other factors which we may determine. The amount of your initial franchise fee ranges from \$9,700 and \$74,300 for a territory consisting of a population of 250,000 people. We provide certain financing for the Franchise Fee. Please see Item 10 for additional details. The estimate assumes you will pay the entire Franchise Fee upon execution of the Franchise Agreement. Your Initial Franchise Fee includes the aforementioned territory, the equipment and apparel in the Franchise Package (see Section 2 of the Franchise Agreement for details), a webpage on www.blunoseaerial.com, and an email address. The Initial Franchise Fee is non-refundable.
2. **Licenses, Permits, and Certifications.** These are general estimates for permits and licensing that may be required by local and state governments. Local, municipal, county, and state regulations vary on the licenses and permits you will need to operate a Franchised Business. You may be required to obtain a contractor's license. You will pay these fees to governmental authorities before starting business. You are solely responsible for obtaining all appropriate licenses and permits, most importantly the FAA Part 107 Certification (Section 5.2 of the Franchise Agreement). In addition, you will also form a corporation or other entity to operate the business.
3. **Computer System.** As described in Item 11 under the heading "Computer System" you are required to use a computer system installed with the required software and hardware. If you do not have a computer, you will be required to purchase one.
4. **Optional Accountant and Attorney Fees.** The estimate range includes optional consulting fees to help you evaluate our franchise offering and your establishment of a new business.
5. **Insurance.** The estimate represents an initial deposit for the coverage necessary to operate the business. Insurance costs will vary depending upon factors such as the location of the Franchised Business and number of independent contractors or employees. Your obligations with respect to insurance are more fully described in Item 8.
6. **Additional Funds.** This is an estimate of the amount of additional operating capital that you may need to support on-going expenses your Franchised Business during the first three (3) months after commencing operations based upon the extent that these costs are not covered by sales revenue. This estimate includes such items as telecommunications service, software fees, local advertising expenses, repairs and maintenance, and other miscellaneous items. These estimates do not include any compensation to you, nor do they include debt service. We relied upon the cost experience of our franchisees who opened for business during

calendar year 2021 to compile these estimates. You should review these figures carefully with a business advisor before making any decision about investing in the franchise.

ITEM 8: RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications as we may from time to time prescribe in the Manuals or otherwise in writing.

Products and Other Purchases

General

All products and services sold or offered for sale at the Franchised Business must meet our then-current standards and specifications and be approved by us. You must purchase, install, and use all equipment, supplies, computers, and communications hardware and software and materials as we may reasonably require in the Manuals or other written materials (collectively, “**Business Items**”). You must purchase all additional products and other Business Items solely from manufacturers, distributors, and suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manuals or otherwise in writing.

You may not purchase, offer, or sell any products or services, or use at your Franchised Business any Business Items, that we have not previously approved as meeting our standards and specifications. If we have previously approved a supplier, and their standards fall below our designated standards, we will revoke our approval. We will notify you in writing of us revoking our approval. We have the right to be an approved supplier of some items, as does our affiliate. We may disapprove of products and suppliers based on our desire to consolidate System purchases through fewer suppliers. We may designate a single supplier, which may be us or one of our affiliates, for any products, equipment, supplies, or services, in which event you must purchase such items exclusively from the designated supplier.

We ourselves are approved suppliers, as is our affiliate, however we are not the only approved supplier for goods and services. Alternative suppliers are assessed on a case-by-case basis. Granting and revocation of approval will largely depend on their ability to provide products and services in a timely manner, commitment to quality, scalability, and mission synergies. Criteria for approval is not available to franchisees. Franchisees may contract with alternative suppliers. There are no fees to secure approval to purchase from alternative suppliers, but written notification is requested. The time period for notification of approval or disapproval shall not exceed 5 business days.

There are specific computer hardware purchases you are required to make. Required software programs are Adobe Lightroom Classic, QuickBooks Online, and Microsoft Office. The franchisor provides no material benefits to a franchisee if particular products and services are purchased through certain suppliers.

Our specifications either: (i) are contained in the Manuals; or (ii) will be provided to you upon request. We, however, have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. When approving suppliers, we consider whether they demonstrate the ability to meet our standards and specifications and whether they possess adequate quality controls and capacity to supply your needs promptly and reliably. However, our approval may be withheld for any reason. We estimate that your purchases from approved suppliers will represent approximately 60% to 70% of your total purchases in establishing the Franchised Business, and approximately 60% to 70% in the continuing operation of the Franchised Business. We also estimate that your purchases that must conform to our specifications will represent approximately 60% to 70% of your total purchases in establishing the Franchised Business, and approximately 60% to 70% of your total purchases in the continuing operation of the Franchised Business.

We may establish strategic alliances, preferred vendor programs, supply contracts, or purchase arrangements with suppliers that are willing to supply some products, equipment, services, or other items to some or all of the Businesses in our System that will benefit us and our franchisees. If we do establish those types of alliances, programs, or arrangements, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would not be in the best interests of the System or the franchised network of Businesses. There are currently no purchasing or distribution cooperatives in our System.

We and/or our affiliates may receive payments, such as rebates, or other compensation from suppliers on account of the suppliers' dealings with us, you, or other Franchised Businesses in the System. If we do receive such payments from suppliers, we may use the amounts that we receive for any purpose that we deem appropriate.

The franchisor, nor any of their officers, does not own an interest in any supplier.

Insurance

You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Franchised Business. Required insurance will include, but not be limited to, comprehensive general liability coverage, professional liability coverage, worker's compensation coverage, invasion of privacy claims, and aerial drone insurance. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Manuals. Additionally, we may designate one or more insurance companies as the insurance carrier(s) for Franchised Businesses. If we do so, we may require that you

obtain your insurance through the designated carrier(s). We currently recommend BWI Insurance as they provide coverage options particularly for drone pilots.

Presently, we require you to maintain the following minimum insurance amounts:

BWI Drone-Specific Policy		
Single limit bodily injury and property damage	\$1,000,000	Per Occurrence
Medical expense	\$500	Each Person
Personal Injury	\$25,000	Each offense and in the aggregate
General Liability Insurance	\$1,000,000/ \$2,000,000	Occurrence/ Aggregate
Business Property	As needed	TBD

Computer System

Currently you are required to purchase, license, and utilize the following information (i) a computer; (ii) a reliable internet connection; (iii) a cellphone with the ability to accept calls and text messages; (iv) an Adobe Lightroom Classic subscription; (v); a QuickBooks Online subscription; and (vi) Microsoft office suite. In general, you will be required to obtain a computer system that will consist of certain hardware, and software. You will spend will spend \$500 - \$1,000 to meet our requirements involving back office and high-speed internet access and a computer purchase if you do not already have one.

Advertising

As noted in Item 11 below, we will have the right to review and approve all marketing plans and promotional materials that you propose to use. You may not implement any marketing plan or use any promotional material without our prior written consent.

Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the Blue Nose Businesses under the System and, in doing so, we may limit the number of approved vendors and/or suppliers that you may purchase from, and we may designate 1 vendor as your sole supplier. Presently there are no purchase or supply agreements in effect for source restricted products or services and there are no purchasing or distribution cooperatives that you must join. You will not receive any material benefits for using our designated or approved suppliers.

Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases

We and/or our affiliates may receive rebates, payments and other material benefits from suppliers based on franchisee purchases and we reserve the right to institute and expand rebate programs in the future. As of the Issuance Date of this Disclosure Document we have not received revenue from suppliers of franchisee purchases of source restricted products or services. In 2024 we did not receive and our affiliates did not receive revenue from suppliers of source restricted purchases.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	Not applicable	Not Applicable
b. Pre-Opening Purchase/Leases	Not Applicable	Not Applicable
c. Site Development & other Pre-Opening Requirements	Not Applicable	Not Applicable
d. Initial and Ongoing Training	5	7 and 11
e. Opening	5.1, 5.2, 8.1	11
f. Fees	1.3, 3, 6, 8.11, 12.5, 14.3(d), 14.4, 15.2, 18.6, 19.3, 19.7	5 and 6
g. Compliance with Standards and Policies/Operating Manual	7, 8.10, 9.1, 9.2, 12.2(f), 15.1	11

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
h. Trademarks and Proprietary Information	7.3, 10.1, 10.2, 11.1, 17	13 and 14
i. Restrictions on Products/Services Offered	8.3, 9.2	16
j. Warranty and Customer Service Requirements	9.2	11
k. Territorial Development and Sales Quotas	1.5, 1.6	9
l. Ongoing Product/Service Purchases	8.3	Not Applicable
m. Maintenance, Appearance and Remodeling Requirements	Not Applicable	Not Applicable
n. Insurance	8.7	7 and 8
o. Advertising	6.2, 6.3, 8.2	6 and 11
p. Indemnification	18.6	6
q. Owner's Participation, Management, Staffing	11.1	11 and 15
r. Records /Reports	9.1, 15.1	6
s. Inspections and Audits	15.2	6 and 11
t. Transfer	14	17
u. Renewal	1.3	17

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
v. Post-Termination Obligations	13	17
w. Non-Competition Covenants	11.2	17
x. Dispute Resolution	19	17

ITEM 10: FINANCING

Except as described in this Item 10, we do not offer direct or indirect financing.

We may provide financing to qualified franchisees. Financing is negotiated on a case-by-case basis with franchisees based on their credit history, ability to pay, and other factors. Financing is limited to a portion of the Initial Fee.

If we do provide financing to you, and unless other factors determine otherwise, we will finance up to \$5,000 of the Initial Fee. You must pay the balance of the Initial Fee upon signing the Franchise Agreement. We will finance up to \$5,000 of the Initial Fee as follows: you will pay us the Initial Fee for the corresponding Tier, less the \$5,000 being financed, upon signing the Franchise Agreement be paid in sixty (60) equal monthly principal installments of \$83.33 with the first installment due and payable on the 5th day of the month immediately following Borrower's Opening Date. In the event that any monthly payment hereunder shall become overdue, the Borrower shall pay to the Lender late charge of One Hundred Dollars (\$100.00). Any other payments which may become due under the terms of this Note, including penalties, costs, and attorneys' fees, shall bear interest from the date upon which they become due at the rate of 1.67% per day or the highest rate allowable by law, whichever is lower. Such costs and fees shall become due and payable upon demand by Lender. See Exhibit D to the Franchise Agreement attached as Exhibit [2B](#) to this Disclosure Document. You or, in the case of an entity, your principals must personally guarantee the debt. You may prepay the financing without penalty. You waive the homestead and any other available exemption, presentment, demand, protest, notice of dishonor and any other notice.

If you default on amounts owed, we can accelerate the obligation to pay the entire amount due, seek our collection costs including attorney's fees from you, and terminate your franchise agreement. If we provide financing to you, you must submit monthly financial information to us, such as an income statement, balance sheet, and supporting documents as we periodically specify and in the formats we specify.

Except as described above, we do not offer financing that requires you to confess judgment or waive a defense. We do not arrange for financing from other sources. We do not sell, assign, or discount to a third party all or part of the financing arrangement. We do not guarantee any of your notes or obligations. There is no security interest required by the lender.

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 Franchised Business:

1. We will provide you with our standard initial training program for up to two persons. (Training is also discussed below in this Item 11 under the subheading “Training.”) We will be responsible for the cost of instruction and materials, subject to the terms stated in the Franchise Agreement. (Franchise Agreement Sections 5.1, 5.3, and 5.4)
2. We will provide you with the materials necessary to operate your Franchised Business, including the drone set forth for your Tier as set forth in Item 5, business cards, and logoed apparel. (Franchise Agreement Sections 2 and 8.6)
3. We will provide you with a separate webpage on www.blunoseaerial.com, and an email address containing the @blunoseaerial.com domain, all of which is to be used exclusively for your Franchised Business. (Franchise Agreement Section 6.6, 8.9, and 8.10)
4. We will review all advertising and promotional materials that you propose to use. (Franchise Agreement Section 8.2)
5. We will lend you, for the duration of the Franchise Agreement, copies of the Manual (which is more fully described in Item 14 below). (Franchise Agreement, Section 7.1)

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business. We do not select or approve, nor require, the use of an office site. In your discretion, you may find it beneficial to utilize a home office. We provide no assistance in conforming the premises to local ordinances, building codes, obtaining any required permits, and/or constructing, remodeling, or decorating premises, and/or hiring and training employees. Further, we do not own, nor lease said premises to you.

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Franchised Business:

1. We may provide evaluations of the services rendered at the Franchised Business. (Franchise Agreement, Sections 5.3)
2. We will make available additional training programs as we deem appropriate. (Franchise Agreement, Section 5.4)
3. We will give you periodic and continuing advisory assistance as to the operation and promotion of the Franchised Business, as we deem advisable. We are generally available during regular business hours to render advice, discuss problems, and offer general guidance by telephone, email, or video conference with respect to planning and operating the Franchise Business. We will provide guidance in establishing pricing based upon services provided and your local area. (Franchise Agreement, Section 5.3)
4. We will have the right, in our sole discretion, to establish and administer the Advertising Contribution as stated in the Franchise Agreement and as described below in this Item 11. There is not an advertising council. (Franchise Agreement, Section 6.2)
5. Except as to national, regional and corporate accounts that we may negotiate, you will exclusively determine the prices that you charge for the Approved Services and Products served and sold by your Blue Nose. Business. However, we may suggest pricing levels that we recommend.

The Franchise Agreement does not require us to provide any other assistance or services to you during the operation of the Franchised Business.

Site Selection and Permits

You will operate the Franchised Business out of your own home office. You are not required to lease or purchase office space to operate your Franchised Business. If you choose to lease or purchase office space to operate your Franchised Business, it must be located within the Territory. We do not typically own the premises of your office nor do we typically lease offices to franchisees. State and local regulations for a home office may require you to obtain a license or permit. You will be responsible for obtaining any required permits or licenses to operate a home business. We do not offer assistance in obtaining any required permits or licenses to operate a home business. We do not offer assistance in hiring and training your employees.

Opening of Franchised Business

We estimate that the time period between the signing of the Franchise Agreement and the start of operations will be approximately one to six months. Factors that may affect the time period between signing the Franchise Agreement or payment of consideration for the Franchise and opening of the business include: availability of equipment and supplies, your ability to acquire applicable

certifications and business filings, the time required to complete initial training, and your own skill and proficiency operating the drone.

Computer System

You will need to use the technology that we specify in the Manuals (the “**Computer System**”). You will need to acquire, if you do not already possess, the following: (i) a computer; (ii) a reliable internet connection; (iii) a cellphone with the ability to accept calls and text messages; (iv) an Adobe Lightroom Classic subscription; (v) a QuickBooks Online subscription; and (vi) Microsoft office suite. Currently, you may use either a laptop or desktop computer with either the Windows or MacOS operating system. Our requirements may fluctuate as does the price and availability of new computer technology. Depending on your location and the services you provide as a franchisee, your computer must be able to handle a number of software subscriptions. The cost of purchasing the Computer System will vary considerably based upon your own preferences, new technology available, and operational requirements that you may deem necessary. If you do not already possess a computer, we estimate the cost of purchasing a computer system will not exceed \$1,000. There is no physical point-of-sale system required. All transactions will be conducted digitally. There are no annual costs for maintenance, upgrades, or support contracts for the computer system or digital point-of-sale system.

We may require you to purchase additional equipment depending on the size and configuration of your Franchised Business. You may be required to use other software applications on your Computer System as stated in the Manuals. You will be required to maintain a high-speed internet connection at all times. Other than the Computer System, we have not approved any hardware or software in place of these systems and programs, although we reserve the right to do so in the future.

We reserve the right to require you to maintain contracts for hardware and software maintenance, support, and upgrade services for the Computer System; however, currently we do not require such coverage. We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the System to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, and communications systems into conformity with our then-current standards for new Franchised Businesses. We will endeavor to keep these changes infrequent and reasonable in cost, but the Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System.

You must provide us with access to your Computer System in the form and manner that we may request from time to time. There is no contractual limitation on our right to receive this information.

Advertising Contribution

You are required to contribute 2% of your Gross Sales to our advertising fund on a monthly basis (the “**Advertising Contribution**”). You must pay the Advertising Contribution by the same method as your Royalty Fee. Our affiliate-owned Blue Nose will not contribute to the Advertising Contribution on the same basis as Franchisees in the System are generally required to contribute.

The Advertising Contribution is maintained and administered by us (or our designee). We may use Advertising Contributions to pay any and all costs for advertising in print or online formats including search engine optimization services, print brochures and flyers, online directories, and other forms of local media advertising.

Advertising Contributions will not be used to solicit new franchise sales; provided however, we have the right to use the Advertising Contribution for public relations, to explain the franchise system, and/or include “Franchises Available” or similar language and contact information in advertising produced with Advertising Contributions.

Neither we nor our designee will be obligated to make expenditures for you or on your behalf, in your area or territory, that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Advertising Contribution.

The advertising fund is not audited. You may obtain an accounting of the advertising fund, and review financial statements, by written request submitted to us.

If all of the money in the Advertising Contribution is not used in the year in which it is received, these amounts will be used in the next fiscal year. Although the Advertising Contribution is intended to be of perpetual duration, we maintain the right to terminate the Advertising Contribution. The Advertising Contribution will not be terminated, however, until all monies in the Advertising Contribution have been spent for advertising or promotional purposes.

During our most recently concluded fiscal year ending December 31, 2024, Advertising Contributions were used as follows: 100% for digital advertising.

Advertising Council

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee’s level of success, superior performance and profitability. We have the right to change or dissolve the council at any time.

Local Advertising and Promotion

We recommend that you spend a minimum of \$150 per month on local advertising. See Item 6 for a summary of the total amount we can require you to spend on advertising and promotion.

Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any advertising or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials. We must give our approval within 10 business days. If we do not give our approval within 10 business days, we will have been deemed not to have approved the plans or materials.

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement.

All copyrights in and to advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem necessary to implement this provision.

As used in the Franchise Agreement, the term “local advertising and promotion” refers to only the costs of purchasing and producing advertising materials (such as camera-ready advertising), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of advertising and sales promotion in your local market or area. Local advertising and promotion also includes associated advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs. “Advertising and sales promotion” does not, however, include any of the following: salaries and expenses of your employees; charitable, political, or other contributions or donations; and the value of discounts given to customers.

Regional Advertising Cooperative

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Blue Nose outlets in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. Each Blue Noses outlet will have one vote in the cooperative. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents.

If we establish a regional advertising fund or cooperative, you must contribute amounts we require. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Advertising Contribution; however, up to one-half of your local advertising expenditure may be credited to your required regional cooperative contributions.

Marketing Services

As an optional service, we provide additional marketing support and services for franchisees. The services and support provided include search engine optimization, conversion rate optimization, targeted social media and online advertising, and participation in industry events and networking opportunities.

Websites

Websites are considered “advertising” under the Franchise Agreement and are subject to our review and prior written approval before they may be made publicly available. In connection with any website, the Franchise Agreement provides that you may not establish a website—nor may you offer, promote, or sell any products or services or make any use of the Proprietary Marks—through the internet without our prior written approval. As a condition to granting any such consent, we will have the right to establish any requirement that we deem appropriate including, among other things, a requirement that your only presence on the internet will be through one or more webpages that we establish on our website.

Training

Before your Franchised Business opens, you must complete all of our initial training requirements. Your Designated Principal must attend and successfully complete, to our satisfaction, the initial training program that we offer in-person or virtually. See Item 15 for details regarding our requirements for the management and operation of the Franchised Business. Additionally, we may also require that other persons, up to a total of two individuals including the Designated Principal, attend and successfully complete the initial training program. We will bear the cost of all training including instruction and required materials for the initial training program; however if any further training is required after the initial training, you may be required to pay us an additional training fee of \$500 per day. Initial training programs will be held virtually.

Though we require our franchisees to be owner-operators of the Franchised Businesses, you may hire a manager to assist in running your Franchised Business. Your manager must successfully complete the training before he or she can begin working in the Franchised Business. You may conduct this training yourself. If your manager ceases active employment in the Franchised Business, then you must enroll a qualified replacement. The replacement manager shall complete the training program as soon as is practicable, but in no event later than any time periods we specify from time to time in the Manuals and otherwise in writing. We have the right to review any personnel you trained and to require that such persons attend and complete, to our satisfaction, our initial training program.

We provide you all training programs that cover material aspects of the operation of the Franchised Business. The topics covered are listed in the chart below. The instructional material may consist of our Manuals, lectures, videotapes, checklists, demonstrations, practice, and quizzes.

Our founder currently oversees the trainings. His experience includes two decades of flying manned aircraft, both commercially and in the military, and 5 years of military flight instruction. Prior to

joining the US Navy, he owned and managed a small business from 2004 to 2008. He is a graduate of the US Navy Instructor Training Course, which focused primarily on adult learning techniques and instructional methods. In addition to his FAA Airline Transport Pilot certificate, he holds a Remote Pilot Certificate. Other Blue Nose managers may participate in the training. Also, we may periodically name additional or substituted trainers. Any instructor will have at least two years of instruction and training experience.

In addition to the training provided by our Founder, all franchisees, managers, and any employees who are expected to operate a drone must obtain an FAA Part 107 certification, which will allow you to act as a drone pilot. Training for the FAA Part 107 certification will be self-directed and does not require travel. There are no travel or living expenses to achieve this certification. The Part 107 written exam must be taken in-person at an FAA authorized testing center. The FAA currently charges \$175 to take the test. This certification is required before operating any Franchised Business and will be obtained on the Franchisee's own expense as discussed in Section 5.2 of the Franchise Agreement.

TRAINING PROGRAM

Subject	Hours of Online Training	Location
Introduction to Drones	1-2	Virtually
Commercial Operations and Pricing	4-5	Virtually
Helpful Apps	0.5-1	Virtually
Health & Safety	0.5-1	Virtually
Photography	1-2	Virtually
Videography	1-2	Virtually
Mapping	2-3	Virtually
Totals	10-16 Hours	

Explanatory Notes to Item 11 Table:

1. **FAA PART 107 Certification.** The FAA PART 107 Certification must be obtained prior to initial training. This certification is required in order to operate the Franchised Business and can be found at https://www.faa.gov/uas/commercial_operators/.

The length of your in-person training will largely depend on your comprehension of the material covered during your virtual training. We will not be responsible for training or offering guidance with respect to compliance with any laws, ordinance, or other legal matters. If you request additional or supplemental training at a later time, you will be responsible for any traveling and living expenses incurred if on-site training is required. We offer unlimited phone support during normal business hours for all of our franchisees for any additional questions. Optional refresher courses are conducted on a as needed basis.

Table of Contents of Manuals

The table of contents to our Manuals, current as of the date of this Disclosure Document is attached as Exhibit [6F](#). The Manual contains a total of 44 pages.

ITEM 12: TERRITORY

You will be granted a specific territory (the “**Operating Territory**”) in which to operate your franchise. Your Operating Territory will be defined as a specific geographic area defined by a map that we will mutually agree upon and will be approved by us. The area of your Operating Territory will be represented by a population of 250,000 people. The boundaries of your territory may include natural boundaries such as waterways, interstate highways, paved roads, or other points of demarcation. The population of the Operating Territory will be determined by using market analysis software.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Franchised Business in the Operating Territory, except as may be permitted under the Franchise Agreement; those exceptions are described below.

You are required to meet the following minimum revenue requirements that are set forth in Attachment 4 of the Franchise Agreement:

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5 + Successor Terms
\$5,000	\$7,500	\$10,000	\$12,500	\$15,000

If you do not meet these minimum requirements, we have the right to reduce the size of your Territory or terminate your Franchise Agreement.

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

If, during the term of the Franchise Agreement, you wish to relocate your Franchised Business, you must submit to us in writing the materials required in order to consider your request, including information concerning the proposed new Territory for the Franchised Business. You must also

meet certain other requirements including, but not limited to, being in compliance with the Franchise Agreement, the Territory meets our then-current requirements for a Franchised Business, and you must sign our then-current form of Franchise Agreement. If we permit you to relocate, you will not pay a new initial franchise fee when you sign the new Franchise Agreement.

You may provide our services to customers who live in your Operating Territory. You may offer services outside your Operating Territory if, and only if, the area has not been assigned to another Franchised Business and you receive written permission from us. We may revoke this permission at any time at our sole discretion. Upon revocation, you must immediately cease business operations in any area outside of your Operating Territory. If you conduct business outside of your Operating Territory, you shall transfer the client lists, accounts, customers, and other business operations we designate, and to whom we designate, upon a revocation.

National Accounts Program

We have established a National Accounts Program where we engage in a contract or service agreement with a National Account service provider, we will offer you the opportunity to participate in the program under the guidelines and rules that we develop from time to time and subject to the pricing criteria and requirements that we establish. You will have an option to refuse to participate in National Accounts Programs, but if you decline, or if Franchisor determines that you are not qualified to provide the required service, you agree that we can service the National Accounts in your territory or authorize others, including other franchisees, to perform work for the National Accounts. All pricing and fees charged in connection with National Accounts are negotiated and determined by us. We or our designee are not obligated to pay you for servicing National Account customers that you have elected not to service under our National Accounts Program.

You may not engage in any promotional activities, whether directly or indirectly, through or on the internet or electronic media specifically targeting persons outside of your Operating Territory unless you have obtained our consent. You may not engage in any promotional activities, whether directly or indirectly through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere outside of your Operating Territory unless you have obtained our consent. You may not place advertisements in printed media and on television and radio that are targeted to customers and prospective customers within the territory of another Franchised Business or outside of your designated Operating Territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises.

ITEM 13: TRADEMARKS

We are the owner of the Proprietary Mark “Blue Nose”. Our affiliate Blue Nose, LLC is the owner of the Proprietary Mark “Blue Nose Aerial Imaging” and has granted to us a license with an initial 20-year term and with automatic renewal thereafter to use the Proprietary Marks and to license our franchisees to use the Proprietary Marks. Although the License Agreement may be terminated as a result of a breach of the License Agreement, in the event of any termination of the License Agreement, our franchisees will continue to maintain the right to use the Proprietary Marks

pursuant to the terms of their Franchise Agreement. By “**Proprietary Mark(s)**,” we mean any trade name, trademark, service mark, or logo used to identify your business.

Proprietary Mark	Registration Number	Registration Date	Register
“Blue Nose”	6,243,354	January 12, 2021	Principal
 BLUE NOSE AERIAL IMAGING	6,355,049	May 18, 2021	Principal

We intend to file all necessary affidavits of use and renewal applications when they become due.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the franchisor. There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

We know of no infringing or prior superior uses that could materially affect the use of the Marks.

You must notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge in our ownership of, right to use and to license others to use, or your rights to use the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against others that may infringe the Proprietary Marks. We will defend you against any third-party claim, writ, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Proprietary Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs.

We reserve the right to substitute different Proprietary Marks for use in identifying the system and the business operating under it if we, in our sole discretion, determine that substitution of different Proprietary Marks as Proprietary Marks will be beneficial to the System. You must comply with such change, revision, or substitution and bear all expenses associated with them. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Proprietary Mark.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Blue Nose does not own rights in any patents that are material to the franchise. Although we haven't filed an application for copyright registration, we claim copyright protection for the Manuals, software, advertising materials, and other materials we give you for your use or for public dissemination, other proprietary information and publications we own or have acquired under license from a third party, and everything concerning operating procedures. All of this is our proprietary intellectual property.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in operating a Franchised Business. We will provide our trade secrets and other confidential information to you during training, in the Manuals, and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your Franchised Business. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members (if you are a corporation, limited liability company, or other business entity), and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in some form as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement.

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

We reserve the right to modify or discontinue using the subject matter covered by a patent or copyright. In such event, we may require you, at your expense, to modify or discontinue using the subject matter in the operation of your Franchised Business.

ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

If the Designated Principal fails to satisfactorily complete our initial training program, you must designate a replacement designated principal as soon as is practical, who is acceptable to us and

who satisfactorily completes our training program. We may require you to reimburse our training costs (see Items 6 and 11).

Under the Franchise Agreement, you (or, if you are an entity, your Designated Principal) must be involved in the general oversight and management of the operations of the Franchised Business.

The Designated Principal must have at least 51% equity interest in the franchise if the franchisee is a business entity.

Under the Franchise Agreement, if you are other than an individual, we may require that your owners personally sign a guaranty, and indemnification (in the form included as Exhibit E to the Franchise Agreement), guarantying and acknowledging the legal entity's covenants and obligations under the Franchise Agreement. The franchisee's spouse is not required to guarantee performance. Additionally, your employees with access to confidential information or who have received training may be required to sign agreements to maintain confidentiality and not compete with businesses under the System (our current form for this agreement is included in Exhibit E to the Franchise Agreement). See Items 14 and 17 for a further description of these obligations.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your Franchised Business in accordance with our Manuals, which contain mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for the operation of a Franchised Business and information relating to your other obligations under the Franchise Agreement and related agreements. The Manuals may be modified periodically by us to reflect changes in our methods of operation.

You may only offer and sell those services and products that we have approved. If you wish to offer and sell products and services we do not provide, you must submit to us a written request stating why you wish to offer and sell these goods and services as a franchisee of a Franchised Business. You must offer all services and products that we designate as required for all franchisees. We have the right to add additional authorized services and products that you must offer through your franchise. There are no limits on our right to do so.

Subject to the general policies and procedures set forth in the Manuals or otherwise announced by us from time to time (and specifically including periodic promotions announced from time to time), you have sole discretion as to the prices to be charged to customers for the offer and sale of any products, merchandise, and services.

We do not place restrictions on you with respect to who may be a customer of your Franchised Business.

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

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

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 1.3	5 years.
b.	Renewal or extension of the Term	Section 1.3	Successive renewal terms of 5 years.
c.	Requirements for franchisees to renew or extend	Sections 1.3	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, mutual release, sign new Franchise Agreement, pay renewal fee, and others. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you will be asked to sign a new Franchise Agreement that contains terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and different territorial rights. You must also complete any new training and refresher programs as we may reasonably require at no additional cost.
d.	Termination by franchisee	Section 12.5	You may terminate this agreement provided you submit a written request with six months' notice, pay the termination fee, and are in good standing and full compliance with this Agreement at the time of your request to terminate. Subject to state law.
e.	Termination by franchisor without cause	None	We may not terminate the Franchise Agreement without cause.
f.	Termination by franchisor with cause	Section 12.1 and 12.2	Default under Franchise Agreement, bankruptcy, abandonment, and other grounds; see Section 16 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, we may not be able to terminate the agreement merely because of a bankruptcy filing.)

	Provision	Section in Franchise Agreement	Summary
g.	“Cause” defined – curable defaults	Section 12.2	All other defaults not specified in Section 12 of the Franchise Agreement.
h.	“Cause” defined - non-curable defaults	Section 12.1	Bankruptcy, abandonment, conviction of felony, and others. (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.)
i.	Franchisee’s obligations on termination/ non-renewal	Section 13	Cease operating the Franchised Business, payment of amounts due, and others.
j.	Assignment of contract by franchisor	Section 14.2	There are no limits on our right to assign the Franchise Agreement.
k.	“Transfer” by franchisee defined	Section 14.1	Includes transfer of any interest.
l.	Franchisor approval of transfer by franchisee	Section 14.3	We have the right to approve transfers and can apply standards to determine (for example) whether the proposed transferee meets our requirements for a new franchisee. We also have the right of first refusal to purchase the franchise from you.
m.	Conditions for franchisor approval of a transfer	Section 14.3	Release, signature of new Franchise Agreement, payment of transfer fee, and others.
n.	Franchisor’s right of first refusal to acquire franchisee’s business	Section 14.3(f)	We can match any <i>bona fide</i> offer.
o.	Franchisor’s option to purchase franchisee’s business	None	We do not reserve any rights to purchase the Franchised Business.
p.	Death or disability of franchisee	Sections 16	Your estate must transfer your interest in the Franchised Business to a third party we have approved, within 180 days of your incapacity or death.
q.	Non-competition covenants during the term of the franchise	Section 11.2	Includes prohibition on engaging in any other business offering similar products, and soliciting or diverting customers to other businesses, and others.

	Provision	Section in Franchise Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	Section 11.2	Includes prohibition on engaging in any other business offering similar products, and soliciting or diverting customers to other businesses, and others.
s.	Modification of the agreement	Sections 23.8	Must be in writing signed by both parties.
t.	Integration/merger clause	Section 20.6	Notwithstanding the foregoing, nothing in the franchise agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Subject to state law.
u.	Dispute resolution by arbitration or mediation	Sections 19.2 and 19.4	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters, and then to binding arbitration, excluding claims related to injunctive relief, anti-trust, the trademarks, and post-termination obligations. Notwithstanding the foregoing, nothing in the franchise agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Subject to state law.
v.	Choice of forum	Section 20.2	All mediation, arbitration and litigation proceedings must be conducted in the city of our then-current headquarters (currently in Denver, Colorado). (These provisions are subject to state law.)
w.	Choice of law	Section 20.1	Applicable law is that of the State of Colorado, unless superseded by state laws.

ITEM 18: PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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 franchised business or under particular circumstances.

The following representation is an historic financial performance representation about our existing franchised outlets that were in operation for at least six months during calendar years 2021 - 2024. As of December 31, 2024, we had 39 franchised outlets in the Blue Nose System. As of December 31, 2023, we had 18 franchised outlets in the Blue Nose System. As of December 31, 2022, we had 19 franchised outlets in the Blue Nose System. As of December 31, 2021, we had 27 franchised outlets in the Blue Nose System. The data below represents the annual Gross Sales¹ of the 39 franchised outlets, which were open as of December 31, 2024, and operated continuously for at least six months during calendar year 2024. During calendar year 2023, 5 outlets were excluded as they did not operate continuously for at least six months. During calendar year 2022, 20 outlets were excluded as they did not operate continuously for at least six months. During calendar year 2021, 4 outlets were excluded as they did not operate continuously for at least six months

~Remainder of Page Intentionally Blank~

		2021	2022	2023	2024
Top Third	High	\$13,724.05	\$18,723.38	\$106,581.34	\$72,627.29
	Middle	\$5,561.97	\$9,540.84	\$36,936.56	\$23,643.27
	Low	\$3,000.82	\$7,531.75	\$20,254.36	\$13,059.99
	Average	\$7,982.46	\$11,931.99	\$54,590.75	\$36,443.52
	<u>Median</u>	<u>\$5,682.12</u>	<u>\$9,540.83</u>	<u>\$36,936.55</u>	<u>\$22,210.00</u>
Middle Third	High	\$2,071.41	\$4,188.50	\$9,091.95	\$5,776.39
	Middle	\$1,231.80	\$1,763.33	\$5,221.35	\$3,364.01
	Low	\$585.00	\$690.00	\$3,442.50	\$1,590.50
	Average	\$1,384.96	\$2,149.57	\$5,918.60	\$3,378.32
	<u>Median</u>	<u>\$1,437.70</u>	<u>\$1,895.00</u>	<u>\$5,221.35</u>	<u>\$2,998.50</u>
Bottom Third*	High	\$266.67	\$270.13	\$1,887.41	\$510.20
	Middle	\$0.00*	\$80.00	\$625.00	\$350.00
	Low	\$0.00*	\$0.00*	\$0.00*	\$60.00
	Average	\$100.00	\$100.04	\$717.83	\$306.73
	<u>Median</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$600.00</u>	<u>\$350.00</u>

*Despite being open and in operation for at least six months during calendar year 2024, 2 outlets did not actively engage in the Franchised Business and did not report booking any jobs or generating revenue.

¹ “Gross Sales” means the gross receipts of every kind and nature for sales of all products and services made in, upon, from, or through operation of the Franchised Business, and income of every other kind and nature related to the Franchised Business, whether for products, services, exchange, credit, cash, or check less the amount of refunds, tax collections, or allowances or discounts to customers, including discounts attributable to coupon sales.

² These figures have not been audited.

Written substantiation will be made available to you upon reasonable request.

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

Other than the above disclosure, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr. Tanner Harris at 2548 Akron Street, Denver, Colorado, 80238 or (703) 615-7196, the Federal Trade Commission, and the appropriate state regulatory agencies.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
Systemwide Outlet Summary
For years 2022, 2023, 2024

Outlet Type	Year	Outlets at the State of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	33	25 <u>24</u>	-8 <u>9</u>
	2023	25	19 <u>20</u>	-6 <u>5</u>
	2024	19 <u>20</u>	39	+20 <u>19</u>
Company Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	34	25 <u>26</u>	-9 <u>8</u>
	2023	25 <u>26</u>	20 <u>21</u>	-5
	2024	20 <u>21</u>	40	+20 <u>19</u>

TABLE 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022, 2023, 2024

State	Year	Number of Transfers
None	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

TABLE 3
Status of Franchised Outlets
For years 2022, 2023, 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired By Franchisor	Ceased Operations for Other Reasons	Outlets at End of the Year
AL	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
AZ	2022	0	0	0	0	0	0	0
	2023	0	1*	0	0	0	0	1
	2024	1	0	0	0	0	0	1
CA	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	1*	1
	2024	1	1	0	0	0	0	2
CO	2022	2	1	0	0	0	2	1
	2023	1	0	0	0	0	0	1
	2024	1	3	0	0	0	1	3
CT	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
FL	2022	4	0	0	0	0	2	2
	2023	2	0	0	0	0	1	1
	2024	1	2	0	0	0	0	3
GA	2022	1	1	0	0	0	1	1
	2023	1	0	0	0	0	0	1
	2024	1	2	0	0	0	0	3
IL	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
IN	2022	1	1*	1	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	1	1
KS	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MO	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

	2024	0	2	0	0	0	0	2
MS	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NC	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	1	0
	2024	0	1	0	0	0	0	1
NJ	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
NV	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
NY	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
OH	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
OK	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
OR	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
SC	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
TN	2022	2	2	0	0	0	2	2
	2023	2	1	1 0	0	0	1	1 2
	2024	1 2	1	0 1	0	0	0	2
TX	2022	3	1	0	0	0	1	3
	2023	3	0	0	0	0	2	2
	2024	2	2	0	0	0	0	4
UT	2022	1	0	0	0	0	1*	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
VA	2022	3	0	1	0	0	0	2
	2023	2	1	0	0	0	2	1
	2024	1	0	0	0	0	1	0

WA	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	1	0
	2024	0	1	0	0	0	0	1
WY	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Totals	2022	33	5	2	0	0	13	25
	2023	25	6	1	0	0	11	19
	2024	19	23	0	0	0	3	39

* Outlet relocation.

TABLE 4
Status of Company-Owned or Affiliate-Owned Outlets
For years 2022, 2023, 2024

State	Year	Outlets at State of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CO	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

TABLE 5
Projected Openings as of December 31, 2024

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned or Affiliate-Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
California	0	1	0
Colorado	1	1	0
Florida	1	0	0
Indiana	1	0	0
Maryland	0	1	0
Massachusetts	0	1	0
North Carolina	0	1	0
New York	1	0	0
Tennessee	1	0	0
Total	5	6	0

All numbers are as of December 31st for each year.

A list of the names of all franchisees and the addresses and telephone numbers of their units is provided in Exhibit [3C](#) to this Disclosure Document.

The name, city, state, and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document will be listed on Exhibit [4D](#) of this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees that would restrict them from speaking openly with you about their experience with us.

ITEM 21: FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit [5E](#) is our audited financial statements for the years ended on December 31, 2024, December 31, 2023, and December 31, 2022. [Also attached to this Disclosure Document as Exhibit E is our unaudited financial statements, dated September 30, 2025.](#)

Our fiscal year end is December 31.

ITEM 22: CONTRACTS

The following contracts are attached to this Disclosure Document:

Exhibit [2B](#)—Franchise Agreement, including the following agreements:

ITEM 23: RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

EXHIBIT 4A
STATE ADMINISTRATORS /AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

State	State Agency	Agent for Service of Process
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fourteenth Floor Dept 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733

State	State Agency	Agent for Service of Process
WASHINGTON	Washington Dept. of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT **2B**
FRANCHISE AGREEMENT

EXHIBIT 3C
LIST OF FRANCHISEES
as of December 31, 2024

State	Business Location	Franchisee	Contact Information
AL	Montgomery	Jeff Harrold	(228) 282-0763
AZ	Phoenix	Michael Johnson	(850) 529-4910
CA	Simi Valley	Troy Ingram	(805) 387-8382
CA	Temecula	Barry Paul	(951) 956-6440
CO	Windsor	Kris Melton	(719) 653-9712
CO	Castle Pines	Scott Wallace	(409) 599-6096
CO	Broomfield	Mitch Porter	(308) 250-8580
FL	Pensacola	Steve Hand	(847) 666-7931
FL	Miami	Edward Figueroa	(305) 582-4829
FL	Parrish	Robert Smith	(941) 376-3396
GA	Atlanta	Mark Deka	(512) 557-5647
GA	Roswell	Dan O'Byrne	(770) 835-5671
GA	Rincon	Payton Gregg	(912) 513-7005
IL	Mount Prospect	Michael Barca	(847) 454-6401
IL	Saint Charles	Gerald Sever	(724) 713-3840
IN	Corydon	John Fulton	(719) 214-3275
KS	Overland Park	Matt Clark	(515) 418-0658
MO	Ozark	Ethan Miller	(417) 386-0075
MO	Defiance	Matthew Stacker	(636) 497-8637
MS	Olive Branch	Patrick Johnson	(662) 219-3224
NC	Durham	Thomas Strom	(919) 250-8580
NV	Las Vegas	Michael Spice	(920) 860-9001
NY	Highland	Paul Ronan	(850) 902-1924
NY	West Babylon	Jon Turegun	(631) 482-4828
NY	West Point	Matthew Letterman	(901) 216-8078
OH	Troy	Christian Leonhard	(937) 272-4591
OH	Cleveland	Dan Knuth	(814) 573-9435
OK	Oklahoma City	Brian Berckmann	(405) 255-5760
OR	Portland	Olivia Williams	(682) 554-4093
SC	Fort Mill	Skylar Morgan	(803) 386-7567
SC	Charleston	Cody Hendrick	(843) 642-6804
TN	Mount Juliet	Michael Abernathy	(731) 617-9323
TN	Knoxville	David Watts	(865) 371-8778

TX	Boerne	Dow Mathis	(830) 699-0075
TX	Granbury	Cody Blair	(325) 212-7012
TX	Fort Worth	Nathan Bricker	(817) 701-8614
TX	Houston	Shawn Waage	(832) 921-3676
WY	Cheyenne	Matthew Nathan	(720) 275-3127
WA	Spokane	Paul McMakin	(509) 919-1722

EXHIBIT 4D

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

State	Business Location	Franchisee	Contact Information
CO	Trinidad	Alexander Muniz	(505) 506-3549
IN	Laconia	Daniel Sutton	(502) 200-4915
VA	Virginia Beach	John Haesler	(207) 522-6073

EXHIBIT 5E
FINANCIAL STATEMENTS

|

BLUE NOSE FRANCHISING, LLC

Financial Statements For The Years Ended December 31, 2024 & December 31, 2023
& December 31, 2022

TOGETHER WITH INDEPENDENT ACCOUNTANT AUDIT REPORT

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Independent Accountant Audit Report	3-4
Profit & Loss Statement	5
Balance Sheet.....	6
Statement of Cashflows	7
Statement of Shareholders' Equity.....	8
Notes to Accompanied Financial Statements	9-12

INDEPENDENT ACCOUNTANT AUDIT REPORT

To the Management of BLUE NOSE FRANCHISING, LLC

Opinion

We have audited the financial statements of BLUE NOSE FRANCHISING, LLC (the “Company”), which comprise the Balance Sheet as of December 31, 2024 & December 31, 2023 & December 31, 2022, the related Profit & Loss Statements, the related Statements of Cashflows, the related Statements of Shareholders’ Equity, and the related notes for the twelve-month periods then ended. (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 & December 31, 2023 & December 31, 2022, and the results of its operations and its cash flows for the twelve-month periods then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 for 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 of 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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.

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



Omar Alnuaimi, CPA

Naperville, IL
January 20, 2025



BLUE NOSE FRANCHISING, LLC
PROFIT & LOSS STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2024 & DECEMBER 31, 2023 & DECEMBER 31, 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenue			
Revenue - Franchise Fees	\$ 125,986	\$ 80,065	\$ 55,479
Revenue - Royalties & Tech Fees	119,391	47,084	59,506
Total Revenue	245,377	127,149	114,985
Cost of Sales	62,096	39,218	25,338
Gross Profit	183,280	87,931	89,647
Operating Expense			
Technology Expense	11,169	5,885	8,123
Legal & Professional Services	27,027	31,339	30,402
Office Supplies Expense	37,260	16,942	22,651
General & Administrative Expense	17,387	18,431	13,556
Advertising & Marketing Expense	41,870	10,522	9,097
Bank Fees	1,208	1,041	1,255
Total Operating Expenses	135,920	84,161	85,084
Net Income From Operations	47,360	3,770	4,563
Other Income (Expense)			
Interest Expense	(1,457)	(1,769)	(1,572)
Deprecation Expense	(91)		
Misc. Income	275	-	1,204
Total Other Income (Expense)	(1,273)	(1,769)	(368)
Net Income Before Provision for Income Tax	46,087	2,001	4,195
Provision for Income Taxes	-	-	-
Net Income (Loss)	<u>\$ 46,087</u>	<u>\$ 2,001</u>	<u>\$ 4,195</u>

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

BLUE NOSE FRANCHISING, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2024 & DECEMBER 31, 2023 & DECEMBER 31, 2022

	<u>12/31/24</u>	<u>12/31/23</u>	<u>12/31/22</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 10,263	\$10,720	\$16,340
Accounts Receivable	1,196	1,146	-
TOTAL CURRENT ASSETS	11,459	11,866	16,340
NON-CURRENT ASSETS			
Notes Receivable	108,780	27,134	-
Fixed Assets (net)	5,384	-	-
TOTAL NON-CURRENT ASSETS	114,164	27,134	-
TOTAL ASSETS	125,623	39,000	16,340
<u>LIABILITIES AND OWNER'S EQUITY</u>			
CURRENT LIABILITIES			
Company Credit Card	-	4,727	14,830
Deferred Revenue (current)	19,839	-	-
TOTAL CURRENT LIABILITIES	19,839	4,727	14,830
NON-CURRENT LIABILITIES			
Deferred Revenue	67,782	27,134	-
Loan Payable	-	13,000	-
TOTAL NON-CURRENT LIABILITIES	67,782	40,134	-
TOTAL LIABILITIES	87,620	44,861	14,830
OWNER'S EQUITY			
Retained Earnings (Deficit)	(8,085)	(7,863)	(2,686)
Net Income (Loss)	46,087	2,001	4,195
TOTAL SHAREHOLDERS' EQUITY	38,002	(5,862)	1,509
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$125,623	\$39,000	\$16,340

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

BLUE NOSE FRANCHISING, LLC
STATEMENT OF CASHFLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 & DECEMBER 31, 2023 & DECEMBER 31, 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES			
Net Income	\$ 46,087	\$ 2,001	\$ 4,195
Non-Cash Adjustments			
Changes in Company Credit Card	(4,727)	(10,103)	(7,002)
Other Non-Cash Adjustments	(50)	(1,146)	-
Changes in Deferred Revenue	60,486	27,134	-
Increase in Notes Receivable	(81,646)	(27,134)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	20,150	(9,248)	(2,807)
INVESTING ACTIVITIES			
Fixed Assets (net)	(5,384)	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(5,384)	-	-
FINANCING ACTIVITIES			
Loan Payable	(13,000)	13,000	-
Owner's Contribution (net)	(2,223)	(9,373)	1,140
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(15,223)	3,627	1,140
NET INCREASE (DECREASE) IN CASH	(457)	(5,621)	(1,667)
CASH AT BEGINNING OF PERIOD	10,720	16,340	18,006
CASH AT END OF PERIOD	\$ 10,263	\$ 10,720	\$ 16,340

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

BLUE NOSE FRANCHISING, LLC
STATEMENT OF SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2024 & DECEMBER 31, 2023 & DECEMBER 31, 2022

	Opening Equity Balance	Yearly Changes	Total
Beginning Balance	\$ (3,826)	\$ -	\$ (3,826)
Net Income for the period ending December 31, 2022	-	4,195	4,195
Equity Contributions (Distributions)	-	1,140	1,140
Balance, December 31, 2022	\$ (3,826)	\$ 5,335	\$ 1,509

	Opening Equity Balance	Yearly Changes	Total
Beginning Balance	\$ 1,509	\$ -	\$ 1,509
Net Income for the period ending December 31, 2023	-	2,001	2,001
Equity Contributions (Distributions)	-	(9,373)	(9,373)
Balance, December 31, 2023	\$ 1,509	\$ (7,372)	\$ (5,862)

	Opening Equity Balance	Yearly Changes	Total
Beginning Balance	\$ (5,862)	\$ -	\$ (5,862)
Net Income for the period ending December 31, 2024	-	46,087	46,087
Equity Contributions (Distributions)	-	(2,223)	(2,223)
Balance, December 31, 2024	\$ (5,862)	\$ 43,864	\$ 38,002

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

BLUE NOSE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 & DECEMBER 31, 2023 & DECEMBER 31, 2022

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

Blue Nose Franchising, LLC (the “Company”) provides franchise opportunities for new entrepreneurs. The mission of the “Company” is to develop the Blue Nose brand quickly through leveraging of professional networks with hopes of becoming the premier drone services provider in the United States of America.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). As a result, the Company records revenue when earned and expenses when incurred. The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities and other items, as well as the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and any cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Franchisee Receivables

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

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of \$0 was necessary as of December 31, 2024, December 31, 2023, & December 31, 2022. Franchisee bad debt expense was \$0 for the year ended December 31, 2024, December 31, 2023, & December 31, 2022. Franchisee amounts written off were \$0 for the year ended December 31, 2024, December 31, 2023, & December 31, 2022.

BLUE NOSE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 & DECEMBER 31, 2023 & DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Fixed Assets and Depreciation

Property and Equipment is stated at cost. Accounting principles generally accepted in the United States of America require that property and equipment be depreciated using the straight-line method. Depreciation in these financial statements reflects accelerated depreciation methods used for the tax return. The effects of these departures from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows have not been determined. Expenditures for normal repairs and maintenance are charged to operations as incurred.

The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of the undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. As of December 31, 2024, December 31, 2023, & December 31, 2022, no impairment loss has been recognized for long-lived assets.

Fair Value of Financial Instruments

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).
- Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

As of December 31, 2024, December 31, 2023, & December 31, 2022, the carrying amounts of the Company's financial assets and liabilities reported in the balance sheets approximate their fair value.

BLUE NOSE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 & DECEMBER 31, 2023 & DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Revenue Recognition

Revenues are primarily derived from franchise fees (one-time and recurring monthly fees). In accordance with Accounting Standards Codification (ASC) Topic 606, Revenue will be recognized when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectability is reasonably assured. The determination of whether fees are fixed or determinable and collection is reasonably assured involves the use of assumptions. Arrangement terms and customer information are evaluated to ensure that these criteria are met prior to recognition of revenue.

Specifically for franchisors, The Financial Accounting Standards Board (FASB) has issued an Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' in 2021 which provides a new practical expedient that permits private company franchisors to account for preopening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. The Company has elected to adopt this new standard.

Unearned Revenue

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities", which are recognized as a single performance obligation. The Company expects that certain pre-opening activities provided to the franchisee will not be brand specific and will provide the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities that will be provided that is not brand specific is expected to be distinct as it will provide a benefit to the franchisee and is expected not to be highly interrelated or interdependent to the access of the Company's intellectual property, and therefore will be accounted for as a separate distinct performance obligation. All other pre-opening activities are expected to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore will be accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration, under the franchise agreement to the stand-alone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, which are not brand specific are recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' is recognized when the related services have been rendered.

The remaining franchise fee not allocated to pre-opening activities are recorded as Unearned Revenue and will be recognized over the term of the franchise agreement.

BLUE NOSE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 & DECEMBER 31, 2023 & DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Income Taxes

The Company, with the consent of its shareholders, intends to elect to be an S-Corporation (for tax purposes). In lieu of corporate income taxes, the shareholder(s) of an S-Corporation is taxed based on its proportionate share of The Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

Commitments and Contingencies

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations. As of December 31, 2024, December 31, 2023, & December 31, 2022, the Company has not reported any lawsuit or known plans of litigation by or against the Company.

NOTE C – CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and any cash equivalents with a limited number of high-quality financial institutions and do not exceed the amount of insurance provided on such deposits.

NOTE D – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 20, 2025, the date on which the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of Management's review substantially affect the amounts and disclosure of the accompanying financial statements.

Profit and Loss
Blue Nose Aerial Imaging
January 1-September 30, 2025

DISTRIBUTION ACCOUNT	TOTAL
Income	
Billable Expense Income	6,268.53
Discounts given	-595.00
Franchise Income	127,667.25
Sales	61,061.40
Shipping Income	329.78
Tech fee income	72,738.46
Unapplied Cash Payment Income	17,135.00
Total for Income	\$284,605.42
Cost of Goods Sold	
Cost of Goods Sold	15,116.29
Total for Cost of Goods Sold	\$15,116.29
Gross Profit	\$269,489.13
Expenses	
Advertising & Marketing	30,841.56
Bank Charges & Fees	1,224.36
Franchise Software	29,489.91
Insurance	602.52
Interest Paid	1,806.06
Legal & Professional Services	54,174.91
Meals & Entertainment	529.60
Office Supplies & Software	34,423.08
Other Business Expenses	3,977.52
QuickBooks Payments Fees	4,092.97
Shipping, Freight & Delivery	8,472.25
Taxes & Licenses	2,155.00
Travel	1,675.80
Utilities	240.06
Total for Expenses	\$173,705.60
Net Operating Income	\$95,783.53
Other Income	
Other Income	1,050.00
Total for Other Income	\$1,050.00
Other Expenses	
Depreciation	4,392.34
Total for Other Expenses	\$4,392.34
Net Other Income	-\$3,342.34
Net Income	\$92,441.19

Cash Basis Tuesday, October 21, 2025 03:18 PM GMTZ

1/1

These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

Balance Sheet
Blue Nose Aerial Imaging
As of September 30, 2025

DISTRIBUTION ACCOUNT	TOTAL
Assets	
Current Assets	
Bank Accounts	
BNF Advertising (7001)	907.28
BNF Fran-Dev (5871)	111,058.47
Total for Bank Accounts	\$111,965.75
Accounts Receivable	
Other Current Assets	
Uncategorized Asset	-944.71
Undeposited Funds	0.00
Total for Other Current Assets	-\$944.71
Total for Current Assets	\$111,021.04
Fixed Assets	
Accumulated Depreciation	-8,294.76
Machinery & Equipment	11,172.06
Total for Fixed Assets	\$2,877.30
Other Assets	
Total for Assets	\$113,898.34
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
Credit Cards	
AMEX (01005)	6,135.50
NBKC Credit Card (3107)	11,949.05
Total for Credit Cards	\$18,084.55
Other Current Liabilities	
Total for Current Liabilities	\$18,084.55
Long-term Liabilities	
Loan from Five State	0.00
Total for Long-term Liabilities	\$0.00
Total for Liabilities	\$18,084.55
Equity	
Owner's Investment	21,126.20
Owner's Pay & Personal Expenses	-12,793.15
Retained Earnings	-4,960.45
Net Income	92,441.19
Total for Equity	\$95,813.79
Total for Liabilities and Equity	\$113,898.34

Cash Basis Tuesday, October 21, 2025 03:18 PM GMTZ

1/1

These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

EXHIBIT 6F
TABLE OF CONTENTS TO CONFIDENTIAL OPERATIONS MANUAL

TABLE OF CONTENTS

PREFACE

Title Page.....	i
Welcome Aboard	ii
Purpose.....	iii
Distribution	v
Revision Control & Company Forms.....	vi
Log of Revisions	vii
List of Effective Pages (LEP)	viii
Table of Contents.....	xi

SECTION A – General

1.0 Overview of Blue Nose Aerial Imaging	A-1
1.1 Franchise Operations Manual	A-2
1.2 Definitions	A-4
1.3 Franchise Support and Resources	A-7

SECTION B – FAA Requirements

2.0 Overview of FAA Regulations of UAS.....	B-1
2.1 Part 107 Certification	B-2
2.2 Operational Limitations and Waivers	B-4
2.3 Registration of Drones	B-5
2.4 Checklist Compliance	B-6

SECTION C – Unmanned Aerial Systems (UAS)

3.0 Types of Drones Suitable for Operations.....	C-1
3.1 Maintenance and Storage.....	C-3

SECTION D – Insurance Requirements

4.0 Types of Insurance Coverage.....	D-1
4.1 Insurance Providers	D-2

SECTION E – Commercial Operations

5.0 Brand Guidelines	E-1
5.1 Getting Started with the Before Takeoff Checklist	E-2
5.2 Pricing Guide	E-3
5.3 Drone Rental Program	E-4
5.4 Communication on Slack	E-5
5.5 Franchise Meetings.....	E-6
5.6 Google Workspace Applications and Usage Guidelines.....	E-7
5.7 LinkedIn	E-14

SECTION F – Operations Portal

6.0 Overview	F-1
6.1 Dashboard	F-1
6.2 Data Processor - gNext.....	F-1
6.3 Training - Blue Nose Academy	F-2
6.4 CRM - Nutshell.....	F-2
6.5 Leads	F-2
6.6 Assets	F-2
6.7 Products.....	F-2
6.8 Apparel.....	F-3
6.9 Conclusion	F-3

SECTION G – “The Method”

7.0 Introduction To ‘The Method’	G-1
7.1 Planning & Direction	G-2
7.2 Data Collection.....	G-7
7.3 Processing	G-7
7.4 Analysis & Exploitation.....	G-8
7.5 Dissemination & Feedback	G-8
7.6 Why ‘The Method’ is Non-Negotiable	G-9

SECTION H – Workflow Requirements

8.0 Building a Quote, Generating an Invoice, and Marking Jobs as Complete	H-1
8.1 Required Reporting.....	H-10
8.2 Compliance	H-11

SECTION I – Fly Day

9.0 Customer Service	I-1
9.1 Booking Clients	I-1
9.2 Mission Planning.....	I-2
9.3 DJI’s GEO Zones and Unlocking	I-5
9.4 Forecast Weather	I-6
9.5 Site Recon	I-6
9.6 Packout List and Equipment Charge	I-6
9.7 Uniforms.....	I-6
9.8 Safety.....	I-6
9.9 Checklist Usage	I-7
9.10 Property/Model Release Forms	I-7
9.11 Situational Awareness Considerations	I-7
9.12 Shot List and Flight Sequence	I-8

SECTION J – References and Forms

The Big Four	J-1
Job Pack	J-1
Quote	J-2
Service Agreement.....	J-3
Statement of Work	J-4
Property/Location Release.....	J-5
UAS Checklist.....	J-6
National Accounts Program Participation Agreement.....	J-7
Gross Monthly Sales Report	J-8
Standards Violation Notice.....	J-9

SECTION K – Version Control

11.0 Document Custody Form	K-1
11.1 Revision Notice	K-2

EXHIBIT 7G
STATE ADDENDA

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

The Department of Financial Protection and Innovation for the State of California requires that certain provisions contained in franchise documents be amended to be consistent with California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., and of the Rules and Regulations promulgated thereunder. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
2. 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.

3. Item 3 is amended to add:

Neither Franchisor nor any person described 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. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange.

4. Item 17 is amended to state:

- (a) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).
- (b) 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.
- (c) The franchise agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.
- (d) The Franchise Agreement requires application of the laws of Colorado. This provision may not be enforceable under California law.

5. The highest interest rate allowed by law in California is 10% annually.

6. Prospective franchisees are encourage to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil

Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a form outside the State of California.

~Remainder of Page Intentionally Blank~

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80Cor (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

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

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

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

Minnesota Rule 2860.4400(K) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds

Items 5 and 7 are updated as follows: All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

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 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 with the franchise.

**ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

The Franchise Agreement is amended to also include the following:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Minnesota Department of Commerce requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

FRANCHISOR:

FRANCHISEE:

BLUE NOSE FRANCHISING, LLC

By: _____

By: _____

Name: Tanner Harris

Name: _____

Title:

Title: _____

Date: _____

Date: _____

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

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.

~Remainder of Page Intentionally Blank~

AMENDMENT TO THE
BLUE NOSE FRANCHISING, LLC
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

Exhibit G of the Franchise Agreement, the General Release, is hereby deleted.

Number 6 of the Preamble and Acknowledgement Section of the Franchise Agreement does not apply in Washington.

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.

The parties hereto have duly executed this Washington Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

Blue Nose Franchising, LLC

By: _____

_____,
(Print Name, Title)

FRANCHISEE:

By: _____

_____,
(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

STATE	EFFECTIVE DATE
California	February 5, 2025
Illinois	Pending
Maryland	Pending
New York	February 20, 2025
Virginia	February 6, 2025
Washington	February 20, 2025

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 8H
RECEIPT
(OUR COPY)
BLUE NOSE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

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 we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit 4A.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: Tanner Harris, 2548 Akron Street, Denver, Colorado, 80238; (703) 615-7196

See Exhibit 4A for our registered agents authorized to receive service of process.

The issuance date of this Disclosure Document is: January 31, 2025

I have received a Disclosure Document with an issuance date of January 31, 2025, that includes the following Exhibits:

Exhibit 4A – State Administrators/Agents for Service of Process

Exhibit 4B – Franchise Agreement

Exhibit 3C – List of Franchisees

Exhibit 4D – List of Franchisees Who Have Left the System

Exhibit 5E – Financial Statements

Exhibit 6F – Table of Contents of Confidential Operating Manual

Exhibit 7G – State Specific Addendum

Exhibit 8H – Receipt

Date

Prospective Franchisee

Date Received (if other than date signed)

Printed Name

Address

BLUE NOSE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

RECEIPT
(YOUR COPY)—PLEASE KEEP FOR YOUR RECORDS

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 we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit [4A](#).

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: Tanner Harris, 2548 Akron Street, Denver, Colorado, 80238; (703) 615-7196

See Exhibit [4A](#) for our registered agents authorized to receive service of process.

The issuance date of this Disclosure Document is: January 31, 2025.

I have received a Disclosure Document with an issuance date of January 31, 2025, that includes the following Exhibits:

Exhibit [4A](#) – State Administrators/Agents for Service of Process
Exhibit [2B](#) – Franchise Agreement
Exhibit [3C](#) – List of Franchisees
Exhibit [4D](#) – List of Franchisees Who Have Left the System
Exhibit [5E](#) – Financial Statements
Exhibit [6F](#) – Table of Contents of Confidential Operating Manual
Exhibit [7G](#) – State Specific Addendum
Exhibit [8H](#) – Receipt

Date

Prospective Franchisee

Date Received (if other than date signed)

Printed Name

Address