FRANCHISE DISCLOSURE DOCUMENT
THE SPICE & TEA EXCHANGE FRANCHISING, LLC
A Florida Limited Liability Company
210 Marshall Circle
St. Augustine, FL 32086
(727) 786-6644
www.spiceandtea.com
franchising@spiceandtea.com

THE SPICE & TEA EXCHANGE® stores are retail stores that sell spices, herbs, teas, spice blends, rubs, olive oil, and related products and accessories we may designate or approve (each, a "**Store**"). The franchises offered are for the development and operation of a Unit Franchise or an Area Development Business. Unit Franchises operate individual Stores. Area Development franchises develop and operate multiple Stores.

The total initial investment necessary to begin operation of a ~~Unit Franchise ranges from $194~~The Spice & Tea Exchange franchise is $233,650 to $~~395,250~~487,750. This includes $~~133~~164,750 to $~~163~~193,750 that must be paid to the franchisor or affiliates.

~~The total investment necessary to operate multiple Stores under our form of area development agreement depends on the number of franchises we grant you the right to open. Under the area development agreement, you must open a minimum of three (3) Stores. The total investment necessary to open and operate three (3) Stores is between $245,900 and $446,500 which includes the $90,000 development fee paid to us and the total investment to begin operation of your initial Store.~~

The total investment necessary to begin operation of three (3) The Spice & Tea Exchange franchises is $284,900 to $539,000. This includes $216,000 to $245,000 that must be paid to the franchisor or affiliates. The minimum number of franchises you must develop under an Area Development Agreement is three (3).

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

You may wish to receive your disclosure documents in another format that is more convenient for you. To discuss the availability of disclosures in different format, contact the Franchise Administration Department, Attn: ~~Amy Parnell~~Michael Lassen, 210 Marshall Circle, St. Augustine, FL 32086; (727) ~~786-6644~~240-3191 franchising@spiceandtea.com.

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

Buying a franchise is a complex investment. 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, N.W., Washington, D.C. 20580. You can also visit the FTC 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 other laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: April ~~25, 2023.~~ 15, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
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 A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Spice & Tea 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 franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Spice & Tea franchisee?	Item 20 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 that franchise or has verified the information in this document. To find out if your state has a registration requirements, or to contact your state, use the agency information in Exhibit A.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Florida. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own states.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's personal assets, perhaps including your house, at risk if your franchise fails.
3. ~~**Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's 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.

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

The Franchisor.

The Franchisor is The Spice & Tea Exchange Franchising, LLC, referred to as "we," "us," or "our" or "TSTE Franchising." We refer to a person who acquires a franchise from us as "you" or "your." If you are a corporation, partnership or other entity, your owners must sign our "Principal Owner's Guaranty," guaranteeing your performance and binding themselves individually to provisions of the Franchise Agreement. A copy of our Principal Owner's Guaranty is attached as Exhibit "D" to the Franchise Agreement.

We are a Florida Limited Liability Company formed on August 14, 2008, and our principal business address is 210 Marshall Circle, St. Augustine, FL 32086. Our agents for service of process in the states whose franchise laws require us to name a state agency as agent for service are disclosed in Exhibit "G." Our phone number is (727) 786-6644 and our website is ~~www.spiceandtea.com.~~www.spiceandtea.com.

We conduct business under our corporate name, and "The Spice & Tea Exchange," and were formed for the purpose of offering and selling franchises for THE SPICE & TEA EXCHANGE® Stores. We began offering franchises for THE SPICE & TEA EXCHANGE® Stores on August 25, 2008, and have not offered franchises in other lines of business. In addition to offering franchises for THE SPICE & TEA EXCHANGE® Stores, we own and operate a company-owned THE SPICE & TEA EXCHANGE® Store, which is located in Florida. Besides offering franchises for THE SPICE & TEA EXCHANGE® Stores and operating the company-owned THE SPICE & TEA EXCHANGE® Store since November 9, 2010, we do not engage in any other business activities.

Our Parent~~.~~

We are a subsidiary of our parent, The Spice & Tea Exchange Holdings, LLC ("**TSTE® Holdings**"). TSTE® Holdings is a Florida limited liability company formed on August 14, 2008, whose address ~~and telephone number is~~ 210 Marshall Circle, St. Augustine, FL 32086~~, 727-786-6644~~. Our affiliates, namely The Spice & Tea Exchange Distribution, LLC (see below) and The Spice & Tea Exchange Development, LLC (see below) are also subsidiaries of TSTE® Holdings. Our affiliate and predecessor, Old Spice Traders, Inc. (see below) assigned to TSTE® Holdings the intellectual property, know-how, copyrights and some aspects of the System used to operate Stores. TSTE® Holdings, in turn, licenses to us the right to license to franchisees the trademarks, service marks, copyrights and System used to operate Stores. TSTE® Holdings does not currently engage in other business activities and has not offered franchises in any line of business.

Our Predecessor and Affiliates~~.~~

Our predecessor and affiliate, Old Spice Traders, Inc. ("OSTI"), is a Florida corporation incorporated on July 7, 2007, and dissolved in December 2008. OSTI's last address was 254 Talleyrand Avenue, Jacksonville, Florida 32202. OSTI contributed the know-how, intellectual property and systems it helped develop to enable us to offer franchises for Stores. Prior to our formation, from July 7, 2007 until July 2008, OSTI was in the business of franchising Old Spice Traders stores ("OSTI Stores"), which are stores substantially similar to Stores offered in this disclosure document. OSTI assigned to us its franchise agreements for OSTI Stores. OSTI has been dissolved and does not currently conduct any business.

Our affiliate, The Spice & Tea Exchange Distribution, LLC ("TSTE® Distribution"), is a Florida Limited Liability Company formed on August 14, 2008, whose address and telephone number is 210 Marshall Circle, St. Augustine, Florida 32086, 904-429-7548. TSTE® Distribution markets and sells spices,

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herbs, teas, and similar products and accessories to the general public, and also serves as the distributor of such products to Stores.

Our affiliate, The Spice & Tea Exchange Development, LLC ("TSTE® Development"), is a Florida Limited Liability Company formed on August 14, 2008, whose address and telephone number is the same as ours. TSTE® Development provides supplies and assistance in the dress-out of Stores.

Each of our affiliates above may supply products and/or services to franchisees and is or may be an "Approved Supplier" as described in Item 8 of this Disclosure Document.

Except as disclosed above with regards to OSTI, our parent, predecessor, and affiliates have not offered franchises in this or any other line of business.

Our Unit Franchise Program.

We sell franchises for the right to establish and operate a Store, which is a retail store offering spices, herbs, teas, spice blends, olive oil, salts, sugars, candles, honeys and other related products and accessories we designate or approve (the "Products and Services"), in a distinctive and innovative environment in accordance with our standards and specifications (the "System"). The System includes distinctive designs, layouts, color schemes and signs; standards and specifications for operations, products, inventory, and suppliers; rules; training and assistance; and other methods and procedures relating to the establishment and operation of a Store.

We grant to persons or entities who meet our qualifications, and who are willing to undertake the investment and effort, the right to operate a Store in accordance with our then-current Franchise Agreement, a copy of which is attached to this Disclosure Document as Exhibit "C" (the "Franchise Agreement"). We sometimes refer to the right to acquire a franchise to operate a Store as our "Unit Franchise Program."

We use, promote and license in the operation of Stores certain trademarks, service marks and other commercial symbols, including the trade and service marks "THE SPICE & TEA EXCHANGE®" and other assorted associated logos, designs, and commercial symbols that we may designate now or in the future (collectively, the "Proprietary Marks"). ~~We also use, promote and license in the operation of Stores certain information capable of being rendered into tangible form that we claim as our copyrights, including spreadsheets, forms, marketing materials, manual, pricing lists, vendor lists, menus, recipes, advertisements, our website, and any other written materials, marketing materials or advertisements (including the look, compilation, feel and content of them) (collectively, the "Copyrights").~~

Each Store operates from a specified location (the "Site") where it must provide only the Products and Services we designate or approve in accordance with our System and using our Marks ~~and Copyrights~~.

Area Development Program.

We also grant to certain persons or entities that meet our qualifications and are willing to undertake the additional investment and effort, the right to develop and operate multiple Stores (the "Area Development Program"). Through the Area Development Program, we offer the right to own, open and operate multiple Stores (the "Development Rights") within a certain defined geographic area (the "Development Area"). Development Rights are offered only in accordance with the terms of our current Area Development Agreement (the "Development Agreement"), a copy of which is attached to this Disclosure Document as Exhibit "D." Under the Development Agreement, you must open a certain number of Stores in accordance with a mandatory development schedule (the "Development Schedule"). You must sign a separate Franchise

Agreement for each Store opened under the Development Schedule, which may differ from the one disclosed in this document.

Competition.

The sale of spices, teas, herbs, blends, salts, sugars, olive oils, candles, honeys and related products and accessories is a moderately well-developed market. You will compete with national chains such as grocery stores and cooking stores, as well as regional and national chains, small local businesses, and Internet/mail order companies. The Products and Services that you offer to the general public, to individual consumers, primarily for on-site pick up. The market for specialty spice, tea and accessory stores is developed in some areas and developing in other areas, depending on the number of these types of stores in the particular area. Also, your business may be seasonal in nature.

Regulations.

You will be required to comply with all applicable local, state, and federal safety, health, food handling, food safety and sanitation laws that apply to Store operations. In addition, certain states may have certification and registration requirements for such businesses that are considered to be selling nutritional or health products. You should investigate whether any of these certification or registration requirements will apply to your Store. You will also need to assume that your activities do not result in the making of health or nutritional claims that are regulated by the United States Food and Drug Administration. You must comply with federal and state truth in labeling laws and regulations. Additionally, every state has enacted laws, rules, regulations and ordinances which may apply to the operation of a Store, including those which: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the premises; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking, and availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; and (d) set standards and requirements for fire safety and general emergency preparedness. You must comply with laws regulating sexual harassment and discrimination, as well as, federal, state and local regulations concerning retail business practices. You will also be required to comply with immigration and social security laws regarding the personnel you hire.

ITEM 2
BUSINESS EXPERIENCE

Amy Parnell~~: Chief Executive Officer~~ Freeman: CEO

Ms. ~~Parnell~~Freeman has been our ~~Chief Executive Officer~~CEO since June 2016. Ms. ~~Parnell~~Freeman has been the CEO and a Member of TSTE® Holdings, based in St. Augustine, Florida, since its inception on August 18, 2008. ~~From April 2016 until June 2016, she served as our President of Franchising. From August 18, 2008, until April 2015, she served as President of TSTE® Franchising based in Palm Harbor, Florida, Vice President of TSTE® Development based in Palm Harbor, Florida, and Vice President of TSTE® Distribution based in St. Augustine, Florida.~~

Penny L.A. Rehling: President

Mrs. Rehling has been our President since July 2022 in St. Augustine, FL. Prior to that time, Mrs. Rehling was our Chief Operating Officer from June ~~206~~2016 to July 2022. Mrs. Rehling has been a Member of TSTE® Franchising, based in St. Augustine, Florida, since its inception in August 2008. She has also

been a Member of TSTE® Holdings, based in St. Augustine, Florida, since its inception in August 2008. ~~From August 2008 until June 2016, she served as a President of TSTE® Distribution based in St. Augustine, Florida, and a Vice President of TSTE® Development based in Palm Harbor, Florida.~~

Ami Sarnowski: Chief Operating Officer

Ms. Sarnowski has been our Chief Operating Officer since July 2022, in St. Augustine, Florida. Prior to that time, Ms. Sarnowski served as the (i) Director, Ops Business Transformation, SBO Strategy & Solutions for Microsoft Corporation in Redmond, Washington from December 22021 to July 2022, and (ii) Chief Innovation Officer, Domestic Outsourcing Service Line Leader, and VP of Business Development and Managing Director of Genesis10 in New York, New York from July 2007 to April 2021.

Jeffrey Don Davis: Member

Mr. Davis has been a Member of TSTE® Franchising ~~and the Member of TSTE® Holdings,~~ based in St. Augustine, Florida, since ~~their respective inceptions~~its inception in August 2008~~. Since August 2008, he has also served as~~, and is a Member of TSTE® ~~Development based in St. Augustine, Florida, and as a Member of TSTE® Distribution based in St. Augustine, Florida~~Holdings.

Steven Mark Rehling: Member

Mr. Rehling has been a Member of TSTE® ~~Holdings,~~Franchising based in St. Augustine, Florida, since its inception ~~on~~in August ~~18,~~ 2008~~. From August 18, 2008, until April 2015, he served as a President of TSTE® Distribution based in St. Augustine, Florida~~, and ~~as a Vice President of TSTE® Franchising and TSTE® Development based in St. Augustine, Florida~~is a Member of TSTE® Holdings.

Martin Amschler: Executive Vice President/Advisor

Mr. Amschler has served as our Executive Vice President of Franchise Development since June 2017. ~~From January 2016 to June 2017, he served as the President of MA1 LLC in Atlanta, Georgia. Prior to that, Mr. Amschler was the Chief Revenue Officer for Radio Shack in Ft. Worth, Texas from October 2009 until January 2016.~~

Michael Lassen: Director of Franchise Sales

Mr. Lassen has served as our Director of Franchise Sales since August 2023. Previously, he was a Franchise Sales Manager from February 2020 to July 2023. He was also a franchisee of NoBaked Cookie Dough in Springfield, Missouri from December 2018 to December 2023.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Unit Franchise Program.

Your initial fees are those funds you will be required to pay to us or our affiliates prior the commencement of your Store's operations. Your initial fees will equal between $133164,750 and $163193,750, which includes your Franchise Fee (less any Deposit) and), Establishment Fee, and (if applicable) Seasonal Inventory order that you are required to pay us before you commence operations. If you require additional Site Selection assistance beyond the initial trip, you must pay an additional fee of $1,000 per trip to us (described below). Each component of your initial franchise fee is described below. You are required to pay the initial franchise fees when you sign the Franchise Agreement.

Deposit.

If you enter into a deposit agreement (the "Deposit Agreement"), a copy of which is attached as Exhibit "B", we hold a geographic area as a potential territory for your franchise while you and we evaluate whether you will become a franchisee. The fee under the Deposit Agreement is $15,000 (the "Deposit"). The Deposit is due when you sign the Deposit Agreement and is not refundable. However, if we grant a franchise to you under the Franchise Agreement, we will apply the Deposit to your Franchise Fee.

Franchise Fee.

You are required to pay a franchise fee of $38,750 (the "Franchise Fee") when you sign the Franchise Agreement. The Franchise Fee is due in lump sum and is fully earned and non-refundable upon payment. Franchise Fees are uniform among franchisees in the Unit Franchise Program.

We will reduce our Franchise Fee for only your first Store by 25% for United States military veterans who will own a majority interest in the Store, provided that the veteran meets our qualifications for new franchisees. This discount will only apply for the purchase of the first Store and will not apply for our Area Development Program.

Establishment Fee.

You are required to pay a fee to TSTE® Development (the "Establishment Fee"), for the purchase of your Store's initial inventory of teas, grains, spices, herbs, blends, olive oil, honey, candles, spice and tea accessories, kitchen accessories, operational tools and equipment, marketing materials, real estate support, reference materials, initial training, freight/handling/staging, Manuals, and POS System (collectively, the "Establishment Package"). The Establishment Fee varies from $95,000 to $125,000 based on the composition of the Establishment Package. Generally, the variance in your Establishment Package will be based on current product mix, size of your location, current Franchisee status, and product availability. Specifically, the low end of this estimate assumes that you already own at least one The Spice & Tea Exchange Franchised Business and have therefore have already received certain training and reference materials. The high end of this estimate assumes that you are opening your first The Spice & Tea Exchange Franchised business in which case your Establishment Fee will be based on the factors noted above. The Establishment Fee and the contents of your Establishment Package for your Store will be designated in an Exhibit to your Franchise Agreement.The Establishment Fee will be $140,000, but we reserve the right to provide a 10% goodwill discount on the Establishment Fee to existing franchisees that are in good standing and meet our then-current criteria. You are required to pay the Establishment Fee when you sign the Franchise Agreement. In some instances, due to seasonal necessity or product mix changes, we may need to make adjustments to the Establishment Package in order to provide you with the proper opening inventory.

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In such circumstances, you and we will agree upon the terms of those changes and additional fees, if any, to be paid. The Establishment Fee is due in lump sum and is fully earned and nonrefundable upon payment.

~~Site Selection Fees.~~

~~Included with the Franchise Fee is our cost of arranging for one site selection trip of up to two (2) days to assist you in connection with selecting a Site for your Store. If, after the first site selection trip, a location is not approved, you will be charged an additional fee of $1,000, per each additional trip, plus travel costs and expenses. Our current Site Selection Fee is $1,000 per additional site selection trip. You are required to pay the Site Selection Fee to us or our designee prior to the additional site selection trip. In the initial fee estimates set forth at the beginning of this Item 5, on the low end, no additional Site Selection Fees are estimated; on the high end, $1,000 in Site Selection Fees are estimated.~~

Seasonal Inventory Order

Depending on your market and when your Store opens, you may be required to place an additional product order to meet seasonal inventory minimums. We estimate the cost of this order will be between $1,000 and $15,000.

Spice UniversiTea.

Included with the Establishment Fee is our cost to provide you and up to ~~three (3) employees~~two (2) designees that we approve to attend our initial training program ~~(~~"~~referred to as "~~Spice UniversiTea~~").~~". You must attend Spice UniversiTea prior to opening, but your two (2) additional designees may attend within six (6) months of your opening date. If you are an existing franchisee and you choose to attend or choose to have an employee attend a Spice UniversiTea training, you will be required to pay a fee of $~~500~~1,000 per person attending the training.

Area Development Program~~.~~

Development Fee~~.~~

You have the option of purchasing three (3) Stores with the Area Development Program. If you participate in the Area Development Program, you are required to pay us a development fee (the "Development Fee") in the amount of $90,000 for three (3) Stores. The Development Fee calculation is uniform among franchisees. You are required to pay the Development Fee when you sign the Development Agreement. The Development Fee is due in lump sum and is fully earned and non-refundable upon payment. The minimum number of franchises you must develop under an Area Development Agreement is three (3).

Franchise Fees and Other Fees under the Area Development Program~~.~~

At the same time that you sign the Development Agreement, you will also be required to sign a Franchise Agreement for the first Store you will own and operate under the Development Agreement. You will also sign additional Franchise Agreements for every other Store that you will own and operate under the Development Agreement at the time set forth in the Development Agreement. You will not be required to pay a Franchisee Fee for each Store opened under the Development Agreement, however, the Development Fee is not applied towards, nor does it entitle you to, any discount from the Establishment Fee due for the Stores you open. Additionally, please note that you will be required to pay our then-current fees at the time you sign additional Franchise Agreements, which may differ from the fees set forth in this Disclosure Document.

You must sign the Franchise Agreement for the first Store you open under the Development Agreement at the time of signing the Development Agreement and the Establishment Fee, as well as any other initial fees for the first Store, ~~is due at the same time. The Establishment Fee, as well as any other initial fees due for each subsequent Store you open under the Development Agreement, is paid at the time you sign the Franchise Agreement for such Store.~~will be due at the same time.

Except as described in this Item 5 above, there are no other fees required to be paid or purchases required to be made from us or our affiliates, prior to your beginning operations of your Store or Area Development Business.

~~*[The remainder of this page is left intentionally blank.]*~~

ITEM 6
OTHER FEES

UNIT FRANCHISE PROGRAM AND AREA DEVELOPMENT PROGRAM			
Name of Fee[1]	**Amount**	**Due Date**	**Remarks**
Royalty Fee	You are required to pay us a "**Royalty**" of 7% of your Gross Sales.~~3~~[2]	On the Payment ~~Day~~[4]Day of each "Accounting Period."[3]	~~"**Accounting Period**" is currently a calendar month.~~[2]See notes 2 and 3 below.
~~Seasonal Inventory~~	~~$1,000 - $15,000~~	~~Upon billing~~	~~You may be required to place a product order to meet seasonal inventory minimums.~~
Spice UniversiTea Attendance Fee	$~~500~~1,000 per person attending training	One ~~(1)~~ week prior to the start of training	This fee is only payable to us in connection with existing franchisees who choose to attend, or choose to have an employee attend, an already scheduled Spice UniversiTea training session. Please note that if you are an existing franchisee, we will not schedule an additional session for you, but you may attend an already scheduled session subject to the availability

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UNIT FRANCHISE PROGRAM AND AREA DEVELOPMENT PROGRAM			
Name of Fee[1]	**Amount**	**Due Date**	**Remarks**
			of our training staff and/or capacity in the session. Spice UniversiTea is a training requirement for new franchisees for which they do not pay a fee, as the cost for a new franchisee and up to ~~three (3~~two (2) additional ~~employees~~approved designees is covered by the Establishment Fee.
System Development Fee	Currently, you must expend ~~one percent (~~1% ~~)~~ of your Gross Sales. We reserve the right to increase your System Development Fee to ~~three percent (3%)~~% of your Gross Sales.	On the Payment Day[3] of each Accounting Period~~.~~	The System Development Fee is currently 1%, but we may increase it upon 30 days' prior written notice. The Fee is used to maximize recognition of the Marks and patronage of Stores
~~Site Selection Fee~~	~~$1,000 per additional site selection trip, plus travel costs and expenses.~~	~~Upon billing.~~	~~The cost for us to provide one site selection trip of up to two days to review proposed sites is covered by the Franchise Fee. If an additional site selection trip is requested or necessary, you are required to pay us or our designee this Site Selection Fee.~~
Local Advertising Requirement	Currently, you must expend ~~one percent (1%)~~% of your Gross Sales.	Monthly~~.~~	We require you to spend an average of 1% of Gross Sales per month on local advertising in accordance with our standards and specifications. You may spend any additional sums you wish on local advertising. You are currently required to report your local advertising expenditures to us on a quarterly basis, within 15 days of the end of each calendar quarter.
Local Advertising Cooperative ~~Fee~~[4]Fee	If an advertising cooperative is established, up to 2% of your Gross Sales per calendar year.	On the date established by the cooperative~~.~~	If an advertising cooperative is established, you will be required to contribute to it an amount determined by that local advertising cooperative up to 2% of your Gross Sales per calendar year. Your contribution to the Local Advertising Cooperative will be credited toward your Local Advertising

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UNIT FRANCHISE PROGRAM AND AREA DEVELOPMENT PROGRAM			
Name of Fee[1]	**Amount**	**Due Date**	**Remarks**
			Requirement. Currently, there are no Local Advertising Cooperatives in place.
Additional on-site Training or Assistance	Our then-current per diem fee not to exceed $600 per day per trainer, plus travel costs and expenses.	15 days after billing~~.~~	You will only be required to pay this fee if we require or you request, and we agree to provide, additional opening team or on-site training. The cost for Initial Training is covered by your Establishment Fee.
Renewal/ Successor Franchise	$10,000~~.~~	Upon signing successor Franchise Agreement~~.~~	There are other conditions that you must meet in order for us to approve your renewal request. This amount will help defray certain costs we incur in connection with reviewing and processing your renewal request.
Transferee Training Fee	$5,000	Upon transfer of the Franchise Agreement~~.~~	This fee is paid by the transferee to cover our costs in training the transferee upon transfer of the Franchised Business. This fee covers our cost to provide our initial training program to you and up to two (2) designees that we approve, which is comprised of Spice UniversiTea, online training and on-site training. Training timeframes are customized to meet the needs of the transferee.
Audit	Cost of inspection or audit plus travel and lodging.	15 days after billing~~.~~	If Gross Sales are understated by 2% or more you must also pay for the cost of the audit. We reserve the right to conduct a PCI compliance audit.
Subscription ~~and,~~ Support and Inventory Management Fee	~~The then~~Then-current Monthly Fee, which currently ranges from $~~119~~300 to $~~250~~800.	On the Payment Day of each Accounting Period~~.~~	This fee is paid for subscription and support services related to all technology support systems and/or software, including, but not limited to, the point-of-sale system~~,~~ and inventory management system (including bill payment), communication systems, email service and security, ~~ordering and inventory platform,~~ and ~~fees associated with website development or social media~~licenses. The high end of the range is for franchisees that use a second point-of-sale system in their Store, which is optional. We reserve the right to designate and/or

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UNIT FRANCHISE PROGRAM AND AREA DEVELOPMENT PROGRAM			
Name of Fee[1]	**Amount**	**Due Date**	**Remarks**
			change the amount, scope, or manner of payment of the fee, including the party to whom payment is made, at any time upon providing reasonable notice to you.
Administrative Fee	15% of any amount we pay on your behalf.	On demand.	We reserve the right to charge you this fee if you fail to pay any required costs (such as insurance or expenses) and we decide to pay them on your behalf. You must also reimburse us for any amounts advanced on your behalf.
Integrated Music System Fee	Monthly Fee ranges from $25 to $35.	To be determined by the third-party administrator.	This fee is for the audio programming we or our third-party provider will provide you with for playing in your Store as well as the stereo equipment necessary to play the audio programming.
Interest	Lesser of 18% per year or highest contract rate of interest allowed by law.	Within 15 days after billing.	Payable on all overdue amounts.
Late Payment Penalties	15% of the late amount.	Due on payment of late amount.	Payable on all late payments including interest.
Costs and Attorneys' Fees	Our actual costs and attorneys' fees.	As incurred.	Payable if you default under any agreement with us causes us to incur attorneys' fees and costs.
Indemnification	Our actual costs will vary according to loss.	On demand.	You must indemnify and defend us if your actions result in a loss to us.
Site Relocation Fee	$7,500 plus expenses incurred.	Upon completion.	Payable by you if we approve the relocation of your Store. We may lower this fee as we deem appropriate in our sole discretion.
~~Business Management Fee~~	~~Up to 10% of your Gross Sales or $5,000 per month, whichever is~~	~~Paid along with the Royalty on the Payment Date.~~	~~This only applies if we operate/manage your Store if you fail to cure breaches or become disabled or deceased.~~

UNIT FRANCHISE PROGRAM AND AREA DEVELOPMENT PROGRAM			
Name of Fee[1]	**Amount**	**Due Date**	**Remarks**
	~~greater, plus expenses.~~		
Transfer Fee	$~~10~~15,000	Due at the time of the Transfer.	Payable by you if we approve the transfer of your Store.
Product and Service Sales/Mark-Ups	Varies under the circumstances.	As incurred.	We or our affiliates, suppliers or Approved Suppliers may derive revenue on products sold to you. There is no limit or cap on the amount or percentage of such mark-ups.
Unauthorized Vendor/Product Fee	$250 per item type, per occurrence.	Within 10 days of notification of your use of an unauthorized product.	You must use our Approved Suppliers and Approved Products and Services for all goods and services used in connection with operating the Store. If you use non-approved suppliers, use approved suppliers without our written approval, or sell, feature or barter with an unauthorized vendor, you will be required to pay $250 for each item type and each offense. In addition, we may terminate the Franchise Agreement upon written notice to you.
Hard Copy Manual Fee	Our current costs to produce the hard copy of our Manual.	Upon your request for a hard copy of the Manual.	We will give you free online access to the Manual through our Portal by providing you with a login code. If you want to purchase a hard copy of the Manual, you must pay us our costs to produce the hard copy.
Annual Conference	$500 per attendee	As ~~Incurred~~incurred.	We may schedule and hold an annual conference, as we deem advisable in our sole discretion, to discuss the current state of the System, improvements to the System, hold discussion forums for System franchisees and recognize certain franchisees. In the event we schedule a conference, we may require you to attend for up to five (5) days each year. You will be responsible for the costs and expenses you incur in connection with any annual conference/convention (lodging, travel,

UNIT FRANCHISE PROGRAM AND AREA DEVELOPMENT PROGRAM			
Name of Fee[1]	**Amount**	**Due Date**	**Remarks**
			meals, etc.), as well as our then-current fee, which is currently $500 per attendee.
Store Closure Fee	$100 per day	As incurred.	We reserve the right to charge you a penalty fee of $100 per day for each day that your Store is closed without our approval, in addition to any other remedies that we may pursue.

Explanatory Notes.

1. Unless otherwise indicated, all fees in this table are imposed by and payable to us, our predecessor or our affiliate. In general, we expect to impose all fees described in this chart uniformly among all franchisees. But, we reserve the right to vary these fees if, in our sole discretion, we choose to do so. All fees in this table are non-refundable, except as provided in Item 5.

~~2.~~ 2~~"Accounting Period" is defined as a calendar month. We reserve the right to change the Accounting Period and the interval at which we collect recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. For example, we may collect these recurring fees on a weekly rather than monthly basis.~~

~~3~~. "Gross Sales" are defined in the Franchise Agreement as all revenue you derive from operating the Store, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are associated, in any way, with the sale of Products or Services and/or in any way associated with the Marks, Copyrights or System, and whether from cash, check, barter, credit or debit card or credit transactions, or gift card transactions; but excluding (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and (2) customer refunds, adjustments, credits and allowances authorized by us that are actually made by the business. In the event you abandon your Store or otherwise attempt to terminate your Franchise Agreement prior to the expiration of the current term, we reserve the right to seek future lost Royalties for the balance of the term of the Franchise Agreement.

43. We will designate on which day (the "Payment Day") the payments as described in this Item are due to us. Currently, the Payment Day is the fifth day of the month for the prior month, but we reserve the right to change the Payment Day in the future at our sole discretion. We may require you to pay all payments due us by electronic funds transfer. You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. On the Payment Day, you will report to us by telephone, Internet, intranet or electronic means or on written form, as we direct, your Store's true and correct Gross Sales for the immediately preceding month. You will give us authorization, in a form that we designate or approve, to initiate debit entries or credit correction entries to the Store's bank operating account (the "Operating

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Account") for payments of any fees due us and other amounts due under the Franchise Agreement, including any applicable interest charges. Since the form may vary by your or our banking institution, we do not have a standard form of electronic delivery transfer document for you to sign in all instances to make electronic funds transfers from your Operating Account. However, a sample form of one is attached as Exhibit "I" to the Franchise Agreement. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day. "Accounting Period" is defined as a calendar month. We reserve the right to change the Accounting Period and the interval at which we collect recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. For example, we may collect these recurring fees on a weekly rather than monthly basis.

~~5. Currently, there are no advertising or purchasing cooperatives that you must join. If a local advertising cooperative is established, you will be required to contribute to it an amount determined by that local advertising cooperative up to 2% of your Gross Sales per calendar year. We expect that if a cooperative is formed, there may be written governing documents to review, it will provide annual or periodic statements, will be operated by the cooperative or a hired advertising agency. We have the right to require the cooperative to be formed, changed or dissolved. We will permit you access to the payment and expenditure records of any cooperative to which you contribute. Our or our affiliates' outlets, if any, will participate on an equal basis, and will contribute on an equal basis. We do not have a defined area for the cooperatives. They may vary based on industry standards for the media selected.~~

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. Unit Franchise Program

UNIT FRANCHISE PROGRAM					
Type of Expenditure[1]	**Low Amount**	**High Amount**	**Method Of Payment**	**When Due**	**To Whom Payment is To Be Made**
Franchise Fee – Single Unit[2]	$38,750	$38,750	Lump Sum	At ~~time~~the Time of ~~signing~~Signing Franchise Agreement	Us
Establishment Fee[3]	$~~95~~126,000	$~~125~~140,000	Lump Sum	At the ~~time~~Time of ~~signing~~Signing Franchise Agreement	Us or our Affiliates

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UNIT FRANCHISE PROGRAM					
Type of Expenditure[1]	**Low Amount**	**High Amount**	**Method Of Payment**	**When Due**	**To Whom Payment is To Be Made**
Seasonal Inventory Order	$0	$15,000	Lump Sum	As Invoiced	Us or our Affiliates
Construction~~,~~ ~~Improvements~~/Build-Out, Tea Bar Equipment, and ~~other dress-out, Architect Fees~~ Other Dress-Out	$~~40~~50,000	$~~150~~211,000	As Agreed	By ~~agreement~~ Agreement with ~~providers~~Providers	Third Parties
Grand Opening Advertising[4]	$~~5~~3,000	$5,000	As Incurred	As Incurred	Third Parties
Professional Fees[5]	$500	$3,500	As Agreed	By ~~agreement~~ Agreement with ~~provider~~Providers	Third Parties
Utility Deposits	$250	$500	Lump Sum	As Incurred	Third Parties
Office Equipment[6]	$350	$~~2,500~~4,000	Lump Sum	As Incurred	Third Parties and Suppliers
Rent and Security Deposits[7]	$1,800	$10,000	Lump Sum	As Incurred	Third Parties
Insurance (premium for first year)[8]	$1,000	$3,500	Lump Sum	As Incurred	Third Parties
State and ~~local business licenses, permits~~Local Business Licenses, Permits and ~~filing fees~~Filing Fees	$500	$1,500	As Required	As Incurred	Third Parties
Training Expenses[9]	$1,500	$5,000	As Incurred	As Incurred	Third Parties

UNIT FRANCHISE PROGRAM					
Type of Expenditure[1]	**Low Amount**	**High Amount**	**Method Of Payment**	**When Due**	**To Whom Payment is To Be Made**
Additional Funds - 6 months[10]	$10,000	$50,000	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE UNIT FRANCHISE PROGRAM (EXCLUDING REAL ESTATE AND/OR BUILDING PURCHASE COSTS)[11]	**$~~194~~233,650**	**$~~395,250~~487,750**			

Explanatory Notes~~.~~

1. Unless otherwise stated in Items 5 or 6, all payments and fees due us or our affiliates in this Item are non-refundable. Payments to third parties may be refundable if you and the third party agree to allow for a refund.

2. The Franchise Fee is $38,750 for a Store and is uniform among franchisees. The Franchise Fee is due when you sign the Franchise Agreement and is not refundable. If you sign a Deposit Agreement (See Exhibit "B") to reserve a geographic area as a potential territory while you and we evaluate whether you will become a franchisee, the Deposit Fee of $15,000 (non-refundable and due in lump sum when or if you sign the Deposit Agreement) is applied to your Franchise Fee if a franchise is granted to you.

3. The Establishment Fee is paid for your Establishment Package, which includes your Store's initial inventory of teas, grains, spices, herbs, blends, olive oil, honey, candles, spice and tea accessories, kitchen accessories, operational tools and equipment, marketing materials, real estate support, reference materials, initial training, freight/handling/staging, Manuals, and POS System (the "Establishment Package"). ~~The Establishment Fee varies from $95,000 to $125,000 based on the composition of the Establishment Package. Generally, the variance in your Establishment Package will be based on current product mix, size of your location, projected opening date, current Franchisee status, and product availability. Specifically, the low end of this estimate assumes that you already own at least one The Spice & Tea Exchange Franchised Business. The high end of this estimate assumes that you are opening your first The Spice & Tea Exchange Franchised Business in which case your Establishment Fee will be based on the factors noted above. The Establishment Fee and the~~The Establishment Fee will be $140,000, but we reserve the right to provide a 10% goodwill discount on the Establishment Fee

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to existing franchisees that are in good standing and meet our then-current criteria. The contents of your Establishment Package for your Store will be designated in an Exhibit to your Franchise Agreement. You are required to pay the Establishment Fee when you sign the Franchise Agreement. The Establishment Fee is due in lump sum and is fully earned and non-refundable upon payment.

4. You are required to expend a minimum of $~~5~~3,000 as a Grand Opening Advertising Requirement. You are responsible for planning and conducting one or both of the following options: (i) a "Grand Opening Event" within 90 days (or 120 days, if seasonal) of the Store's opening for regular business, or (ii) a local or regional advertising and promotional campaign surrounding the Store's grand opening. This advertising or promotional campaign may utilize various media, advertising, and other promotional materials and formats. We or our approved supplier will provide promotional suggestions and prepared materials to you. All materials, concepts, and promotions proposed by you must be approved by us prior to your initiation or spend on such items. The Grand Opening Event shall be conducted in accordance with our standards and procedures set forth in our Manuals.

5. This is the estimated cost to establish an entity and have the franchise documents reviewed. You may incur additional costs for professional services, the costs of which may vary.

6. You will receive certain backroom equipment and the point-of-sale system as part of the Establishment Package. However, you will be responsible for making sure your Store also has a computer, telephones, and other standard business equipment that are specified by us and meet our System Standards. The low end of the range assumes you already have such equipment and the high end of the range assumes that you will need to purchase all of the necessary equipment.

7. A Store will typically be in a stand-alone building, a retail complex, or the like. The size of a Store is estimated to be 1,~~100~~200 to 1,~~300~~800 square feet of air-conditioned space. Rental rates vary by local market condition, geographic location, size, site profile, accessibility, and other factors. This estimate is for your rental/security deposits for your lease of the Site.

   It is also possible that you might choose to buy, rather than rent, real estate on which a building suitable for a Store already is constructed or could be constructed; however, this offering assumes that you will lease space rather than own real estate and construct a building. Because of the numerous variables that affect the value of a particular piece of real estate, this estimated initial investment table does not reflect the costs of rent or purchasing land and erecting a building.

8. You must obtain and maintain, at your own expense, insurance coverage that meets our minimum requirements. We, and our affiliates, must be named as an additional insured on these policies. Insurance costs vary based on policy limits, types of policies, nature of physical assets, gross revenues, claims history, number of employees, square footage, location, business, contacts and other factors. See Item 8 and the Franchise Agreement for additional information on Insurance.

9. Although there are no additional fees for initial franchisees and up to ~~three (3~~two (2) additional ~~employees~~designees that we approve to attend Spice UniversiTea, you are responsible for all travel, living and compensation expenses that you and your ~~employees~~designeees incur in connection with attending training.

10. This estimates additional funds you will need during the initial six (6) month start-up period of your Store (the "Initial Investment Period"), which begins on the Agreement date. These expenses include payroll costs. You should have enough cash on hand to operate the Store at all times. These figures are estimates, and we cannot guarantee that you will not have additional or higher expenses and costs in starting the Store. We relied on the experience of our predecessor and affiliate to compile these estimates (See Item 1). You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

B. **Area Development Program**

AREA DEVELOPMENT PROGRAM				
Type of Expenditure[1]	**Amount**	**Method Of Payment**	**When Due**	**To Whom Payment is To Be Made**
Area Development Fee[2]	$90,000	Lump Sum	Upon ~~signing~~Signing the Development Agreement~~.~~	Franchisor
INITIAL INVESTMENT FOR THE FIRST STORE	**$~~155~~194,900 to $~~356,500~~449,000**	See Chart 7A above		
TOTAL	**$~~245~~284,900 to $~~446,500~~539,000**			

Explanatory Notes~~.~~

1. All fees and payments are non-refundable and deemed fully earned upon payment.

2. The Area Development Fee is described in detail in Item 5 of this Disclosure Document. You will not be required to pay an initial Franchise Fee upon signing a Franchise Agreement for each Store developed under an Area Development Agreement. The estimate is based on a Development Agreement for three (3) Stores. The minimum number of franchises you must develop under an Area Development Agreement is three (3).

3. This range represents the total estimated initial investment required to open the first Store under your first Franchise Agreement (see the Single Unit estimated initial investment in the Item 7A chart above for additional details).

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchase Restrictions.

You must develop and operate your Store according to our system standards ("System Standards"). Our System Standards may regulate all of the purchases or expenditures made by your Store. Our System Standards regulate the Products and Services and, among other things, required, authorized, unauthorized and prohibited fixtures, furnishings, equipment, services, signs, marketing materials, inventory, supplies, and accessories to be used in establishing and operating the Store, as well as the designated or approved suppliers of such items (which may be limited to or include us or our affiliates).

Purchase from Us or our Affiliates.

You are required to purchase the Establishment Package from us. You are currently required to purchase from our affiliate TSTE® Distribution, all of the Products and Services, supplies, and inventory (including seasonal inventory) you will use in the operation of your Store. This includes, but is not limited to, teas, grains, spices, herbs, blends, olive oil, honey, candles, spice and tea accessories, kitchen accessories, operational tools and equipment, marketing materials, real estate support, reference materials, initial training, Manuals, and POS System and all other inventory items including the categories of items contained in the Establishment Package. You will order all Products and Services from TSTE® Distribution online. We may designate other required purchases from TSTE® Distribution from time to time. ~~Amy, Penny, Steve, and Jeff own an interest in TSTE® Distribution.~~ We may also designate other approved suppliers of such products, and require you to purchase them directly from another designated supplier. We, our affiliates, or approved suppliers may derive revenue on the sale of business materials, operating assets, supplies, and inventory that we or they sell to you.

Approved Suppliers.

In order to maintain the quality of the goods and services sold by Stores and the reputation of the franchise network, to the extent we designate, you are obligated to purchase or lease fixtures, equipment and supplies, furnishings, installation products, credit card processing~~, and installation products~~ services, point-of sale software, an inventory management platform, as well as~~ all~~ inventory, supplies and other goods, services or equipment used to operate your Stores and related items that meet our minimum standards and specifications and which are from suppliers we approve. As described above, we or our affiliates may be the only approved supplier for such items. We will notify you in our Manuals or other communications of our standards and specifications with respect to approved suppliers, including situations in which we may revoke approval.

The majority of equipment, inventory, supplies and services you purchase for your Store must be purchased from suppliers we designate or approve and ~~according to~~in accordance with our System Standards. We or our ~~affiliate~~affiliates may negotiate contracts with equipment, services, inventory and installation products and services suppliers who serve as exclusive or approved suppliers to Stores. We may require you to purchase from us or our affiliates all of the goods and services we require you to use, and we or our affiliates may purchase such items from others and require you to purchase them from us. We and our affiliates may earn monies on these sales. See "Rebates" below.

Our owner TSTE® Holdings is the owner of TSTE® Distribution and TSTE® Development, both of which serve as designated or approved suppliers to our franchisees. ~~-~~Amy, Penny, Steve, and Jeff, who are listed in Item 2 of this Disclosure Document, own an interest in TSTE® Distribution.

During ~~2022~~2023, neither we, nor our parent received revenues from the sale of products or services to franchised Stores. ~~During 2022, our affiliate TSTE® Distribution derived $13,150,535.26 from franchisee~~

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~~required purchases. In 2022, our affiliate TSTE® Development derived $875,000.00 from franchisee required purchases.~~

During 2023, our affiliate TSTE® Distribution derived $14,344,438 from franchisee required purchases, and our affiliate TSTE® Development derived $995,000 from franchisee required purchases.

Changes of Suppliers~~.~~

If you want to use any item that does not comply with System Standards or is to be purchased from a supplier that has not yet been approved or seek an alternative supplier to be an approved supplier, you must first submit sufficient information, specifications and samples for our determination whether the item complies with System Standards or the supplier meets approved supplier criteria. We have the right to charge you our expenses incurred in making this determination and will, within a reasonable time of your request, notify you of our decision which we make in our sole discretion. We will, from time to time, establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers.

Our ~~Approval~~approval or revocation of approval of a supplier may be conditioned on requirements relating to product quality, frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and service and may be temporary, pending our further evaluation of the supplier. In any event, decisions regarding approved or designated suppliers are made in our sole discretion. Our criteria for approving suppliers may be treated by us as a trade secret and not shared with our franchisees. In other instances, we may share these criteria with you by placing it in the Manual or communicating it directly to you. We can revoke our approval of a supplier at any time upon immediate notice to you.

Percentage of Purchases~~.~~

Collectively, the purchases described above in this Item 8 (purchases from us, our affiliates, approved or designated suppliers, or in accordance with our System Standards) are about 90% to 100% of your overall purchases and leases in establishing and operating a Store. This does not include any labor or payroll expenses.

Computer Hardware and Software~~.~~

We require you to have a Computer System and Printer for the operation of your Store. We may require you to install and utilize computer hardware and software that we may designate for the Computer System. In addition, you will be required to install the TSTE® point-of-sale system composed of a personal computer, touch screen monitor, scanner, credit card scanner, thermal printer, UPS, keyboard and mouse designated by us.

Insurance~~.~~

You must obtain and maintain, at your own expense, such minimum insurance coverage as specified by us in our Manuals or otherwise in writing, and as otherwise required by your landlord and/or governing agencies and meet the other insurance-related obligations in the Franchise Agreement. The insuring companies must have an AM Best Guide rating of A-~~-~~VII or better and be authorized (or admitted) to do

business in the state in which your Store is located. The insurance policies must name you as an insured and certificates must be the same as on the Franchise Agreement. Your insurance policy must name The Spice & Tea Exchange Holdings, LLC, The Spice & Tea Exchange Franchising, LLC, The Spice & Tea Exchange Development, LLC, and The Spice & Tea Exchange Distribution, LLC as additional insureds. Only the franchisee of record should be the named insured. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. You must send us copies of all insurance policies, as they expire and/or renew, and each of them must name us and our affiliates, as additional insureds. If the Site is destroyed, you must rebuild it or move to another Site in accordance with your obligations under the Franchise Agreement. The Franchise Agreement does not terminate by virtue of casualty to the Site.

You are responsible for maintaining the minimum insurance requirements set forth below, which may be updated in the Manuals (or otherwise in writing:

1. General liability insurance in the amount of $1,000,000 per occurrence and $2,000,000 general aggregate limit;
2. Property damage insurance for the full cost of replacement of your business and business interruption coverage for up to 12 months of projected earnings;
3. Employee practices liability insurance in the amount of $500,000;
4. Employee dishonesty insurance in the amount of $100,000;
5. Business automobile liability insurance in the amount of $1,000,000 per accident;
6. Commercial umbrella insurance in the amount of $2,000,000 per occurrence; and
7. Workers' compensation insurance in the amount of $500,000 for bodily injury for each accident, bodily injury by disease and $500,000 bodily injury disease aggregate.
8. Cyber Insurance

Each franchisee is responsible to evaluate higher exposures and to determine whether additional coverages or higher limits are appropriate. We urge franchisees to consult with their insurance brokers or agents to determine appropriate coverages for them.

Rebates~~.~~

As of the Issuance Date of this Disclosure Document, neither we, nor our affiliates, have instituted a formal rebate program or "Preferred Vendor" agreement with approved suppliers to franchised Stores. However, we or our affiliates may negotiate with suppliers and manufacturers to receive rebates on certain items you must purchase. Our rebate programs may vary depending on the supplier and the nature of the product or service. Not every supplier will pay rebates to us. Certain suppliers and manufacturers may pay us a rebate based on the amount of products ordered that may vary. We may require you to enter into agreements with approved or designated suppliers or distributors. We reserve the right to use such rebate monies or remuneration in any way we choose. Also, our affiliates earn profits on the sale of goods and services to us, and to you. Our or our affiliates' obtaining rebate monies or remuneration from suppliers compensates us or our affiliates for their efforts to establish and maintain relationships with suppliers and distributors. We may seek to establish supply relationships based on lowest, lower price, or other considerations, such as strategic marketing, strength of supplier, competitive pressures, and the like, all of which may influence our decisions to use and negotiate with those suppliers.

In our most recent fiscal year ending December 31, ~~2022~~2023, we and our affiliates did not receive any rebates on purchases by Stores from approved or designated suppliers, other than purchases from us or our affiliates.

Purchasing or Distribution Cooperatives.

There are currently no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price items), for the benefit of the franchise systems.

Miscellaneous.

We do not provide material benefits to you (for example renewing or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers. However, if you do not use Approved Suppliers or follow our System Standards, we may terminate the Franchise Agreement. If we have the right to terminate any Franchise Agreement, we can terminate any Development Agreement that you enter into with us.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Development Agreement	Item in Disclosure Document
(a) Site selection and acquisition/ lease	Sections 2.1	Section 1	Items 7, 11 and 12
(b) Pre-opening purchases/leases	Sections 4, 5.1, 5.3, 5.4, 11.7 and 19	Section 1	Items 5, 6, 7, 8, 11 and 16
(c) Site development and other pre-opening requirements	Sections 2.1, 4, 5, 7.1, 11.2, 11.4 11.7, 19.1 and 19.2	Sections 1 and 2	Items 6, 7 and 11
(d) Initial and ongoing training	Sections 3.1(g), 5.10, 6.7, 6.8, 7 and 11.2	Not Applicable	Item 11
(e) Opening	Sections 5.1, 5.3, 7, and 12.6	Section 5	Item 11
(f) Fees	Sections 2.5, 3.1(i), 4.1, 4.2, 5.3, 6, 7.4, 7.5, 11.1, 11.7, 12.1, Exhibit A	Section 2	Items 5, 6 and 7

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Obligation	Section in Franchise Agreement	Section in Development Agreement	Item in Disclosure Document
(g) Compliance with standards and policies/Operating Manuals	Sections 1, 4, 5, 9, 11, 12 and 13	Not Applicable	Item 11
(h) Trademarks and proprietary information	Sections 8 and 9	Not Applicable	Items 13 and 14
(i) Restrictions on products/ services offered	Sections 2.5, 2.6, 5, 11.1, 11.2, 11.3, 11.9, and 11.10	Not Applicable	Items 11 and 16
(j) Warranty and customer service requirements	Sections 2.4 5.6, and 5.7	Not Applicable	Not Applicable
(k) Territorial development and sales quotas	Section 2.1	Section 5	Item 12
(l) On-going product/service purchases	Sections 5.4, 5.5, 5.6, 5.7, 5.8, 5.9, 11 and 12	Not Applicable	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections 3.1, 5.1, 5.2, 5.4., 5.8, 5.9, 5.10, 11.2 and 11.4	Not Applicable	Items 11 and 17
(n) Insurance	Sections 5.7, 5.10, 11.2 and 19	Not Applicable	Items 7 and 8
(o) Advertising	Sections 2.1, 5.4, 5.7, 8.1, 8.2, 11.2 and 12	Not Applicable	Items 6, 7 and 11
(p) Indemnification	Section 18.4	Not Applicable	Item 6
(q) Owner's participation/ management/staffing	Sections 2.4, 7.1, 7.2, 11.2, 11.11 and 11.12	Not Applicable	Items 11 and 15
(r) Records and reports	Sections 11.2, 11.6, 11.8 and 13	Not Applicable	Item 11
(s) Inspections and audits	Sections 7.5, 14, and 19.4	Not Applicable	Items 6 and 11

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Obligation	Section in Franchise Agreement	Section in Development Agreement	Item in Disclosure Document
(t) Transfer	Section 15	Section 8	Items 6 and 17
(u) Renewal	Section 3	Not Applicable	Items 6 and 17
(v) Post-termination obligations	Section 17	Not Applicable	Item 17
(w) Non-competition covenants	Sections 10, 17.4 and 17.6	Not Applicable	Item 17
(x) Dispute resolution	Section 20	Sections 11, 12, 13, 14, 15, 16, 17, 18, and 19	Item 17
(y) Other	Section 1.5 (f) and Exhibit D		Not applicable

ITEM 10
FINANCING

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

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

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

I. **Unit Franchise Program**~~.~~

A. **Pre-Opening Obligations**: Before you open your Store, we will:

1. If you have entered into a Development Agreement for the right to operate multiple Stores, we will designate your Development Area where you will have the right to secure a Site (which we must approve) for each of your Stores. (Development Agreement – Section 1);

2. If, before signing the Franchise Agreement, you have not proposed a Site for your Store that we have approved, we have the option to provide you with assistance in selecting a Site. We, however, do not select your Site. If you have proposed a Site, and obtained our approval, prior to signing the Franchise Agreement, you (with or without our assistance) must, within ninety (90) days of signing the Franchise Agreement, locate a Site for your Store that meets our approval. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other stores and other Stores, the nature of other stores in proximity to the site and the size, appearance, and other physical and commercial characteristics of the proposed Site. We will approve or disapprove a Site you propose for a Store within thirty (30) days after we receive from you all of the materials we request concerning the proposed site. ~~We will provide one Site selection trip lasting up to two (2) days~~

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~~to review proposed sites at no charge to you.~~ If we cannot mutually agree on a Site, we, alone, in our sole discretion, have the option to terminate the Franchise Agreement. (Franchise Agreement – Section 4.1).

3. Whether you lease the Site from a third party or purchase the Site, we first must approve either the lease, financing and/or purchase documents that you will sign, as applicable. We require that they contain certain provisions designed to generally protect our rights under the Franchise Agreement, our ability to possess the Site if you violate any of your obligations to us and/or when the franchise agreement expires, and your right to occupy the Site and operate the Business without interference by lenders and mortgage holders. You are responsible for all lease and/or other obligations prior to our taking possession of the Site. You are required to provide us with a fully executed copy of your lease and renewals as they occur. (Franchise Agreement – Section 4.3).

4. We, our affiliates, or our designees will sell and deliver to you the items in your Establishment Package. The Establishment Package will contain your initial inventory of teas, grains, spices, herbs, blends, olive oil, related accessories, and certain store equipment and reference materials. ~~The exact items in your Establishment Package will be listed in Exhibit "A" to your Franchise Agreement.~~ The products and/or quantities may vary based on pricing, discontinuance, cancellation, replacement, vendor supply, or other reasons. (Franchise Agreement – Section 5.3, Exhibit A).

5. Identify any other fixtures, equipment (including ~~facsimile machines,~~ telephones, and computer hardware and software), music (including a digital music subscription), and any miscellaneous office supplies, equipment or materials necessary for your Store to begin operations, and the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). We provide this information in writing and through verbal instruction in Training. (Franchise Agreement – Section 5.5).

6. Provide you online access to the Manual by providing you with a login code. You can purchase a hard-copy of the Manual by paying us our current costs for producing the hard copy of the Manual. (Franchise Agreement – Section 11.1).

7. Provide to you the Training described in detail later in this Item. (Franchise Agreement – Section 7).

B. Time To Open~~.~~

We estimate that there will be an interval of approximately two (2) to six (6) months between the signing of the Franchise Agreement and the opening of Store, but the interval may vary based upon such factors as the location and condition of the Site, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements, completing training, and your compliance with local laws and regulations. You must open the Store for business within one-hundred eighty days (180) of the date of execution of this Agreement. (Franchise Agreement – Section 5.1).

You may not open Store for business until: (1) we approve the Store as developed, built-out and decorated according to our specifications and standards; (2) training has been completed to our satisfaction; (3) the Franchise Fee and all other amounts then due to us have been paid; (4) you have demonstrated that the conditions of the Franchise Agreement regarding your Principal Owner have been met; (5) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request; and (6) we have approved and received signed counterparts of all required documents pertaining to your acquisition of the Site. We may terminate the Franchise Agreement

if you fail to open in the time required. We may grant you extensions if your delay is due to your engaging in efforts to comply with laws and regulations.

C. Post-Opening Obligations: During your operation of the Store, we will:

1. Advise you from time to time, as necessary in our sole discretion, regarding the operation of your Store based on reports you submit or inspections we make. In addition, we will provide guidance to you on: standards, specifications, operating procedures and methods; purchasing required equipment, inventory, materials and supplies; inventory sales; use of suppliers, approved products, employee training; and administrative, bookkeeping and accounting procedures. Our guidance may also include our designating the Products and Services you may offer to your customers. This guidance will, at our discretion, be furnished in our Manual, bulletins, or other written materials and/or during telephone consultations and/or consultations at the Store or elsewhere. (Franchise Agreement – Section 7.5).

2. Establish our bookkeeping and accounting policies via our System Standards. (Franchise Agreement – Sections 11 and 13).

3. Provide you with a log in code to access the Manual, consisting of such materials (which may include ~~audiotapes~~, videos~~, magnetic media~~, digital media, computer software and written materials) that we generally furnish to franchisees for use in operating a Store. The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules that we prescribe from time to time for operation of the Store and information relating to your other obligations under the Franchise Agreement and related agreements. The most recent on-line (or electronic format) version of the Manual will control any disputes involving the Manual. The Manual may be modified, updated, and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring the on-line version (or electronic format) of the Manual for changes to it. (Franchise Agreement – Section 11.1).

4. Issue, modify and supplement System Standards as we deem necessary in our sole discretion. We may suggest minimum or maximum prices to the extent permitted by law. We may periodically modify System Standards, which may accommodate regional or local variations as we determine or to comply with applicable laws, rules and regulations, and these modifications may obligate you to invest additional capital in the Store and/or incur higher operating costs. However, these modifications will not alter your fundamental status and rights under the Agreement. (Franchise Agreement – Section 11.3).

~~5.~~ We or our affiliates will provide and be responsible for the hosting and maintenance of the official The Spice & Tea Exchange® Internet website ("Official Website"). Your Store will be listed on the Official Website, but you cannot host or operate a separate website for your Store or offer or sell any Products or Services via e-commerce. Any and all sales or revenue derived from the sales of Products and Services from the Official Website, or any other website, will belong to us or our affiliates. Notwithstanding the foregoing, you shall receive a 20% sales commission, less applicable taxes and shipping costs, (the "Internet Commission") in the form of a product credit ~~on the following types of purchases:~~

~~)~~ ~~I~~if a customer registers an email address in our loyalty program using your point-of-sale system in your Store~~, you~~. You will also receive the Internet Commission on all future purchases using that email address from the Official Website.

~~) If an online customer at the Official Website designates your particular Store in making their purchase you will receive the Internet Commission on all future purchases of that email address from the Official Website.~~

~~10.~~5. Even when you receive a commission ~~under subsection (a),~~ you will not receive a commission on any sales made prior to the customer email address being registered to your Store and a

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customer email address can only be registered to one Store, so the highest commission ever paid on a sale will be 20%.

Any commission owed to you will be paid to you in the form of a product credit quarterly on the fifteenth (15th) business day following the previous quarter (or other period designated by us). You will not be required to pay a Royalty in connection with any Internet Commission that you earn. If you owe us or our affiliates any fees, the commission may be withheld and applied to the fees owed to us or our affiliates. If you transfer your Franchise Agreement, any commission or product credit owed is forfeited upon transfer of the Franchise Agreement. ~~However, any payment of the~~You will only receive Internet Commission ~~is subject to~~if you ~~complying~~are in compliance with your reporting requirements set forth in ~~Section 13 of~~ the Franchise Agreement. (Franchise Agreement – Section 12.10).

~~11.~~6. As may be permitted by law and as necessary in our sole discretion, inspect and observe, photograph and videotape the operations of Stores, remove samples of any products, materials or supplies for testing and analysis, interview Store customers and personnel, and inspect and copy any books, records and documents relating to the operation of the Store from time to time to assist you in complying with the Franchise Agreement and all System Standards. (Franchise Agreement – Section 14.1).

~~12.~~7. Establish, maintain and administer a system-wide fund (the "**System Development Fund**"). You are obligated to contribute to the System Development Fund such amounts that we prescribe from time to time. The System Development Fee is currently 1% of Gross Sales but may be increased to up to 3% of Gross Sales. (Franchise Agreement – Sections 12.1 to 12.4).

~~13.~~8. Provide ongoing training, as we deem necessary in our sole discretion, as described later in this Item, which will assist you in training your employees. However, we do not assist you in your employment practices. (Franchise Agreement – Section 7).

D. Advertising~~.~~

System Development Fund~~.~~

You are required to pay to the System Development Fund a System Development Fee that is currently 1% of Gross Sales. The System Development Fee may be increased to up to 3% of Gross Sales. Franchisees' System Development Fees may not be uniform. We will direct all programs financed by the System Development Fund, with sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs. The System Development Fund may be used to pay the costs of preparing audio and written advertising and marketing materials; developing and servicing corporate accounts; engaging in research and development; administering regional and multi-regional advertising programs; purchasing e-commerce rights, products or services, direct mail and other media advertising; maintaining or paying third parties to maintain on-line ordering and fulfillment systems, the Business Management System and the like; supporting public relations and market research; establishing, developing, maintaining, modifying, servicing or hosting Websites or other e-commerce programs, and other advertising, promotion and marketing activities. The System Development Fund may, at our option, use an in-house advertising department or any local, national or regional advertising agency we choose. The System Development Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at its cost. (Franchise Agreement – Sections 12.1 to 12.4).

The System Development Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System Development Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the

System Development Fund. We may spend, on behalf of the System Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Stores to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the System Development Fund will be used to pay advertising costs before other assets of the System Development Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the System Development Fund, but the statements are not available for review by franchisees. We may prepare a periodic statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you upon written request. The System Development Fund is not audited. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as it deems appropriate, and the successor entity will have all the rights and duties described in the Franchise Agreement. (Franchise Agreement – Section 12.3).

The System Development Fund is intended to maximize recognition of the Marks and patronage of System Stores. Although we will endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Stores, we undertake no obligation to ensure that expenditures by the System Development Fund are proportionate or equivalent to the contributions to the System Development Fund by Stores operating in a certain geographic area or that any Store will benefit directly or in proportion to its contribution; we are not required to spend any amount on advertising in a particular franchisee's territory or area. We assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing, or administering, the System Development Fund. (Franchise Agreement – Section 12.4).

Franchisee contributions to the System Development Fund ("System Development Fees") will generally be on a uniform basis, but we reserve the right to defer or reduce contributions and, upon 30 days' prior written notice to you, to reduce or suspend contributions to and operations of the System Development Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the System Development Fund. If the System Development Fund is terminated, all unspent monies on the date of termination will be distributed to franchisees in proportion to their respective contributions to the System Development Fund during the preceding 12-month period. We and our affiliates will contribute to the System Development Fund (i.e., pay System Development Fees) on the same basis as franchise owners for any Franchisor or Affiliate owned and operated Stores. (Franchise Agreement – Section 12).

We do not use System Development Fees to solicit new franchise sales. For the fiscal year ending December 31, ~~2022~~2023, we spent System Development Fees approximately as follows: ~~30~~35% on e-commerce products and improvements to the on-line ordering and fulfillment systems; 25% on production and development of content/creative and the brand's website; ~~20~~5% on online media placement; ~~50~~and 35% on general and administrative expenses.

Grand Opening Advertising Requirement~~.~~

You are required to ~~expend~~spend a minimum of $~~5~~3,000 as a Grand Opening Advertising Requirement. You are responsible for planning and conducting one or both of the following options: (i) a "Grand Opening Event" within 90 days (or 120 days, if seasonal) of the Store's opening for regular business, or (ii) a local or regional advertising and promotional campaign surrounding the Store's grand opening. This advertising or promotional campaign may utilize various media, advertising, and other promotional materials and formats. We or our approved supplier will provide promotional suggestions and prepared materials to you. All materials, concepts, and promotions proposed by you must be approved by us prior to your initiation or spend on such items. (Franchise Agreement – Section 12.6).

Your Local Advertising~~.~~

You must spend 1% of your average Gross Sales per month on local advertising as we prescribe in the Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements. You acknowledge and agree that your local advertising obligation must be expended regardless of the amount(s) spent by other System franchisees on local advertising. (Franchise Agreement- Section 12.8). You are permitted to use your own advertising materials, so long as you have submitted them to us for approval at least fifteen (15) days before your use. We must then approve the advertising materials in writing. If we do not approve or disapprove your materials within ten (10) days of receipt by us, these materials will be deemed to be rejected. We may require you to furnish an advertising/marketing report quarterly detailing your advertising/marketing expenditures. This will be due in tandem with quarterly collection of financial statements. Any income statement shall provide a line-item detail for advertising/marketing. Our Operations Manual sets forth all items that qualify as advertising/marketing. (Franchise Agreement – Section 12.8).

All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you use them. You may not use any advertising or promotional materials that we have disapproved. We will allow for salaries that you pay to social media managers to count towards your Local Advertising Requirement. (Franchise Agreement- 12.5 and 12.8).

Local Advertising Cooperative.

If a local advertising cooperative is established, you will be required to contribute to it an amount determined by that local advertising cooperative up to 2% of your Gross Sales per Calendar Year. All franchisees, as well as Stores we or our affiliates operate, will be required to contribute to the fund at the same rate. We expect that if a cooperative is formed, there may be written governing documents to review, it will provide annual or periodic statements for review, and will likely be operated by the cooperative or a hired advertising agency. We will likely have the right to require the cooperative to be formed, changed, dissolved or merged. We will permit you access to the payment and expenditure records of any cooperative to which you contribute. We do not have a defined area for the cooperatives. We reserve the right to designate or approve how its area or membership is determined. We can designate or approve who is responsible for administrating the cooperative. We can require that it be operated via written governing documents. They may vary based on industry standards for the media selected. (Franchise Agreement – Section 12.7). Since no local advertising cooperatives have been established, we currently do not have any policies regarding: (i) how members of the cooperative are selected; or (ii) whether the cooperative serves in an advisory capacity or has decision-making power.

Advertising Councils.

We currently have a franchise advisory council ("FAC") consisting of franchisees that advises us on advertising policies, product development systems, operations and other matters. Members of the FAC must self-nominate by submitting a nomination form and are elected by the other franchisees. The FAC serves in an advisory capacity only. We do not have the right to unilaterally change, or dissolve the FAC, although we do have a representative on the FAC.

E. Computer Systems and POS System.

You must buy and install, if you do not already have, the computer hardware, software, printers, and communications equipment and services we designate or approve (collectively the "**Computer System**").

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You will have sole responsibility for the acquisition, operation, maintenance, and upgrading of the Computer System. ~~You~~Our Computer System includes a point-of-sale (POS) system and inventory management platform and you must use the Computer System for on-line reporting of sales, ordering supplies, keeping customer information, and reporting other information to us as required under the Franchise Agreement. All data collected in the Computer System is owned by us (Franchise Agreement – Section 11.7).

Our current suggested hardware and software requirements for the Computer System include the following: (1) a 3.00 GHZ or faster Intel I5, ~~fifth~~tenth generation or higher (or equivalent) with a minimum of 16 GB of RAM, a ~~hard drive or~~ solid state drive with capacity of 256 GB or greater, a wireless (Wi-Fi) enabled and 10/100/1000 network card interface, multiple USB ports, the Windows ~~10 or~~ 11 ~~PRO~~Pro operating system only (Windows ~~10~~11 Pro S and N versions are not sufficient), Adobe Acrobat Reader (latest version), and the most recent Microsoft Office Suite; (2) a 15-inch monitor with 1920 x 1080 or greater resolution; and (3) a color printer (an all-in-one printer recommended – print, copy, fax). The Computer System must contain and you must be reasonably proficient with such computer software programs that we designate for use from time to time, spreadsheet, financial, word processing, communications, and web browser. You must obtain and install a high-speed Internet connection (through ~~DSL or~~ cable modem or fiber with at least ~~5 mbs~~100 mbps of download speed) to your Computer System at the site. You must also install a telephone system with a separate business line. We also currently recommend that you obtain and install QuickBooks Pro®, though this currently is not a requirement if it can be shown that you prefer a viable alternative. If you do not already have a computer system that satisfies these requirements, we estimate that the Computer System will cost between $~~850~~350 to $1,500. You will also incur fees for the telephone lines and high-speed Internet connection. You are also required to install and use our designated ~~point of sale (~~POS~~)~~ system and a label printer, both of which are included in the Establishment Package and which you must use in accordance with our System Standards. If you would like to have a second POS system in your Store, which is optional, then we recommend that you use an iPad or a Microsoft Surface that is compatible with the POS system software. Even if you do not wish to use a second POS system, it is recommended that each Store maintain a second device (such as an iPad or Microsoft Surface) with a mobile service plan for business continuity purposes.

We do not have any obligation to provide ongoing maintenance, repairs, technical support, upgrades or updates to the Computer System, POS hardware or label printer~~.~~, though we currently provide support services as part of our Subscription, Support and Inventory Management Fee. Nor do we have any obligation to reimburse you for any Computer System or POS system costs. You must maintain your Computer System and POS system ~~and keep it in good repair~~in full operational capacity, including installing patches and upgrades to the operating system and core applications. You must update or upgrade the Computer System and POS system as we require at any time during the term of the franchise. We estimate that the cost of optional or required maintenance, updating, upgrading or support contract will be between $100 and $1,000 per year. While we provide an estimate of the annual cost of any maintenance, updating, upgrading, or support contracts, there is no contractual limit on the frequency or cost of your obligation to upgrade or update the Computer System or POS system. We have the right to independently access all information you collect, compile, store or generate at any time without first notifying you, and you must give us password access to your Computer System and POS system to enable us to obtain such data or you may be required to install special software on the system designed to upload financial data from your system to our central server. There are no contractual limitations on our right to access or retrieve any information contained and/or utilized by your Computer System or POS system. (Franchise Agreement- Section 11.7). You will be billed at the current ~~rate~~Subscription, Support and Inventory Management Fee of $~~119 - $250~~300 - $800 a month for certain technology support systems, including, but not limited to, those related to the POS system~~. This amount may be raised over time without prior notification.~~ and inventory management platform. The high end of this range assumes that you are using a second POS system in your Store, which

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is optional. This fee ~~pays for~~also covers online software support from the POS system supplier and the TSTE® support organization. This amount may be raised over time as our technology requirements evolve.

F. Table of Contents of Manual.

The table of contents of our Manual as of the date of this Disclosure Document is attached as Exhibit "E". There are a total of approximately ~~436~~464 pages in our Manual.

G. Training.

We will provide our initial training program (the "Initial Training"), prior to the opening of your Store. This training will include both classroom training ("Spice UniversiTea") that will take place at ~~The Spice & Tea Exchange Operations Center located in St. Augustine, Florida or another~~a location we designate or through virtual training sessions for you and up to ~~three (3~~two (2) additional ~~people ("Spice UniversiTea").~~designees that we approve. Spice UniversiTea will consist of between approximately ~~28~~32 and ~~49~~42 hours and will cover topics such as ~~POS training, operations and~~ business systems~~ training~~, inventory management, marketing~~ training~~, product knowledge, guest service standards, and other various ~~classroom training~~topics relevant to current business operations. These hours are included in the chart below. You must complete the Initial Training Program within 180 days of the date you execute the Franchise Agreement. You and those you designate to attend classroom training, if applicable, must complete Initial Training to our satisfaction and pass the TSTE® Training Quiz before you open for business.

~~You and those you designate to attend classroom training, if applicable, must complete the Training to our satisfaction and pass the TSTE® Training Quiz before you open for business.~~ You also must participate in all other activities required to operate the Store. Although there are no additional fees for the classroom training, you are responsible for all travel, living and compensation expenses which you and your ~~employees~~designees incur in connection with training. We are constantly in the process of evaluating and improving our training programs, so the topics covered and total allotted time may change at any time~~.~~ in our discretion. You may be required to pay us any expenses we incur in connection with providing you training and you are responsible for any expenses you incur. (Franchise Agreement – Section 7).

In addition to the Spice UniversiTea classroom training, included within the Establishment Fee, is the cost for us to provide you with on-site training ("On-Site Training") from one or more members of our corporate team who will make up an "Opening Team" that will provide between ~~68 to 105~~ 71 and 110 on-the-job man hours to assist you with the opening of your Store. ~~We~~However, we may require more or ~~less~~fewer hours of ~~On-Site Training~~on-the-job training, as we deem necessary. You are responsible for the costs and expenses of any required man hours over ~~101~~110. The topics covered and the time allotted for On-Site Training are also covered in the chart below. Training days may be up to 12 hours in length. The "hours of classroom" or "on the job" training may overlap and the subjects are not distinctly separated during training.(Franchise Agreement – Section 7.1).

We provide to you a copy of the following training materials: (1) the "Manual"; (2) the "Recipe Manual"; and (3) at least three (3) "Spice Reference Books." In addition to successfully completing training, you will be required to spend at least ten (10) hours reviewing these training materials outside of the training listed inthe chart below.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job ~~Training~~[1]Training	Location
~~Welcome,History, & Orientation~~	~~1-2~~	~~2-4~~	~~St. Augustine, FL or other location designated by us~~
~~Franchisee~~History, Franchise/Franchisor Relationship & Communications	~~2~~3	~~0~~2	St. Augustine, FL or other location designated by us
TSTE~~®~~ POS	1~~-3~~	5-10	St. Augustine, FL or other location designated by us~~ and Your Store~~
~~STIR & Portal~~Inventory Management	2~~-4~~	~~1-3~~6-13	St. Augustine, FL or other location designated by us~~ and Your Store~~
Label Printing/Printing Services	~~1~~2	~~2-4~~3-6	St. Augustine, FL or other location designated by us~~ and Your Store~~
Marketing~~ &~~ , Advertising, and Wholesale	~~4-8~~5-6	1-2	St. Augustine, FL or other location designated by us~~ and Your Store~~
~~Printing Services~~	~~1-2~~	~~1~~	~~St. Augustine, FL or other location designated by us and Your Store~~
~~Products, Recipes, & Blending~~Product Education	8-12~~5-10~~	20-30	St. Augustine, FL or other location designated by us~~ and Your Store~~
~~Products and Retail~~	~~2-8~~	~~15-20~~	~~St. Augustine, FL or other location designated by us and Your Store~~
Daily Operations ~~&~~ Training	4-~~8~~6	~~7-10~~17-24	St. Augustine, FL or other location designated by us~~ and Your Store~~
~~Inventory Management & Ordering~~	~~1-3~~	~~2-4~~	~~St. Augustine, FL or other location designated by us and Your Store~~
~~Safety & Security~~	~~1-2~~	~~1~~	~~St. Augustine, FL or other location designated by us and Your Store~~
~~Accounting & Reporting~~	~~2-3~~	~~3-4~~	~~St. Augustine, FL or other location designated by us and Your Store~~
Retail Sales ~~Techniques & Merchandising~~ & Guest Services	~~2-6~~7-10	17-23~~8-12~~	St. Augustine, FL or other location designated by us~~ and Your Store~~
Total	**~~29-62~~32 - 42**	**~~68-105~~71 - 110**	

We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. There currently are no fixed (i.e., monthly or bi-monthly) training schedules. You will be required to execute 10-25 hours of training and developmental work to prepare for classroom and on-the-job training.

Explanatory Notes to Training Chart~~.~~

1. The Initial Training program is conducted and/or supervised by ~~Ms. Amy Parnell. Ms. Parnell~~the TSTE Learning & Development Team in partnership with TSTE Operations Team. The Learning & Development Team has ~~been involved in the subjects taught in our training programs since 2008~~between 2 and 12 years of experience with us ~~since our formation~~and in the industry. Training may also be conducted and supervised by ~~our~~ other ~~members~~ TSTE subject matter experts as we deem necessary (or ~~agents who haveat least four (4) years' experience in franchise retail training or in the spice and tea field~~business needs continue to evolve). Initial Training includes but is not limited to Spice UniversiTea attendance and ~~with us.~~virtual training sessions.

2. Some states and municipalities also may require separate training before permitting the business to open. You must check and comply with your state and local laws applicable to your Store.

3. When the Initial Training Program is onsite, you must provide an alternative training facility if wefeel that work being performed at the Site or other distractions prevent us from satisfactorily performing the training on premises.

4. You and/or your manager(s) must attend any periodic training courses that we provide from time to time and pay the applicable fees.

5. If you are a transferee franchisee that is training to operate an existing Store, we reserve the right to provide you with a modified version of the Initial Training ~~Program~~program, as we determine appropriate in our sole discretion. While the training transfer fee cover the cost of you and two approved designees for Initial Training, we may customize training timeframes as we determine, subject to the familiarity of the transferee with our System.

II. **Area Development Program~~.~~**

Our obligations regarding site selection assistance, training, computer hardware and software selections, and advertising for additional Stores developed under a Development Agreement will be governed by the form of single-unit franchise agreement you sign for each additional Store. We will approve sites for additional Franchised Businesses developed under your Development Agreement using our then-current site selection criteria.

ITEM 12
TERRITORY

Unit Franchise Program

The franchise is granted for a specific location that first must be approved by us (the "Site"). The Site will be located in a Protected Area within a Market Area. The minimum Protected Area granted will be a one (1) mile radius from the center of the Site. However, in urban areas we reserve the right to designate a smaller radius or a different means of measuring the Protected Area. As long as you are in compliance with the Franchise Agreement, we will not grant a franchise for, nor ourselves operate, a Store

from a fixed location within your Protected Area. You many not actively advertise, market, promote, solicit, or accept orders from consumers outside of your Protected Area without our prior written approval. You may not use alternative channels of distribution (such as the Internet, catalog sales, or telemarketing) without our prior written approval. You do not have this type of territorial protection within your Market Area. Other than your right to operate a Store at its address within the Protected Area, we do not grant you any territorial rights whatsoever. Generally, the Market Area and Protected Area will be geographic areas that we designate. Our System Standards generally confine your marketing activities to within your Market Area. We do not have an established geographical formula for defining the Market Areas or Protected Areas. While we may use demographic and market analysis services to assist us, we base it on our sole judgment.

Factors that influence our grant of Market Areas and Protected Areas include the proximity of the Site to the malls, shopping centers, business centers, industrial parks, airports, traffic count, speed of traffic, access to the Site, population, drive times, and competition in the Market Areas and Protected Areas, etc.

We may establish other Stores (franchised or owned by us) anywhere outside of the Protected Area (and inside or outside the Market Area) that may or may not compete with your location. We may utilize any type of Internet, Intranet, e-mail, site or website or other means of electronic communication to offer or sell anywhere (even within your Market Area or Protected Area), products and services bearing the Marks or Copyrights without any compensation to you.

We retain the right (in our sole discretion) to sell products identified by the Marks and Copyrights through distribution channels other than Stores (internet, intranet, catalog sales, websites, e-mail or other forms of e-commerce) ("Alternative Channels of Distribution"). You will not receive compensation for sales through Alternative Channels of Distribution unless we later establish a compensation program for doing so under our System Standards. We also reserve the right (in our sole discretion) on behalf of ourselves and our affiliates to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales anywhere (even within your Market Area or Protected Area) under trademarks different from the ones you will use under the Franchise Agreement.

Continuing your Franchise or territorial rights does not depend on your achieving certain sales value, market penetration or other contingency (except, of course, your compliance with the Franchise Agreement). There are no circumstances that allow us to modify your territorial rights to the Protected Area during the initial term of your Franchise Agreement. However, in a renewal (successor Franchisee) or transfer situation, we may require you or the transferee to accept a different Protected Area or Market Area based on our then current policies.

In light of the fact that we may implement the Kiosk Program (described below) in your Protected Area, the following disclosure applies:

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

Kiosk Sites.

We may also offer Kiosk Sites at Kiosk locations. "Kiosk Locations" include, but are not limited to: (1) places where large numbers of individuals congregate for various reasons, often due to transit, such as airports, cruise ship terminals and the like, or for shopping purposes such as indoor and outdoor malls

and the like; and (2) in locations we believe will not directly compete with a Store. If we determine that we want to develop and operate or grant the rights to an affiliate or other third party to develop and operate a kiosk or other limited services facility offering or taking orders for the Products and Services (collectively, a "Kiosk Site") at a Kiosk Location within your Market Area or Protected Area, we will first notify you of such intent and may, but are not obligated to, provide you an option to enter into an addendum to the Franchise Agreement with us for the operation of such Kiosk Site. Kiosk Sites are only offered to current franchisees that are in compliance with all of their agreements. If we decide to offer you the option, in order to exercise the option to obtain the right to operate the Kiosk Site you must, within thirty (30) days of the date we notify you of the option to establish a Kiosk Site, comply with all of the following:

(a) enter into our then current form of addendum to the Franchise Agreement for the Kiosk, which may contain terms and conditions different from the form of Franchise Agreement that we offer to Stores that are not designated as Kiosk Sites;

(b) pay to us our then current initial fees for the Kiosk Site;

(c) qualify under our then current Standards and Specifications for Kiosk Site franchise owners as meeting our qualifications to operate Kiosk Sites, which qualifications may differ from those of Store franchise owners who operate non-Kiosk Site Stores; and

(d) be in full compliance with the Franchise Agreement and all other agreements between you and us, and our affiliates.

Area Development Program.

Unless you enter into a Development Agreement, you do not have any options, rights of first refusal or similar rights to acquire additional franchises.

Your Development Area will not be exclusive in that we will have the right to operate (directly or through an affiliate) or grant a franchise for the operation of any Store to be located within the Development Area, provided that these Stores are not within any Protected Area granted to you pursuant to any Franchise Agreement into which you have entered with us, as required by the Development Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Development Area will generally consist of a geographic area that we believe has common advertising, media or demographic characteristics. We do not have any minimum size development area. The Development Area will be described in the Development Agreement prior to its signing. We will approve sites for additional Franchised Businesses developed under your Development Agreement using our then-current site selection criteria.

Development Obligations: If you do not meet your development obligations as shown in the Development Schedule, you will be in default under the Development Agreement. If you default under the Development Agreement we may, in our sole discretion, take one of four actions: (1) grant you an extension for such time period and for a nonrefundable Extension Fee equal to the Franchise Fees for the number of Stores required to be constructed that are behind the Development Schedule; (2) eliminate the exclusive development rights; (3) reduce the Development Area and the Development Schedule to a size and

magnitude that we reasonably believe you are capable of operating; or (4) terminate the Development Agreement.

Reserved Rights.

In addition to the specific rights described in connection with the Franchise Agreement and Development Agreement, we (and our affiliates) retain the right in our sole discretion to:

A. Open and operate, and license third parties the right to open or operate, Stores utilizing the Proprietary Marks anywhere outside the Protected Area and inside or outside the Market Area, on such terms and conditions as we deem appropriate (even immediately outside the border of the Protected Area);

B. Open and operate businesses, and license third parties the right to open or operate businesses, whether inside or outside the Market Area and Protected Area, specializing in the sale of products or services, other than a Competitive Business, using certain of the Proprietary Marks or Copyrights and pursuant to such terms and conditions as we deem appropriate;

C. Open and operate businesses, and license third parties the right to open or operate, whether inside or outside the Protected Area and Market Area, that do not use the Proprietary Marks or Copyrights;

D. Market and sell, inside and outside of the Market Area and Protected Area and through Alternative Channels of Distribution (such as Kiosk Sites, mail order, Internet or Intranet website) goods and services competitive with goods and serviced offered by Stores under the Proprietary Marks or under trade names, service marks, or trademarks other than Proprietary Marks, without any compensation to you except as disclosed in this Agreement, and in such amounts in such manner as we determine in our sole discretion; and

E. Engage in any act or exercise any right not expressly and exclusively provided to you under your agreement with us.

We are not required to pay you if we exercise any of the rights described above inside of your Market Area, Protected Area or Development Area. We do not restrict you from soliciting or accepting orders from persons outside of your Market Area for on-premises sales at your Store. But, we do confine your marketing to within your Market Area. You do not have the right to use Alternative Channels of Distribution to make sales where the products or services are provided at locations other than your Site.

Relocation.

You may not relocate your Store without our previous written approval. We will grant approval if you meet all of our transfer conditions listed in the Franchise Agreement, including but not limited to paying a "Site Relocation Fee" of Seven Thousand Five Hundred Dollars ($7,500). If the lease expires or terminates without expiration or termination being your fault, if the Site is destroyed, condemned or otherwise rendered unusable as a Store in accordance with this Agreement, or if, in our sole judgment, there

is a change in character of the location of the Site sufficiently detrimental to its business potential to warrant your Store's relocation, we will permit you to relocate the Store to another location within the Market Area provided that you comply with all of our System Standards for a Site relocation and such relocation Site meets our then current Site criteria for relocation Sites. We may, if we wish, inspect your proposed new location ~~and, if we do so, you are required to pay our Site Selection Fees (see Item 6).~~. If you obtain approval of the replacement Site and lease in accordance with our then current Site approval process, you must reopen the Store at the replacement Site as soon as practicable, but in no event more than thirty (30) days after the closing of the original Site.

Other Franchises~~.~~

We and our affiliates do not operate and have not operated or franchised, and do not currently plan to operate or franchise other stores selling or leasing similar products or services under different trademarks.

ITEM 13
TRADEMARKS

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating a Store. The primary trademarks we use are the "THE SPICE & TEA EXCHANGE" (wordmark and design mark) and other names, logos, symbols, and associated designs and trade dress (the "Proprietary Marks"). You may use and we require you to use the Marks in operating your Store.

TSTE® Holdings licenses to us the right to license to franchisees the trademarks, service marks, copyrights and System used to operate Stores. TSTE® Holdings has a registration and has otherwise filed all required affidavits for the following Proprietary Marks on the Principal Register of the United States Patent and Trademark Office (the "USPTO"):

MARK	REGISTRATION NUMBER	REGISTRATION DATE
	3,684,223	September 15, 2009
THE SPICE & TEA EXCHANGE (Standard Character Mark)	3,876,612	November 16, 2010
Purveyors of Fine Spices, Herbs, Blends, Salts, Teas. (Standard Character Mark)	3,876,611	November 16, 2010
The Spice & Tea Exchange	3,876,609	November 16, 2010

MARK	REGISTRATION NUMBER	REGISTRATION DATE
Come in and Smell the Spices!	3,957,117	May 10, 2011
TSTE	4,323,928	April 23, 2013
Explore the Spiceabilities!	4,180,840	July 24, 2012
	4,462,739	January 7, 2014
	4,590,446	August 19, 2014
FIND YOUR WAY TO FLAVOR!	4,516,546	April 15, 2014
TEAS THE SEASON!	5,002,918	July 19, 2016
FLORIDA SUNSHINE	5,089,453	November 29, 2016
PIRATE'S BITE	5,002,915	July 19, 2016
ITALIAN STREET FAIR	5,179,389	April 11, 2017
BAKER'S SECRET	5,194,243	May 2, 2017

There are currently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or cancellation proceedings; nor any pending material litigation involving the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising solely out of your use of the Proprietary Marks in a manner expressly authorized by us. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement and the Manual, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement and the Manual, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner not in accordance with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state. Therefore, before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Proprietary Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

You cannot register any of the Proprietary Marks now or hereafter owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the system on the Internet and to create, operate, maintain and modify, or discontinue using of a website using the Proprietary Marks.

You may use only the Proprietary Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the Store and only at the Store or in advertising for the Store. You must use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "SM," "TM," "S" or "R," as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "The Spice & Tea Exchange." However, you may not use any of our Proprietary marks in your corporate or limited liability company name. You must promptly register at the office of the county in which your Store is located, or such other public office as provided for by the laws of the state in which your Store is located, as doing business under your assumed business name.

All of your advertising must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. All such advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. You may use the Proprietary Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, before first publication or use. We will not unreasonably withhold our approval. You must identify yourself as the

owner of the Store (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing at the Store premises.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within ten (10) days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise that are owned or licensed by us. Neither we nor our affiliates have any pending patent applications that are material to the franchise.

We claim common law copyright protection and proprietary rights in all copyrightable aspects of the System, including our ~~Manual~~Manuals, our website, correspondence and communications with you or other franchisees relating to the System, training, advertising and promotional materials and other written materials used in operating a Store, including our recipes.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements currently in effect that limit our right to use and/or authorize franchisees to use the copyrighted materials in a manner material to the franchise. There are no infringing uses actually known to us which could materially affect use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when in the best interest of the System. We need not participate in your defense and/or indemnify you for damages or expenses in proceedings involving a copyright.

The Manual and other materials and information we may give you access to contains our confidential information that we treat as trade secrets. This information includes, but is not limited to, methods, formats, specifications, mixes, recipes, standards, procedures, sales and marketing techniques, knowledge of and experience in developing and operating Stores, knowledge of specifications for and suppliers of certain fixtures, equipment, materials and supplies, and knowledge of the operating results and financial performance of Stores. You and your owners must not communicate or use our confidential information for the benefit of anyone else during the term of the Franchise Agreement. After the Franchise Agreement terminates or expires, you and your owners may no longer use the confidential information and must return it to us. We may require your employees, independent contractors or agents to sign a form of nondisclosure and non-competition agreement. We may regulate the form of agreement that you use and may require that we be made a third party beneficiary of that agreement with independent enforcement rights.

If you or your owners develop or learn of any new ideas, concepts, processes, techniques or improvements relating to the operation or promotion of your Store, you must promptly notify us and give us all necessary information about such ideas, concepts, processes, techniques or improvements, without compensation. These ideas, concepts, processes, techniques or improvements will be considered our property and part of the System and will be considered works made-for-hire for us. You and your owners

must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, processes, techniques or improvements.

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

You (or at least one of your principals if you are a corporation or partnership) must at all times faithfully, honestly and diligently perform your obligations under any Franchise Agreement and Development Agreement, continuously exert your best efforts to promote and enhance THE SPICE & TEA EXCHANGE® brand, System and Stores and not engage in any other business or activity that conflicts with your obligations to operate your Store in compliance with the Franchise Agreement or any Development Agreement.

At all times, a Store must be managed by an owner that has completed Initial Training and staffed by employees that have either completed Spice UniversiTea or otherwise been properly trained on our operational standards. However, as long as you complete training prior to opening, we will allow additional designees to complete training within a designated period of time after opening. We require your owners and employees to sign Confidentiality and Restrictive Covenant Agreements with you that lists us as a third party entity in the form attached as Exhibit "H" to the Franchise Agreement.

If Franchisee is a business entity, your owners must not only personally guarantee your obligations under the Franchise Agreement, but also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement. This includes both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. The form of Principal Owner's Guaranty is attached as Exhibit "D" to the Franchise Agreement. We require you to complete a "Franchisee Entity Information Sheet," in the form attached as Exhibit "C" to the Franchise Agreement, which describes all of your owners and their interests in you.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all products, and perform all services, that we require from time to time for Stores. We reserve the sole right to decide if any supplier, vendor or item is authorized and reserve the right to disapprove or refuse to approve any supplier, vendor or item. Franchisees are not permitted, without our prior written approval, to use any inventory or order from any suppliers or vendors that have not been authorized by us. Under no circumstances may you offer, sell, promote, barter, display, give away, or endorse any products or perform any services that we have not previously authorized. Our System Standards also regulate required or authorized products, product categories and supplies. Pursuant to our System Standards, franchisees may not directly contact our or our affiliates' suppliers or vendors. Offering or selling products or inventory that has not been approved by us is grounds for termination of the Franchise Agreement. We have the right to change the types of required and/or authorized goods and services from time to time. You may not engage in the wholesale sale and/or distribution of any products sold at your the

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SPICE & TEA EXCHANGE STORE® unless approved in writing or as permitted under the wholesale program that is described in the Manuals.

You are not allowed to solicit Customers, provide Products and Services, or distribute Products outside of your Market Area. Additionally, we reserve the right to prohibit or limit your use of Alternative Channels of Distribution. We may designate maximum and minimum retail prices to the extent permitted by governing law. We may add to, delete from or modify the services, products, equipment, programs and other items which you can and must offer or we may modify the System. You must abide by any additions, deletions and modifications. There are no limits on our rights to make these changes. We may designate, prohibit or otherwise limit your use of music or other entertainment within your Store. Subject to the conditions set forth above, we do not impose any restrictions with regards to the customers to whom you may sell goods and services.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION - THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

A. Franchise Agreement

Provision	Section in Franchise Agreement	Summary
(a) Length of the Franchise Term	Section 2.3	Expires 10 years from the date a Lease for the Site is signed.
(b) Renewal or extension of the term	Section 3.1	4 successive, additional five 5-year periods, with each such 5-year period beginning on the date that your successor franchise agreement is fully executed.
(c) Requirements for you to renew or extend	Section 3.1	In order to renew, you must: (a) notify us of your intent to renew at least 180 days prior to expiration of your previous term; (b) demonstrate that you have the right to operate the Approved Location (or a suitable substitute location) for the renewal term; (c) complete all required renovations; (d) not be in breach of any agreements with us, our affiliates, or our major suppliers and vendors; (e) satisfy all monetary obligations to us, our affiliates, and our major suppliers and vendors; (f) sign our then-current form of franchise agreement, which may contain materially different terms and conditions that your original contract/Franchise Agreement; (g) satisfy our then-current training requirements for renewal franchisees; (h) sign a general release; and (i) pay us a renewal/successor fee of $10,000 for each renewal term.

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Provision	Section in Franchise Agreement	Summary
(d) Termination by you	Not Applicable	Not Applicable (subject to state law)
(e) Termination by us without cause	Not Applicable	Not Applicable
(f) Termination by us with cause	Section 16	We may terminate your franchise agreement or development agreement with cause. We reserve the right to terminate a developer's single unit franchise agreement upon termination of the development agreement and vice versa.
(g) "Cause" defined - defaults which can be cured	Section 16.3 Section 16.4	We may terminate your agreement following a 30-day cure period if you: (a) fail to pay sums owed to us, our affiliates, or our major vendors and suppliers; (b) under-report royalty or advertising fees or expenditures by more than 2% or fail to submit timely reports or payments for any 2 reporting periods in a 12-month period; (c) fail to immediately endorse and deliver to us any payments due to us from a third party that are erroneously remitted to you; (d) fail to maintain sufficient levels of inventory; (e) fail to open your Store within the time prescribed in the Franchise Agreement; (f) fail to maintain the required days and hours of operation at your Store; (g) fail to supervise the day-to-day operation of the Store or fail to employ a sufficient number of qualified, competent trained personnel; (h) fail to maintain the strict quality controls reasonably required by your franchise agreement and/or the Manual; (i) conduct yourself in a manner that reflects adversely on the System, the Proprietary Marks, or the services or products offered through the System; or (j) fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Store. We have the right to terminate the Franchise Agreement after providing notice and a 30-day cure period if you fail to perform or comply with any one or more of the terms or conditions of the Franchise Agreement or any ancillary agreements between you and us or our affiliates.
(h) "Cause" defined - non-curable defaults	Section 16.1	The Franchise Agreement will automatically terminate if: (a) you make an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking

Provision	Section in Franchise Agreement	Summary
		reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Store; (b) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and the proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the Store without your consent, and the appointment is not vacated within 60 days; or (c) you attempt to make an unauthorized sale or transfer of you or any interest in the Store.
	Section 16.2	We may terminate your agreement upon notice but without providing you with an opportunity to cure if: (a) you or your principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of your Store; (b) you or your principals commit any fraud or misrepresentation in the operation of your Store; (c) you or your principals make any misrepresentation or omission in connection with your franchise application: (d) we send you 2 or more written notices to cure pursuant to Sections 16.3 or 16.4 of your franchise agreement in any 12-month period; (e) you ~~or,~~ your principals, or your affiliates materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any agreement, or any lease for the Approved Location, and fail to cure the breach within any permitted period for cure; (f) you or your principals materially violate any provision of the franchise agreement relating to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information; (g) you violate any health, safety or sanitation law, ordinance or regulation or operate the Store in a manner that presents a health or safety hazard to customers, or the general public~~;~~ (unless a cure period is provided by an applicable third party); (h) you violate the in-term restrictive covenant in your franchise agreement; (i) a levy of writ of attachment or execution or any other lien is placed against you or your principals or any of their assets which is not released or bonded against within 30 days; (j) you or your principals become insolvent; (k) you abandon the Store; (l) you misuse or make unauthorized use of our Proprietary Software; (m) you fail to maintain insurance or otherwise adhere to our insurance requirements; (n) you fail, within 15 calendar days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation

Provision	Section in Franchise Agreement	Summary
		applicable to the Store; (o) any government action is taken against you that results in any obligation upon us which in our sole judgment is uneconomical, not in our best interests, or would result in us having an unintended relationship or obligation; (p) you take for your own personal use any assets or property of the Store; or (q) there are insufficient funds in your bank account to cover a check or EFT payment to us 3 or more times within any 12-month period.
(i) Your obligations on termination/ non-renewal	Section 17	Upon termination, expiration or non-renewal of the Franchise Agreement, you must comply with certain obligation including: (i) pay all amounts owed to us; (ii) de-identify your Store as a franchised business of the System, among other de-identification requirements, which shall include the return of our Manuals and destruction of other proprietary materials that we identify, with proof of destruction; (iii) cease to use any Confidential Information or Marks; and (iv) comply with all restrictive covenants in the Franchise Agreement.
(j) Assignment of contract by us	Section 15.6	We have the right to sell, transfer, assign and/or encumber all or any part of our assets and our interest in, and rights and obligations under the Franchise Agreement in our sole discretion.
(k)"Transfer" by you-definition	Section 15.3	A "transfer" occurs: (a) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock or any increase in the number of outstanding shares of your voting stock which results in a change of ownership, (b) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (c) if you are a limited liability company, upon the assignment, sale, pledge or transfer of any interest in the limited liability company.
(l) Our approval of transfer by you	Section 15.1	You shall not sell, transfer, assign or encumber your interest in the Store without our prior written consent. Any sale, transfer, assignment or encumbrance made without our prior written consent shall be voidable at our option and shall subject your franchise agreement to termination.
(m) Conditions for our approval of transfer	Section 15.4	We may condition our approval of a transfer on the following occurrences: (a) all of your monetary obligations to us, our affiliates, and our suppliers and vendors are satisfied; (b) you have cured all existing defaults under the franchise agreement or any other agreement with us, our affiliates, and our major suppliers and vendors; (c) you and your principals, and the

Provision	Section in Franchise Agreement	Summary
		transferee, have executed a general release; (d) you or transferee have provided us with the executed purchase agreement relating to the proposed transfer, along with all supporting documents and schedules, and this agreement must not state that you are transferring or selling our customer list; (e) the transferee has demonstrated that he/she meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; has adequate financial resources and capital to meet the performance obligations under the Franchise Agreement; and is not in the same business as us; (f) the transferee executes our then-current form of franchise agreement; (g) you or the transferee pays us a transfer fee of $~~10~~15,000; (h) the transferee satisfactorily completes our training program and pays our then-current transferee training fee; (i) you, your principals, and your family members comply will the post-termination provisions of your franchise agreement; (j) the transferee obtains all permits and licenses required for the operation of the Store; (k) to the extent required, the lessors or other parties must have consented to the proposed transfer; (l) the transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises; (m) the purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Store and the transferee's performance under its franchise agreement; (n) our approval of the transfer doesn't constitute a waiver of any claims we may have against you; (o) you are responsible for payment of all commissions or other monies due from the sale of the Store if: (i) you listed the Store with a broker; or (ii) the transferee is referred to us by a broker lead referral network or otherwise; (p) you have completed, to our satisfaction, all maintenance, refurbishing, renovations, and updating and remodeling of the Store required to bring the Store and all equipment into full compliance with our then-current System standards; (~~o~~q) there must be 1 or more years left on the term of the Franchise Agreement; (~~p) your~~) your inventory levels must ~~request that we provide the prospective transferee with~~meet or exceed our then-current ~~form of franchise disclosure document; (q) our approval of the transfer shall not constitute a waiver of any claims we may have against you; (r) we may disclose to any prospective transferee such revenue reports~~Establishment Package; and~~ other financial information concerning you and your Store;~~ (s) in any event, we may withhold or condition our

Provision	Section in Franchise Agreement	Summary
		consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise~~; (t) you are responsible for payment of all commissions or other monies due from the sale of the Store if: (i) you listed the Store with a broker; or (ii) the transferee is referred to us by a broker lead referral network or otherwise; and (u) you may not sell or transfer the customer list without our prior written consent.~~ .
(n) Our right of first refusal to acquire your business	Section 15.3(a)	If you propose transfer either the franchise agreement or all, or substantially all, of the assets used in connection with the Store or any interest in your lease to any third party, you shall first offer to sell the interest to us on the same terms and conditions as offered by such third party. You shall obtain a letter of intent containing the terms of the offer that is signed by you and the third party, ("Letter of Intent"). If we elect not to accept the offer within a 30 day period, you shall have a period of up to 60 days to complete the transfer described in the Letter of Intent subject to our transfer conditions. Any material change in the terms of the offer shall be deemed a new proposal subject to our right of first refusal. So long as you have obtained our prior written consent, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, is not subject to our first right of refusal.
(o) Our option to purchase your business	Section 17.5	Upon termination, expiration or non-renewal of your franchise agreement, we have the option, but not the obligation, to purchase any personal property used in connection with operation of your Store by providing you written notice within 60 calendar days after termination or expiration and paying you the book value for such personal property within 60 calendar days of the notice. We may exclude from the personal property purchased any cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Store's operation or that we have not approved as meeting standards for the Store.
(p) Your death or disability	Section 15.2	In the event of your death, disability, or incapacitation, your legal representative shall have the right to continue the operation of the Store as franchisee under your franchise agreement if: (i) within 45 days from the date of death, disability or incapacity, this person has obtained our prior written approval and has executed our then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited

Provision	Section in Franchise Agreement	Summary
		liability company franchisee's obligations to us and our affiliates; and (ii) this person successfully completes our training program. We may operate your Store on your behalf and at your expense for such period of time and under such terms and conditions as we determine.
(q) Non-competition covenants during the term of the franchise	Section 10	You agree that, during the Term, neither you nor any of your owners will: (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than the Store; (b) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located; (c) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located; (d) interfere with our business relationships or with anyone or any entity with which we have a business relationship; or (e) on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, engage in or conduct any other business if you have any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under the Franchise Agreement to develop and operate your Store or otherwise (other than Stores operated under franchise agreements with us), unless your Store is managed by an individual that has satisfactorily completed our training programs. (subject to state law)
(r) Non-competition covenants after the franchise is terminated or expires	Section 17.4	Upon termination, expiration or non-renewal of this Agreement for any reason whatsoever, you and your owners agree that for a period of 2 years commencing on the effective date of termination or expiration neither you nor any of your owners will: (a) have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating at the Site, within 30 miles of the Site, or within 30 miles of any other Store or Market Area in operation or under construction on the later of the effective date of the termination or expiration; or (b) interfere with our business relationships or with anyone or any entity with which we have a business relationship. (subject to state law)

Provision	Section in Franchise Agreement	Summary
(s) Modification of the agreement	Section 21.8	Except as expressly provided otherwise in the Franchise Agreement, the Franchise Agreement may be modified only by written agreement signed by both you and us.
(t) Integration/merger clause	Section 21.8	Only the terms of the Franchise/Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Franchise/Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
(u) Dispute resolution by arbitration or mediation	Sections 20.2 and 20.3	You must bring all disputes before our President prior to brining a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to mediation in Palm Harbor, Florida in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect (subject to state law).
(v) Choice of forum	Section 20.4	All claims not subject to mediation must be brought before a court of general jurisdiction in Pinellas County, Florida, or the United States District Court for the Middle District of Florida. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Florida. (Subject to state law).
(w) Choice of law	Section 20.1	Florida law applies. (Subject to state law).

~~*[The remainder of this page is intentionally left blank.]*~~

B. Development Agreement

Provision	Section in Development Agreement	Summary
(a) Term	Section 6.1 and Exhibit A	The Development Schedule will dictate the amount of time you have to open a specific number of Stores, which will differ for each Developer and will be specified in Exhibit A of the Development Agreement.
(b) Renewal or extension of the term	Not Applicable	Not Applicable
(c) Requirements for developer to renew or extend	Not Applicable	Not Applicable
(d) Termination by developer	Not Applicable	Not Applicable (subject to state law)
(e) Termination by franchisor without cause	Not Applicable	Not Applicable
(f) Termination by franchisor with "cause"	Section 6.2	We may terminate your Development Agreement with cause as described in (g)-(h) of this Item 17 Chart.
(g) "Cause" defined – curable defaults	Not Applicable	Not Applicable
(h) "Cause" defined - defaults which cannot be cured	Section 6.2	We may terminate your Development Agreement automatically upon written notice if: (i) you cease to actively engage in development activities in the Development Area or otherwise abandon your development business for 3 consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Stores within the Development Area; (ii) you become insolvent or are adjudicated bankrupt, or if any action is taken by Franchisee, or by others against the you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by the by; (iii) you fail to meet your development obligations under the Development Schedule for any one Development Period, and fail to cure such default within 30 days of receiving notice thereof; and (iv) if any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.

Provision	Section in Development Agreement	Summary
(i) Developer's obligations on termination/non-renewal	Not Applicable	Not Applicable
(j) Assignment of contract by franchisor	Section 8	We have the right to assign the Development Agreement in whole or in part in our sole discretion.
(k) "Transfer" by developer – defined	Not Applicable	Not Applicable
(l) Franchisor approval of transfer by franchisee	Section 8	We must approve all transfers, but we will not unreasonably withhold our approval if you meet our conditions. However, if you are an individual or a partnership, you have the right to assign your rights under the Development Agreement to a corporation or limited liability company that is wholly owned by you according to the same terms and conditions as provided in your initial Franchise Agreement.
(m) Conditions for franchisor approval of transfer	Not Applicable	Not Applicable
(n) Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
(o) Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
(p) Death or disability of franchisee	Not Applicable	Not Applicable
(q) Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
(r) Non- competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
(s) Modification of the agreement	Section 27	Your Development Agreement may not be modified, except by a writing signed by both parties.

Provision	Section in Development Agreement	Summary
(t) Integration/merger clause	Section 27	Only the terms of the Franchise/Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Franchise/Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
(u) Dispute resolution by arbitration or mediation	Sections 12 and 13	You must first submit all dispute and controversies arising under the Development Agreement to our President and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Development Agreement must be submitted to non-binding mediation, which will take place in Palm Harbor, Florida. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not (subject to state law).
(v) Choice of forum	Section 15	Except for our right to seek injunctive relief in any court of competent jurisdiction, all claims and causes of action arising out of the Development Agreement must be initiated and litigated to conclusion (unless settled) in the state court of general jurisdiction that is closest to Palm Harbor, Florida or, if appropriate, the USDC for the Middle District of Florida (subject to state law).
(w) Choice of law	Section 11	The Development Agreement is governed by the laws of the state of Florida, without reference to this state's conflict of laws principles (subject to state law).

The provisions summarized in this Item are subject to any applicable state specific addenda (See Exhibit "H" of this Disclosure Document and Exhibit "E" to the Franchise Agreement).

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

BACKGROUND

This Item sets forth certain historical data submitted by our franchisees. We have not audited this information, nor independently verified this information. Written substantiation for the financial performance representations will be made available to the prospective franchisee upon reasonable request.

Section I – All Comparable Units

The information below sets forth historical data collected from our franchisees and the single company-owned unit~~. The single criteria for inclusion was that the store be in operation as of January 1, 2020, and still in continuous operation as of the last completed calendar month, March 31, 2023.~~ that were open as of January 1, 2021, and remained continuously open and operating through December 31, 2023. A total of 73 units met this criteria, meaning that we excluded 17 of a total of 90 units open as of December 31, 2023. We also excluded 13 of the 86 units open as of December 31, 2022, and 9 of the 82 units open as of December 31, 2021.

~~This criteria ensures that each data set is represented by 67 active units in each chart outlined below. This resulted in 21 of a total 88 units being excluded from 2022 data represented below, 15 of a total 82 units excluded from 2021 data represented below, and 7 of a total 74 units excluded from 2020 data represented below.~~

Gross Sales are defined as total retail sales per unit less returns or discounts. Gross Margin is defined as Gross Sales less cost of goods. Cost of Goods is defined as the cost of items acquired for resale including inbound shipping costs.

Chart I-A – Comparable Gross Sales for Full Calendar Years

	2023	2022	2021
Average Gross Sales – All Franchised Units	~~488,344~~$533,350	-$482,812	~~464,207~~$469,802
All Franchised Units Change vs Prior Yr	*10.5~~.2~~%*	*2.8%*	*N/A*
Gross Sales – Company Owned Unit	*$2,501,593*	*$2,486,603*	*$1,845,495*
Company Unit Change vs Prior Yr	*0.6%*	*34~~.~~.7%*	*N/A*

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Chart I-A – Notes

1. In 20222023, the following statistics hold true for all summarize the data includedpresented in Chart I-A. Maximum of $2,501,593, Minimum of $73,788, Median of $422,022, 42 of the 73 units (58%) fell above the average and 31 of the 73 units (42%) fell below the average.

1.2. In 2022, the following statistics summarize the data presented in Chart I-A. Maximum of $2,486,603, Minimum of $62,250, Median of $413,968, 25355,501, 36 of the 6773 units (49%) fell above the average and 37%) fell above the average and 42 of the 6773 units (6351%) fell below the average.

In 2021, the following statistics hold true for allsummarize the data includedpresented in Chart I-A. Maximum of $1,845,495, Minimum of $67,770, Median of $396,970, 25 of the 67 units (37%) fell above the average and 42 of the 57 units (63%) fell below the average.316,376, 32

3. In 2020 the following statistics hold true for all data included in Chart I-A. Maximum of $1,172,816, Minimum of $53,972, Median of $248,780, 23 of the 6773 units (3444%) fell above the average and 4441 of the 6773 units (6656%) fell below the average.

Chart I-B – Comparable Gross Sales for Quarter 1 (January 1st through March 31st).

	Q1 2023	-	Q1 2022	-	-
Average Gross Sales – All Franchised Units	109,563	-	101,415	-	-
Change vs Prior Yr	*+ 8.0%*		*– N/A*		
Gross Sales – Company Owned Unit	642,258		574,059		
Change vs Prior Yr	*+ 11.9%*		*– N/A*		

Chart I-B – Notes

1. In Quarter 1 of 2023, the following statistics hold true for all data included in Chart I-B: Maximum of $642,258, Minimum of $15,634, Median of $88,489, 39 of the 79 units (49%) fell above the average and 40 of the 79 units (51%) fell below the average.

2. In Quarter 1 of 2022, the following statistics hold true for all data included in Chart I-B: Maximum of $574,059, Minimum of $15,290, Median of $79,176, 39 of the 79 units (49%) fell above the average and 40 of the 79 units (51%) fell below the average.

Chart I-C – Comparable Gross Margins for Full Calendar Years

	All Stores		
	2023	**2022**	**2021**
Average Gross Margin (dollars)	332,712$377,373	-$331,138	325,912$328,917
Average Gross Margin (% of Gross Sales)	70.8%	68.16%	70.20%
Change vs Prior Yr	***-3.01.2%***	***--1.4%***	***N/A***

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Chart I-~~C~~B – Notes

1. In 2023~~2022~~, the following statistics ~~hold true for all~~summarize the data ~~included~~presented in Chart I-~~C:~~B. Maximum of $1,~~312,126~~052,103, Minimum of $~~38,613~~7,377, Median of $~~293,590, 28~~289,242, 42 of the ~~67~~73 units (~~42~~58%) fell above the average and ~~39~~31 of the ~~67~~73 units (~~68~~42%) fell below the average.

2. In ~~2021~~2022, the following statistics ~~hold true for all~~summarize the data ~~included~~presented in Chart I-~~C:~~B. Maximum of $1,220,053, Minimum of $47,618, Median of $~~282,652, 25~~235,108, 43 of the ~~67~~73 units (~~37~~59%) fell above the average and ~~42~~30 of the ~~67~~73 units (~~63~~41%) fell below the average.

3. In ~~2020~~2021, the following statistics ~~hold true for all~~summarize the data ~~included~~presented in Chart I-~~C:~~B. Maximum of $659,146, Minimum of $37,582, Median of $~~172,261, 25~~218,874, 43 of the ~~67~~73 units (~~37~~59%) fell above the average and ~~42~~30 of the ~~67~~73 units (~~67~~41%) fell below the average.

Section II – Multi-Unit Owned Stores

The information below sets forth historical data collected from united operated by our multi-unit franchisees~~. The two criteria for inclusion~~ that were ~~that the store be in operation~~open as of January 1, ~~2020~~2021, and ~~still in continuous operation as of the last completed calendar month, March~~remained continuously open and operating through December 31, 2023~~,~~; and that ~~the owner of any included store owns~~operated a minimum of 3 units ~~included in this data set.~~as of December 31, 2023.

~~This~~A total of 7 units met this criteria ~~ensures~~, meaning that ~~each data set is represented by 9 active units in each chart outlined below. This resulted in 79 of a total 88 units being~~we excluded ~~from 2022 data represented below, 72~~83 of a total of ~~81~~90 units open as of December 31, 2023. We also excluded ~~from 2021 data~~79 of the 86 units open as of December 31, 2022, and ~~64~~75 of ~~a total 73~~the 82 units ~~excluded from 2020 data.~~ open as of December 31, 2021.

Gross Sales are defined as total retail sales per unit less returns or discounts. Gross Margin is defined as Gross Sales less cost of goods. Cost of Goods is defined as the cost of items acquired for resale including inbound shipping costs.

Chart II-A – Comparable Gross Sales for Full Calendar Years

~~All Stores~~		
2023	**2022**	**2021**

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Average Gross Sales	~~717,631~~$806,518	-$862,022	~~677,791~~$723,399
Change vs Prior Yr	***5.~~9~~8%***	***-5.3%***	***N/A***

Chart II-A – Notes

1. In 2023~~2022~~, the following statistics ~~hold true for~~summarize the data ~~included~~presented in Chart II-A~~:~~. Maximum of $1,~~045,022~~042,143, Minimum of $~~431,472~~477,266, Median of $~~726,986, 5~~778,562, 3 of the ~~9~~7 units (~~56~~43%) fell above the average and 4 of the ~~9~~7 units (~~44~~57%) fell below the average.

2. In ~~2021~~2022, the following statistics ~~hold true for~~summarize the data ~~included~~presented in Chart II-A~~:~~. Maximum of $~~917,876~~1,045,022, Minimum of $~~375,775,~~431,472 Median of $~~696,564, 5~~727,360, 3 of the ~~9~~7 units (~~56~~43%) fell above the average and 4 of the ~~9~~7 units (~~44~~57%) fell below the average.

3. In ~~2020~~2021, the following statistics ~~hold true for~~summarize the data ~~included~~presented in Chart II-A~~:~~. Maximum of $~~562,524~~917,876, Minimum of $~~255,402~~444,706, Median of $~~696,564, 4~~729,404, 3 of the ~~9~~7 units (~~44~~43%) fell above the average and ~~5~~4 of the ~~9~~7 units (~~56~~57%) fell below the average.

Chart II-B – Comparable Gross Margins for Full Calendar Years

	~~All Stores~~		
	2023	**2022**	**2021**
Average Gross Margin (dollars)	~~508,722~~ $563,872	-$522,327	~~493,854~~ $516,407
Average Gross Margin (% of Gross Sales)	~~70~~69.9%	68.5%	~~72.9~~71.4%
Change vs Prior Yr	***~~64~~1.4%***	***-2.9%***	***N/A***

Chart II-B – Notes

1. In ~~2022~~2023, the following statistics ~~hold true for~~summarize the data ~~included~~presented in Chart II-~~2:~~B. Maximum of $~~706,198~~728,930, Minimum of $~~294,117~~328,308, Median of $~~503,950, 4~~532,472, 3 of the ~~9~~7 units (~~44~~43%) fell above the average and ~~5~~4 of the ~~9~~7 units (~~56~~57%) fell below the average.

2. In ~~2021~~2022, the following statistics ~~hold true for~~summarize the data ~~included~~presented in Chart II-B~~:~~. Maximum of $~~665,308~~706,198, Minimum of $~~283,963~~294,117, Median of $~~514,281, 5~~509,924,

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3 of the 97 units (5643%) fell above the average and 4 of the 97 units (4457%) fell below the average.

3. In 20202021, the following statistics hold true forsummarize the data includedpresented in Chart II-B:. Maximum of $395,386625,443, Minimum of $189,725260,152, Median of $296,513, 4560,470, 3 of the 97 units (4443%) fell above the average and 54 of the 97 units (5657%) fell below the average.

General Notes to Item 19

Some outlets have sold/earned this amount. Your individual results may differ. There is no assurancethat you'll sell/earn as much.

1. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a Franchised Business.

2. The information provided pertaining to Reporting Storesreporting locations is based on data provided to us by the franchise-owners of these Stores. locations. We have not verified the accuracy of the data provided, nor have they been audited by independent certified public accountants.

3. Other than the preceding financial performance representation, The Spice & Tea Exchange Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting theFranchise Administration Department, Attn: Amy FreemanMichael Lassen, 727-786-6644,240-3191, a.freeman@spiceandtea.com, franchising@spiceandtea.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years ~~2020,~~ 2021, 2022 and 2023~~2022~~

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021~~2020~~	~~72~~73	~~73~~81	+~~1~~8
	~~2021~~2022	~~73~~81	~~81~~86	+~~8~~5
	~~2022~~2023	~~81~~86	~~86~~89	+~~5~~3
Company-Owned	2021~~2020~~	1	1	0
	~~2021~~2022	1	1	0
	2023~~2021~~	1	1	0
Total Outlets	**2021~~2020~~**	**~~73~~74**	**~~74~~82**	**+~~1~~8**
	2022~~2021~~	**~~74~~82**	**~~82~~87**	**+~~8~~5**
	~~2022~~2023	**~~82~~87**	**~~87~~90**	**+~~5~~3**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2020,~~ 2021, 2022 and 2023~~2022~~

State	Year	Number of Transfers
~~California~~	~~2020~~	~~0~~
	2021	0
	2022	~~1~~0
~~Colorado~~	~~2020~~2023	1*
	2021	0
	2022	~~0~~1
	2023	0
Florida	2021~~2020~~	0
	~~2021~~	~~0~~
	2022	2

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	2023	2
Georgia	20212020	0
	2022	1
	2023	0
Massachusetts	2021	0
	2022	10
	2023	1
Missouri	20212020	0
	2021	0
	2022	1
Oregon	20202023	0
Oregon	2021	1
	2022	0
	2023	0
South Carolina	20212020	10
	2021	0
	2022	0
	2023	1
Washington	20212020	01
	2021	1
	2022	0
	2023	0
Total	**20212020**	**2**
	2021	**2**
	2022	**5**
	2023	**5**

** These units were transferred to other states to existing franchisees. The Colorado unit was transferred to Florida.*

Table No. 3
Status of Franchised Outlets
For Years 2020, 2021, 2022, and 20232022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Alabama	20212020	2	01	0	0	0	0	23
	20222021	23	10	0	0	0	0	3

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Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
	20222023	3	0	0	0	0	0	3
Alaska	20212020	1	0	0	0	0	0	1
	20222021	1	0	0	0	0	0	1
	20222023	1	0	0	0	0	0	1
Arizona	20212020	01	1	0	0	0	0	12
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Arkansas	20212020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
California	20212020	21	0	10	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Colorado	20212020	32	0	0	0	0	10	2
	20222021	2	0	0	0	0	0	2
	20222023	2	0	0	0	0	0	2
Connecticut	20212020	2	0	0	0	0	0	2
	20222021	2	0	0	0	0	0	2
	20222023	2	0	0	0	0	0	2
Delaware	20212020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
District of Columbia	20202023	01	0	0	0	0	0	01

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
	~~2021~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	~~2022~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
Florida	2021~~2020~~	~~15~~14	~~1~~4	0	0	0	~~2~~0	~~14~~18
	~~2021~~	~~14~~	~~4~~	~~0~~	~~0~~	~~0~~	~~0~~	~~18~~
	2022	18	0	0	0	0	0	18
	2023	18	0	0	0	0	1	17
Georgia	2021~~2020~~	2	0	0	0	0	0	2
	~~2021~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Idaho	2021~~2020~~	1	0	0	0	0	0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	0	0	0	0	0	1
~~**Illinois**~~	~~2020~~2023	1	0	0	0	0	~~1~~0	~~0~~1
Indiana	2021	0	~~0~~1	0	0	0	0	~~0~~1
	2022	~~0~~1	0	0	0	0	0	~~0~~1
~~**Indiana**~~	~~2020~~2023	~~0~~1	~~0~~1	0	0	0	0	~~0~~2
Iowa	2021	0	~~1~~0	0	0	0	0	~~1~~0
	2022	~~1~~0	0	0	0	0	0	~~1~~0
	2023	0	1	0	0	0	0	1
Louisiana	2021~~2020~~	~~2~~1	0	0	0	0	~~1~~0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Maryland	2021~~2020~~	2	0	0	0	0	0	2
	~~2021~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Massachusetts	2021~~2020~~	1	0	0	0	0	0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Michigan	2021~~2020~~	1	0	0	0	0	0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Minnesota	2021~~2020~~	0	0	0	0	0	0	0
	~~2021~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Missouri	2021~~2020~~	1	0	0	0	0	0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Montana	2021~~2020~~	1	0	0	0	0	0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Hampshire	2021~~2020~~	1	0	0	0	0	0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021~~2020~~	1	0	0	0	0	0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New York	2021~~2020~~	1	~~1~~0	0	0	0	~~1~~0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
North Carolina	2021~~2020~~	~~5~~7	~~2~~1	0	0	0	0	~~7~~8
	~~2021~~	~~7~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~8~~
	2022	8	0	1	0	0	0	7
~~**Ohio**~~	~~2020~~2023	~~1~~7	0	0	0	0	0	~~1~~7

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Ohio	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Oklahoma	2021~~2020~~	1	0	0	0	0	0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oregon	2021~~2020~~	2	0	0	0	0	0	2
	2022~~2021~~	2	0	0	0	0	0	2
	~~2022~~2023	2	0	0	~~0~~1	0	0	~~2~~1
Pennsylvania	2021~~2020~~	3	0	0	0	0	0	3
	2022~~2021~~	3	0	0	0	0	0	3
	~~2022~~2023	3	0	0	0	0	0	3
Rhode Island	2021~~2020~~	1	0	0	0	0	0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
South Carolina	2021~~2020~~	~~4~~6	~~2~~0	0	0	0	0	6
	2022~~2021~~	6	0	0	0	0	0	6
	~~2022~~2023	6	0	0	0	0	0	6
South Dakota	2021~~2020~~	2	0	0	0	0	0	2
	~~2021~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Tennessee	2021~~2020~~	2	~~0~~1	0	0	0	0	~~2~~3
	~~2021~~	~~2~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~3~~
	2022	3	2	0	0	0	0	5
~~Texas~~	~~2020~~2023	5	0	0	0	0	0	5

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Texas	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Virginia	2021~~2020~~	2	0	0	0	0	0	2
	~~2021~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Washington	2021~~2020~~	1	0	0	0	0	0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Wisconsin	2021~~2020~~	1	0	0	0	0	0	1
	~~2021~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2022	1	0	0	0	0	0	1
~~Total~~	~~2020~~2023	~~72~~1	~~7~~1	~~1~~0	~~0~~1	0	~~5~~0	~~73~~1
Total	2021	73	8	0	0	0	0	81
	2022	81	7	1	0	0	1	86
	2023	86	6	0	2	0	1	83

Table No. 4
Status of Company-Owned and Affiliate-Owned Outlets
For Years ~~2020,~~ 2021, 2022 and ~~2022~~2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2021~~2020~~	1	0	0	0	0	1
	2022~~2021~~	1	0	0	0	0	1
	~~2022~~2023	1	0	0	0	0	1
Total	~~2020~~2021	1	0	0	0	0	1
	2022~~2021~~	1	0	0	0	0	1
	~~2022~~2023	1	0	0	0	0	1

Table 5

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2024 Franchise Disclosure Document

Projected Openings as of December 31, ~~2022~~2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Year
Arizona	~~0~~1	1	0
Arkansas	1	1	0
Connecticut	1	1	0
Florida	~~0~~1	~~2~~1	0
Illinois~~Iowa~~	1	1	0
~~Maryland~~	~~1~~	~~1~~	~~0~~
Michigan	1	1	0
New Jersey	1	1	0
New York	1	1	0
North Carolina	1	1	0
~~Tennessee~~	~~0~~	~~1~~	~~0~~
~~Washington~~	~~1~~	~~1~~	~~0~~
~~Wisconsin~~	~~0~~	~~1~~	~~0~~
Total	~~5~~9	~~10~~9	0

The following are the names of all current franchisees and their address and telephone numbers as of the end of our last fiscal year:

State	Name/Entity	Address	Phone Number
ALABAMA Fairhope	Rachael and Eric Knoll	323 De La Mare Avenue Fairhope, AL 36532	(251)219-0339
ALABAMA Foley	Tammy Heim and Peter Heim	1501 North OWA Blvd, 200-F Foley, AL 36535	(251)239-5708
~~ALABAMA~~ ~~Fairhope~~	~~Rachael and Eric Knoll~~	~~323 De La Mare Avenue~~ ~~Fairhope, AL 36532~~	~~(251)219-0339~~
ALABAMA Orange Beach	Tammy Heim and Peter Heim	4830 Main Street, G114, Orange Beach, AL 36561	(251) 224-1704
ALASKA Anchorage	Elizabeth Eldridge and Ryan Eldridge	10950 O'Malley Centre Drive, Unit B Anchorage, AK 99515	(907) 222-4832

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State	Name/Entity	Address	Phone Number
ARIZONA Scottsdale	Lisa and Steve Pokorny	7236 E. Main Street Scottsdale, AZ 85251	(480) 687-3818
ARIZONA Sedona	~~Glenn~~David, Viora, and ~~Kim~~Megan Gunsteens and Tanner Gordon	320 N. State Route 89A, Suite T, Sedona, AZ 85251	(928) 282-0271
CALIFORNIA San Francisco	Blair Woodmancy and Ty Woodmancy	39 Pier, #273 San Francisco, CA 94133	(415) 393-0401
COLORADO Ft. Collins	Sarah Chartier & Kirsten Ruehlen	2924 Council Tree Avenue, Ste 100 Ft. Collins, CO 80525	(970) 223-2228
COLORADO Idaho Springs	Sadie Peak	1634 Miner Street Idaho Springs, CO 80452	(303) 993-8018
CONNECTICUT Guilford	Greg & Cindy Wright and Jenn Asbury	80 Whitfield Street Guilford, CT 06437	(203) 453-0022
CONNECTICUT Mystic	David Barr	6 West Main Street Mystic, CT 06355	(860) 245-4153
DELAWARE Rehoboth Beach	Joy Quinn	10 Rehoboth Avenue Rehoboth Beach, DE 19971	(302) 227-3327
FLORIDA Destin	Jennifer Hanna and John Hanna	4317 Legendary Drive Destin, FL 32541	(850) 837-1095
FLORIDA Dunedin	~~William Arim and Kristin Arim~~Jennifer Higgins	200 Main Street, #106 Dunedin, Florida 34698	(727) 754-4231
FLORIDA Fernandina Beach	Bill and Linda Files	316 Centre Street, Fernandina Beach, FL 32034	(904) 432-7897
FLORIDA Jacksonville	Stephanie and Andrew Rush	1960 San Marco Boulevard, Jacksonville, FL 32207	(904) 423-1671
~~FLORIDA Key West~~	~~Matt & Katie Wills~~	~~511 Green Street, #102 Key West, Florida 33040~~	~~(305) 453-6894~~
FLORIDA John's Pass	Lisa Coleman	110-129th Avenue E. Madeira Beach, FL 33708	(727) 319-4000
FLORIDA Mount Dora	Glenn & Kim Gordon	431 N. Donnelly Street Mount Dora, FL 32757	(352) 729-6762
FLORIDA Naples	Kathleen McGowan	800 5th Avenue South, Suite 102 Naples, FL 33410	(239) 776-7730
FLORIDA Palm Beach Gardens	Jon Gekas & Esperanza Correa	11701 Lake Victoria Gardens Avenue #7111 Palm Beach Gardens, FL 33410	(561) 328-7219

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State	Name/Entity	Address	Phone Number
FLORIDA Panama City Beach	Lance and Sandie Boekenoogen	701 Pier Park Drive, Suite 125, Panama City Beach, FL 32413	(850) 708-3001
FLORIDA Punta Gorda	Kim and Glenn Gordon	1200 W. Retta Esplanade, k-17B, Punta Gorda, FL 33950	(941) 621-8113
FLORIDA Sarasota	Glenn and Kim Gordon	345 St. Armand's Circle Sarasota, FL 34236	(941) 388-1411
FLORIDA St. Augustine	Colleen Messner	59 Hypolita Street Saint Augustine, FL 32084	(904) 826-3770
FLORIDA St. Augustine	Colleen Messner	167 San Marco Ave. St. Augustine, FL 32084	(904) 495-4493
~~FLORIDA~~ ~~St. Petersburg~~	~~Lisa Coleman and Brian Himert~~	~~115 2nd Avenue North, C102~~ ~~St. Petersburg, FL 33701~~	~~(727) 289-5343~~
FLORIDA Tarpon Springs	David ~~and,~~ Viora and Megan Gunsteens and Tanner Gordon	824 Dodecanese Blvd. Tarpon Springs, FL 34689	(727) 937-8012
~~FLORIDA~~ ~~Punta Gorda~~	~~Kim and Glenn Gordon~~	~~1200 W. Retta Esplanade, k-17B, Punta Gorda, FL 33950~~	~~(941) 621-8113~~
FLORIDA The Villages	Jody Nelson and Rob Nelson	3638 Kiessel Road The Villages, FL 32163	(352) 633-4780
FLORIDA Winter Garden	Bill Files and Linda Files	4 East Plant Street Winter Garden, FL 34787	407-347-9152
FLORIDA Winter Park	Bill Files and Linda Files	309 Park Avenue North Winter Park, FL 32789	(407) ~~64-Spice~~647-7423
Georgia ~~Blued~~Blue Ridge	Tate Parker	594 East Main Street, Blue Ridge, GA 30513	(706) 946-9300
GEORGIA Dahlonega	Rebecca & Matt Knighten	19 E. Main Street, Suite C Dahlonega, GA 30533	706-867-9032
GEORGIA Savannah	Stephanie Rush and Andrew Rush	14 West Broughton Street Savannah, GA 31401	(912) 790-1669
IDAHO Coeur d'Alene~~GEORGIA~~ ~~Dahlonega~~	Judith Taylor-McAfee John Wensman and Annie Wensman~~Rebecca & Matt Knighten~~	~~19 E~~2061 N. Main Street~~,~~ ~~Suite C~~ ~~Dahlonega, GA 30533~~Coeur d'Alene, Idaho 83814	~~706-867-9032~~ (208) 930-1009
INDIANA New Albany~~IDAHO~~ ~~Coeur d'Alene~~	~~William McAfee and~~ Kellyjean Gettelfinger~~Judith Taylor-McAfee~~ ~~John Wensman and Annie Wensman~~	~~2061 N. Main~~115 East Market Street ~~Coeur d'Alene, Idaho 83814~~ New Albany, IN 47150	~~(208) 930-1009~~812-913-0111

State	Name/Entity	Address	Phone Number
INDIANA Valparaiso	Tina St. Aubin	161 Lincolnway, Valparaiso, IN 46383	(219) 615-3162
IOWA West Des Moines	Todd Kolbe and Kirk McVey	218 5th Street West Des Moines, IA 50265	515-255-3696
LOUISIANA West Monroe	Karen Laban	211 Trenton Street W. West Monroe, LA 71291	(318) 388-3920
MARYLAND Annapolis	Joy Quinn & Taruna Reddy	155 Main Street Annapolis, MD 21401	(410) 280-2088
MARYLAND Fells Point	Laura Mattingly & Matthew Morris	1635 Thames Street Baltimore, MD 21231	410-274-0762
MARYLAND Frederick	Keith Campbell-Rosen	28 East Patrick Street Frederick, MD 21701	(301) 732-5707
~~MONTANA~~ ~~Bozeman~~MASSACHUSETTS Mashpee	~~Joel Marshall~~Bill and ~~Karen Marshall~~Linda Files	~~18 East Main Street, Suite 110~~ ~~Bozeman, MT 5971513~~ Central Square, Mashpee Commons Mashpee, MA 02649	~~(406) 219-2222~~508-419-6421
MICHIGAN Bellaire	Bill & Kristin Arim	113 N. Bridge Street, Bellaire MI 49615	231-533-4443
MICHIGAN Rochester	Philip Munroe and Maryanne Munroe	120 E. 4th Street, Rochester, MI 48307	(248) 841-1289
MINNESOTA Alexandria	Dionne Peterson	604 Broadway Alexandria, MN 56308	320-219-7400
MINNESOTA* Duluth	Dennis and Ashley Thielke	1929 West Superior Street, Duluth, MN 55806	(218) 303-5484
MISSOURI Branson	Glenn and Kim Gordon	215 Branson Landing Boulevard Branson, MO 65616	(417) 335-2102
MONTANA Bozeman	Joel Marshall and Karen Marshall	18 East Main Street, Suite 110 Bozeman, MT 59715	(406) 219-2222
NEW HAMPSHIRE Portsmouth	Nicole Gagliardi and George Yovetich	63 Congress Street Portsmouth, NH 03801	(603) 319-8474
NEW JERSEY Haddonfield	Alison Braun	103 Kings Highway East Haddonfield, NJ 08033	856-375-2068
NEW YORK Port Jefferson	~~Mike Siarkowicz and Diane Wahne~~Loretta Criscuoli	22 Chandler Square 106 W. Broadway Port Jefferson, NY 11777	(631) 828-2769
NORTH CAROLINA Asheville	Bob & Jill Long	46 Haywood Street, #101 Asheville, NC 28801	(828) 505-7348
NORTH CAROLINA Blowing Rock	Andy and Gayle Barth	1087 Main Street Blowing Rock, NC 28605	(828) 372-7070

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State	Name/Entity	Address	Phone Number
NORTH CAROLINA Duck	Terry Bell and Megan Scott	1171 Duck Road, D-4 Duck, NC 37949	(252) 715-4500
NORTH CAROLINA Highlands	Ashley Mills	330 Main Street Highlands, NC 28741	(828) 482-1609
NORTH CAROLINA Kannapolis	Dionna and Allen Milem	102 S. Main Street, Kannapolis, NC 28081	(704) 938-8320
NORTH CAROLINA Salisbury	Dionna & Alan Milem	115 N. Main Street Salisbury, NC 28144	980-432-8287
NORTH CAROLINA West Jefferson	Andy and Gayle Barth	12B S. Jefferson Avenue, Box 806, West Jefferson, NC 28694	(336) 846-8327
OHIO Chagrin Falls	Rita Wisdom & Stephen Kelbach	41 N. Main Street, Chagrin Falls, OH 44022	(440) 337-0018
OHIO Columbus	Thurston & Jacqueline Collins	1500 Polaris Parkway, #1052 Columbus, OH 43240	(914) 846-1500
OKLAHOMA Sulphur	Paula Stewart and Kam Pierce	The Artesian Hotel, Casino & Spa 8 West Muskogee Ave Sulphur, OK 73086	(580) 622-3770
~~OREGON Ashland~~	~~Sarah Dore and Charles Whitley~~	~~88 N, Main Street Ashland, OR 97520~~	~~(541) 708-5306~~
OREGON Portland	Jon Burgbacher	536 Southwest Broadway Portland, OR 97205	(503) 208-2886
PENNSYLVANIA Lancaster	Judy Gitomer and Mike Gitomer	20 West Orange Street Lancaster, PA 17603	(717) 394-4328
PENNSYLVANIA Pittsburgh	Mark Gardner and Heather Gardner	1000 Ross Park Mall Drive Lower Level, Center Court Pittsburgh, PA 15237	(412) 837-4109
PENNSYLVANIA Pittsburgh	Mark Gardner and Heather Gardner	1000 Ross Park Mall Drive, Lower-Level Center Court Pittsburgh, PA 15237	(412) 837-4109
RHODE ISLAND Newport	David Barr	192-B Thames Street Newport, RI 02840	(401) 846-1411
SOUTH CAROLINA Beaufort	Paul Ricard and Heidi Ricard	802A Bay Street, Beaufort, SC 29902	(843) 379-1188
SOUTH CAROLINA Charleston	David Barr	170A Church Street Charleston, SC 29401	(843) 965-8300
SOUTH CAROLINA Greenville	Valerie Bartlett	124 North Main Street Greenville, SC 29601	(864) 509-0125

State	Name/Entity	Address	Phone Number
SOUTH CAROLINA Hilton Head	~~Jamie Burns and Eric Burns~~Bob & Jill Long	Coligny Plaza Shopping Center 1 N. Forest Beach Drive, A7 Hilton Head, South Caroline 29306	(843) 715-3770
SOUTH CAROLINA North Myrtle Beach	Carl and Gina Hamilton	4842 Highway 17 South, Unit 54, North Myrtle Beach, SC 29582	(843) 281-0286
SOUTH CAROLINA Spartanburg	Marc Desmarais and Cathy Desmarais	135 West Main Street Spartanburg, South Carolina 29306	(864) 707-5488
SOUTH DAKOTA Rapid City	Jeanne Wagner & Kylea Wagner	519 6th Street Rapid City, SD 57701	(605) 791-2900
SOUTH DAKOTA Sioux Falls	Vernon & Tami Brown	328 South Phillips Avenue Sioux Falls, SD 57104	605-310-8182
~~SOUTH DAKOTA Rapid City~~	~~Jeanne Wagner & Kylea Wagner~~	~~519 6th Street Rapid City, SD 57701~~	~~(605) 791-2900~~
TENNESSEE Chattanooga	Michael Tobin and Diane Tobin	Hamilton Corner, 2115 Gunbarrel Road, A-13 Chattanooga, TN 37421	(423) 826-7707
TENNESSEE Gatlinburg	Coran Williams and Mary Williams	634 Parkway, Suite 23 Gatlinburg, TN 37738	(865) 436-1415
TENNESSEE Knoxville	Annette Morejon	522 S Gay Street, Knoxville, TN 37902	(865) 985-0913
TENNESSEE Nashville	Suzette and Blake Pace	1802 21st Avenue South, Nashville, TN 37212	(615) 649-8844
TENNESSEE Pigeon Forge	Coran and Mary Williams	2655 Teaster Lane, Suite 235, Pigeon Forge, TN 37863	(865) 446-2078
TEXAS Fort Worth	Nancy & Jerry McBrayer	140 E. Exchange Ave., #136 Fort Worth, TX 76164	(817) 626-2300
TEXAS Galveston	Peter Heim	2309 Strand Street, Suite 102 Galveston, TX 77550	(409) 220-3524
TEXAS Grapevine	Nancy & Jerry McBrayer	319 South Main Street Grapevine, TX 76051	(321) 693-2655
~~TEXAS Fort Worth~~	~~Nancy & Jerry McBrayer~~	~~140 E. Exchange Ave., #136 Fort Worth, TX 76164~~	~~(817) 626-2300~~
TEXAS Katy	Jocelyn Schneider and Ken Schneider	23501 Cinco Ranch Blvd, E130 Katy, TX 77494	(281) 394-5150

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State	Name/Entity	Address	Phone Number
TEXAS San Antonio	Neelofer Siddiqui and Mohammed Siddiqui	Rivercenter Mall, 849 E. Commerce Street, Suite 121 San Antonio, TX 78205	(210) 943-5525
VIRGINIA Alexandria	Joy Quinn	320 King Street, Suite 112 Alexandria, VA 22314	(571) 312-8505
VIRGINIA Richmond	Heather Hulbert	3007 W Cary Street, Richmond, VA 23221	(804) 918-2272
VIRGINIA Williamsburg	Heather Hulbert	403B Duke of Gloucester, Williamsburg, VA 23185	(757) 229-8327
WASHINGTON Port Townsend	Michael and Denise Jenkins	929 Water Street Port Townsend, WA 98368	(360) 385-1633
WASHINGTON Poulsbo	Michael and Denise Jenkins	18830 Front Street, Suite 103 Poulsbo, WA 98370	360-930-8637
WISCONSIN ~~Mequon~~ Port Washington	Karen Onan~~Lisa & Greg Straub~~	100 N. Franklin Street Port Washington, WI 53074~~1412 West Mequon Road Mequon, WI 53092~~	~~(~~262~~) 518-0023~~-235-4227

*Notes a franchisee with development rights.

In the past fiscal year, we did not have any franchisee or Area Developer that (a) had a Store terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement or an Area Developer Agreement or (b) who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document, except as listed below:

State	Name/Entity	Address	Phone Number
~~Arkansas~~ ~~Bentonville~~Florida	~~Bill Oakley~~Matt and Katie Willis	~~109 SE A~~511 Green Street ~~Bentonville, AR 72712~~, #102 Key West, Florida 33040	~~(479) 254-9900~~(305) 453-6894
~~North Carolina~~ ~~Charlotte~~Oregon	~~Marc~~Sarah Dore and ~~Cathy Desmarais~~Charles Whitley	~~720 Governor Morrison Street, Suite 100, Charlotte, NC 28211~~88 N, Main Street Ashland, OR 97520	~~(704) 595-3778~~(541) 708-5306
Wisconsin	Lisa & Greg Straub	1412 West Mequon Road Mequon, WI 53092	(262) 518-0023

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The following is contact info for franchisees who transferred their Franchised Businesses in the past fiscal year: (the transferors for the listed in Table 2 involve franchisees still in the System):

Location	Franchisee	Phone Number
California San Francisco	Robert and Blake Gordon Jennifer Stackpole	(415) 823-8403
Georgia Blue Ridge	Sandy and Andrew Finkle Callender Callendar	(678) 699-2439
Florida Sarasota/Mashpee	Patricia Gordon	(941) 201-7629
Missouri Branson	Corey and Veronica Dearing	(417) 335-2102

other transfers above that are

The following are the names and contact info for those franchisees who had signed but not yet opened as of the end of our last fiscal year:

Delpar Stone LLC (Michigan)
Maria Delgado
m.delgado@spiceandtea.com

Zuku Ventures LLC (North Carolina)
Lawson Rankin & Trey Rankin
l.rankin@spiceandtea.com

Taste TK LLC (Iowa)
Todd Kolbe & Kirk McVey
t.kolbe@spiceandtea.com

Jenkins Enterprises (Washington)
Michael, Denise, and Charles Jenkins
m.jenkins@spiceandtea.com

St. Mattis Enterprises LLC (Maryland)
Laura Mattingly
lmattingly@spiceandtea.com

Pam and John Robinson	p.robinson@spiceandtea.com	203-260-3762
Lawson and Trey Rankin	l.rankin@spiceandtea.com	919-621-1020
James and Tamara Ryan	j.ryan@spiceandtea.com	602-499-4040
Joseph Nachio Jr	j.nachio@spiceandtea.com	954-326-6746
Cathy and Tom Koch	c.koch@spiceandtea.com	847-309-4232
Maria Delgado	m.delgado@spiceandtea.com	734-558-4015
William McGloine	w.mcgloine@spiceandtea.com	631-974-5229

During the last three years, in some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with THE SPICE & TEA EXCHANGE® franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

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

~~To the extent known, the names, addresses, telephone numbers, e-mail address and Web address of each~~There are no trademark-specified franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed~~: None~~. No independent franchisee organizations have asked to be included in this disclosure document.

~~No independent franchisee organizations have asked to be included in this disclosure document.~~

ITEM 21
FINANCIAL STATEMENTS

Our audited financial statements as of December 31, ~~2020, December 31,~~ 2021, December 31, 2022, and December 31, ~~2022 as well as our unaudited balance sheet and unaudited profit and loss statement as of February 28,~~ 2023, are attached as Exhibit "A" to this Disclosure Document. Our Fiscal year end is December 31st.

ITEM 22
CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included as exhibits to this Disclosure Document. These include:

Exhibit B	Forms of Deposit Agreement (Unit Franchise and Area Developer)	
Exhibit C	Form of Franchise Agreement	
	Exhibit A:	Establishment Fee and Package Data Sheet
	Exhibit B:	Confirmation of Receiving Establishment Package
	Exhibit C:	Franchisee Entity Information Sheet
	Exhibit D:	Principal Owner Guaranty
	Exhibit E:	State-Specific Addenda
	Exhibit F:	Collateral Assignment of Lease
	Exhibit G:	Conditional Assignment of Franchisee's Telephone Numbers~~, Facsimile Numbers~~ and Domain Names
	Exhibit H:	Confidentiality and Restrictive Covenant Agreement
	Exhibit I:	Electronic Funds Withdrawal Authorization
	Exhibit J:	Franchise Questionnaire
Exhibit D	Form of Development Agreement	
Exhibit G	State Specific Addenda	
Exhibit H	Form of General Release (Successor Franchise, Assignment/Transfer)	
Exhibit I	State Effective Dates	
Exhibit J	Receipts	

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ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt for this Disclosure Document appear as Exhibit J to the Disclosure Document. Please date and sign each of them as of the date you received this Disclosure Document, return one copy to us and keep the other with this Disclosure Document for your records.

~~*[The remainder of this page is intentionally left blank.]*~~

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EXHIBIT A

TO THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

~~**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESS HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**~~

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022 AND 2021

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TAMA | BUDAJ | RAAB
CERTIFIED PUBLIC ACCOUNTANTS

32783 Middlebelt Road | Farmington Hills, Michigan 48334
Phone: 248-626-3800 | Fax: 248-626-2276
www.tbrcpa.com

Independent Auditors' Report

To the Member of
The Spice & Tea Exchange Franchising, LLC

Report on the Audits of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Spice & Tea Exchange Franchising, LLC which comprise the balance sheets as of December 31, 2023, 2022 and 2021, and the related statements of operations and changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Spice & Tea Exchange Franchising, LLC as of December 31, 2023, 2022 and 2021, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Entity's ability to continue as a going-concern for one year following the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with 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 Entity'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 Entity'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portion marked "unaudited", has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Tama, Budaj & Raab, P.C.

Farmington Hills, Michigan
March 11, 2024

THE SPICE & TEA EXCHANGE FRANCHISING, LLC
(A FLORIDA LIMITED LIABILITY COMPANY)

BALANCE SHEETS
DECEMBER 31, 2023, 2022 AND 2021

ASSETS

	2023	2022	2021
CURRENT ASSETS			
Cash and cash equivalents	$ 1,686,586	$ 1,926,064	$ 385,249
Accounts receivable:			
Royalties and system development fees	666,535	508,945	438,306
Note receivable - related party	-0-	3,716,266	3,693,461
TOTAL CURRENT ASSETS	$ 2,353,121	$ 6,151,275	$ 4,517,016

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES			
Accounts payable	$ -0-	$ 2	$ -0-
Franchise deposits	-0-	145,000	10,000
Deferred franchise fees	1,461,062	1,331,210	1,296,333
TOTAL CURRENT LIABILITIES	1,461,062	1,476,212	1,306,333
MEMBER'S EQUITY	892,059	4,675,063	3,210,683
	$ 2,353,121	$ 6,151,275	$ 4,517,016

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

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	2021
REVENUES			
Franchise fees	$ 463,596	$ 273,386	$ 176,396
Royalties	3,193,374	2,822,637	2,523,856
System development fees	452,465	400,634	357,691
TOTAL REVENUE	4,109,435	3,496,657	3,057,943
OPERATING EXPENSES	2,438,532	2,191,297	1,302,513
OPERATING INCOME (LOSS)	1,670,903	1,305,360	1,755,430
OTHER INCOME (EXPENSE)			
Point of sales and miscellaneous revenues	213,834	159,020	114,929
Interest income	34,640	-0-	-0-
NET OTHER INCOME (EXPENSE)	248,474	159,020	114,929
NET INCOME (LOSS)	1,919,377	1,464,380	1,870,359
MEMBER'S EQUITY			
BEGINNING OF YEAR	4,675,063	3,210,683	1,340,324
DISTRIBUTIONS	(5,702,381)	-0-	-0-
END OF YEAR	$ 892,059	$ 4,675,063	$ 3,210,683

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

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 1,919,377	$ 1,464,380	$ 1,870,359
Changes in:			
Accounts receivable - royalties and system development fees	(157,590)	(70,887)	(135,106)
Notes receivable - related party	3,716,264	(22,555)	(1,656,661)
Accounts payable	(2)	2	-0-
Franchise deposits	(145,000)	135,000	-0-
Deferred franchise fees	129,852	34,877	56,304
TOTAL ADJUSTMENTS	3,543,524	76,437	(1,735,463)
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	5,462,901	1,540,817	134,896
CASH FLOWS FROM FINANCING ACTIVITIES:			
Member(s) distributions	(5,702,381)	-0-	-0-
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	(5,702,381)	-0-	-0-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(239,480)	1,540,817	134,896
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,926,066	385,247	250,353
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,686,586	$ 1,926,064	$ 385,249
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for interest	$ -0-	$ -0-	$ -0-
Cash paid during the year for income taxes	$ -0-	$ -0-	$ -0-

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

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021

1. ORGANIZATION AND BUSINESS ACTIVITY

The Spice & Tea Exchange Franchising, LLC ("The Company") is organized as a Limited Liability Company, formed in 2008 in the State of Florida. The Company's primary business is the sale of Spice & Tea Exchange franchises and the providing of start-up and support services to its franchisees. The Company uses the accrual basis of accounting for financial reporting and a hybrid income tax basis method for income tax reporting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been followed in the preparation of the financial statements:

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all short-term investments with an original maturity of three months or less to be cash equivalents. At December 31, 2023, 2022 and 2021, there were no cash equivalents.

Accounts Receivable

Accounts receivable for royalties, system development fees, and renewal fees are recorded at the amounts the Company expects to collect on balances outstanding at the end of the year. Management closely monitors balances and provides for estimates of uncollectible balances in an allowance for doubtful accounts.

Revenue Recognition

The Company's revenues consist of royalties and system development fees based on a percent of sales, initial franchise fees, renewal fees and technology fees.

ASC 606 provides that revenues are to be recognized when control of promised goods or services are transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. The standard does not change the recognition of royalties and system development fees from facilities operated by franchisees, which are based on a percent of sales and recognized at the time the underlying sales occur. The standard does change the timing in which the Company recognizes initial franchise fees and renewal fees from franchisees for new facility openings and new franchise terms. The Company's accounting policy through December 31, 2018 was to recognize initial franchise fees upon a new facility opening and renewal fees upon payment. The Company adopted ASC 606 as of January1, 2019, using the modified retrospective method. At such time, initial franchise fees and renewal fees have been recognized as the Company satisfies the performance obligation, either as the obligation is performed, or over the franchise or renewal term, which are generally 10 years.

Continued…

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Company recognized franchise fee and renewal fee revenue of $463,596, $273,386, and $176,396 for the years ended December 31, 2023, 2022 and 2021, respectively. The recognized initial franchise fee and renewal fee revenue is presented in accordance ASU Topic 606.

The Company recognized royalty fee revenue of $3,193,374, $2,822,637 and $2,523,856 for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company recognized system development fee revenue of $452,465, $400,634 and $357,691 for the years ended December 31, 2023, 2022 and 2021, respectively.

Additional revenue is recognized for miscellaneous fees received from the franchisees which primarily consist of point-of-sale fees, transfer fees, IT subscription fees and late fees. The Company recognized revenue relating to those items of $213,834, $159,020 and $114,929 for the years ended December 31, 2023, 2022 and 2021, respectively.

Advertising and Promotion Costs

The Company will expense costs for advertising and promotion as the costs are incurred. Advertising and promotion expense for the years ended December 31, 2023, 2022 and 2021 were $40,864, $29,507 and $23,732, respectively.

Income Taxes

No provisions for income taxes (or benefits) are provided for in the Company's accounts, since income taxes are the member's responsibility.

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 at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts may have been reclassified to permit a consistent presentation between years.

3. ACCOUNTS RECEIVABLE

Accounts receivable of $666,535, $508,945 and $438,306 at December 31, 2023, 2022 and 2021, respectively, are comprised of royalty and system development fees due from the franchisees. There was no allowance for doubtful accounts recorded at December 31, 2023, 2022 and 2021.

4. NOTE RECEIVABLE - RELATED PARTY

The Company's note receivable from The Spice & Tea Holdings, LLC, a related party with common ownership, was $0, $3,716,266 and $3,693,461 for the years ended December 31, 2023, 2022 and 2021, respectively. The proceeds of the note funded capital improvements to enhance the support received by the Company and was repaid in 2023 by the related party. The note provided for interest at 6.00%, was payable on demand and was secured by all assets of the related company.

5. DEFERRED FRANCHISE FEES

Deferred franchise fee revenue of $1,461,062, $1,331,210 and $1,296,333 as of December 31, 2023, 2022 and 2021, respectively, are composed of franchise fees collected but not yet recognized. For the years ended December 31, 2023, 2022 and 2021, the deferred franchise fee revenue balance is presented in accordance with ASU Topic 606.

6. FRANCHISE DEPOSITS

Franchise deposits of $0, $145,000 and $10,000 as of December 31, 2023, 2022 and 2021, respectively, are comprised of deposits to be applied against the initial franchise fees from franchisees to ensure area rights.

7. FRANCHISES IN OPERATION

The franchise activity for the years ended December 31, 2023, 2022 and 2021 were as follows:

	2023	2022	2021
Operating at beginning of period	86	81	73
Franchises opened	6	7	8
Franchises closed	(3)	(2)	0
Operating at end of period	89	86	81
Corporate franchises transferred	0	0	0

8. COMMITMENTS AND CONTINGENCIES

In April 2022, the Company's member entered into a $1M Line of Credit loan agreement with PNC Bank through March 25, 2023 and the Company guaranteed this loan. The line was recently renewed through August 31, 2024. The line is priced at BSBY + 225bps with a floor of 50bps. The line is secured by a blanket lien on the ABA of the Company. There is currently a $0 balance on the line of credit and it has never been drawn.

In April 2022, the Company's member entered into a $750K Equipment Line of Credit loan agreement with PNC Bank through March 25, 2023 and the Company guaranteed this loan. The line was recently extended through September 27, 2024. If there is usage under the LOC, it will convert into a fully amortized term loan. There is currently a $0 balance on the line-of-credit and it has never been drawn.

9. RELATED PARTY TRANSACTIONS

Management Fees

The Company has an agreement with its member to pay management fees for ongoing operations assistance. Fees are computed based on the operating expenses of the member. Total management fees paid during December 31, 2023, 2022 and 2021 were $1,368,751 and $1,345,064 and $643,935, respectively.

Corporate Locations (Non-Franchise)

During 2023 and 2022, there was one corporate affiliate owned and operated location (TSTE of Lake Buena Vista) that paid royalty fees of $175,112 and $174,062, system development fees of $25,016 and $24,866, point-of-sale fees of $2,691 and $0 and IT technology fees of $733 and $0, respectively. While this location intends to continue paying these fees in the future, there is no guarantee that these payments will continue.

10. CONCENTRATION OF CREDIT RISK

The Company had funds exceeding the applicable FDIC insurable limit in a single financial institution.

11. SUBSEQUENT EVENTS

Subsequent to December 31, 2023, one location was opened for business and one location was closed. $90,000 was received as an Area Development Deposit.

The Company has plans to build a new warehouse in 2025.

Management has evaluated subsequent events through March 11, 2024, the date on which the financial were available to be issued.

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

SCHEDULES OF OPERATING EXPENSES
DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	2021
Advertising and promotion	$ 40,864	$ 29,507	$ 23,732
Consulting	104,720	71,813	60,863
Management fees - related party	1,368,751	1,345,064	643,935
Merchant account fees	2,490	1,673	1,277
Point of sale fees	160,247	129,528	111,700
Professional fees	17,651	23,680	29,063
Store support	9,771	17,818	-0-
System development expense	703,833	550,000	425,000
Taxes	15,353	16,444	4,836
Travel	14,852	5,770	2,107
TOTAL OPERATING EXPENSES	$ 2,438,532	$ 2,191,297	$ 1,302,513

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2022, 2021 AND 2020

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Phone: 248-626-3800 | Fax: 248-626-2276
www.tbrcpa.com

Independent Auditors' Report

To the Member of
The Spice & Tea Exchange Franchising, LLC

Report on the Audits of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Spice & Tea Exchange Franchising, LLC which comprise the balance sheets as of December 31, 2022, 2021 and 2020, and the related statements of operations and changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Spice & Tea Exchange Franchising, LLC as of December 31, 2022, 2021 and 2020, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Entity's ability to continue as a going-concern for one year following the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with 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 Entity'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 Entity'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portion marked "unaudited", has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Tama, Budaj & Raab, P.C.

Farmington Hills, Michigan
March 15, 2023

THE SPICE & TEA EXCHANGE FRANCHISING, LLC
(A FLORIDA LIMITED LIABILITY COMPANY)

BALANCE SHEETS
DECEMBER 31, 2022, 2021 AND 2020

ASSETS

	2022	2021	2020
CURRENT ASSETS			
Cash and cash equivalents	$ 1,926,064	$ 385,249	$ 250,353
Accounts receivable:			
Royalties and system development fees	508,945	438,056	302,950
Note receivable - related party	3,716,266	3,693,711	2,037,050
TOTAL CURRENT ASSETS	6,151,275	4,517,016	2,590,353
PROPERTY AND EQUIPMENT			
Furniture and fixtures	3,897	3,897	3,897
Office equipment	13,149	13,149	13,149
Leasehold improvements	10,666	10,666	10,666
	27,712	27,712	27,712
Less accumulated depreciation	(27,712)	(27,712)	(27,712)
NET PROPERTY AND EQUIPMENT	-0-	-0-	-0-
	$ 6,151,275	$ 4,517,016	$ 2,590,353

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES			
Accounts payable	$ 2	$ -0-	$ -0-
Franchise deposits	145,000	10,000	10,000
Deferred franchise fees	1,331,210	1,296,333	1,240,029
TOTAL CURRENT LIABILITIES	1,476,212	1,306,333	1,250,029
MEMBER'S EQUITY	4,675,063	3,210,683	1,340,324
	$ 6,151,275	$ 4,517,016	$ 2,590,353

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

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
REVENUES			
Franchise fees	$ 273,386	$ 176,396	$ 324,336
Royalties	2,822,637	2,523,856	1,433,850
System development fees	400,634	357,691	203,803
TOTAL REVENUE	3,496,657	3,057,943	1,961,989
OPERATING EXPENSES	2,191,297	1,302,513	1,162,555
OPERATING INCOME (LOSS)	1,305,360	1,755,430	799,434
OTHER INCOME (EXPENSE)			
Point of sales and miscellaneous revenues	159,020	114,929	99,772
NET OTHER INCOME (EXPENSE)	159,020	114,929	99,772
NET INCOME (LOSS)	1,464,380	1,870,359	899,206
MEMBER'S EQUITY			
BEGINNING OF YEAR	3,210,683	1,340,324	441,118
END OF YEAR	$ 4,675,063	$ 3,210,683	$ 1,340,324

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

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 1,464,380	$ 1,870,359	$ 899,206
Changes in:			
Accounts receivable - royalties and system development fees	(70,887)	(135,106)	(11,977)
Notes receivable - related party	(22,555)	(1,656,661)	(638,371)
Accounts receivable - renewal fees	-0-	-0-	12,500
Accounts payable	2	-0-	(1,165)
Franchise deposits	135,000	-0-	-0-
Deferred franchise fees	34,877	56,304	(106,241)
TOTAL ADJUSTMENTS	76,437	(1,735,463)	(745,254)
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	1,540,817	134,896	153,952
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,540,817	134,896	153,952
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	385,247	250,353	96,401
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,926,064	$ 385,249	$ 250,353
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for interest	$ -0-	$ -0-	$ -0-
Cash paid during the year for income taxes	$ -0-	$ -0-	$ -0-

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

1. ORGANIZATION AND BUSINESS ACTIVITY

The Spice & Tea Exchange Franchising, LLC ("The Company") is organized as a Limited Liability Company, formed in 2008 in the State of Florida. The Company's primary business is the sale of Spice & Tea Exchange franchises and the providing of start-up and support services to its franchisees. The Company uses the accrual basis of accounting for financial reporting and a hybrid income tax basis method for income tax reporting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been followed in the preparation of the financial statements:

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all short-term investments with an original maturity of three months or less to be cash equivalents. At December 31, 2022, 2021 and 2020, there were no cash equivalents.

Accounts Receivable

Accounts receivable for royalties, system development fees, and renewal fees are recorded at the amounts the Company expects to collect on balances outstanding at the end of the year. Management closely monitors balances and provides for estimates of uncollectible balances in an allowance for doubtful accounts.

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is provided for over the estimated useful lives of the underlying assets which range from 3 to 5 years using the accelerated method. Expenditures for maintenance and repairs are charged to expense as incurred.

Revenue Recognition

The Company's revenues consist of royalties and system development fees based on a percent of sales, initial franchise fees, and renewal fees.

Continued...

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

ASC 606 provides that revenues are to be recognized when control of promised goods or services are transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. The standard does not change the recognition of royalties and system development fees from facilities operated by franchisees, which are based on a percent of sales and recognized at the time the underlying sales occur. The standard does change the timing in which the Company recognizes initial franchise fees and renewal fees from franchisees for new facility openings and new franchise terms. The Company's accounting policy through December 31, 2018 was to recognize initial franchise fees upon a new facility opening and renewal fees upon payment. Beginning in January 2019, initial franchise fees and renewal fees have been recognized as the Company satisfies the performance obligation, either as the obligation is performed, or over the franchise or renewal term, which are generally 10 years.

The Company adopted ASC 606 as of January 1, 2019 using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. The cumulative adjustment recorded upon adoption of ASC 606 consisted of deferred revenue of approximately $1,127,008.

The Company recognized franchise fee and renewal fee revenue of $273,386, $176,396, and $324,336 for the years ended December 31, 2022, 2021 and 2020, respectively. For the years ended December 31, 2022 and 2021, the recognized initial franchise fee and renewal fee revenue is presented in accordance ASU Topic 606.

The Company recognized royalty fee revenue of $2,822,637, $2,523,856 and $1,433,850 for the years ended December 31, 2022, 2021 and 2020, respectively.

The Company recognized system development fee revenue of $400,634, $357,691 and $203,803 for the years ended December 31, 2022, 2021 and 2020, respectively.

Additional revenue is recognized for miscellaneous fees received from the franchisees which primarily consist of point of sale fees, transfer fees and late fees. The Company recognized revenue relating to those items of $159,020, $114,929 and $99,772 for the years ended December 31, 2022, 2021 and 2020, respectively.

Continued...

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Promotion Costs

The Company will expense costs for advertising and promotion as the costs are incurred. Advertising and promotion expense for the years ended December 31, 2022, 2021 and 2020 were $29,507, $23,732 and $25,510, respectively.

Income Taxes

No provisions for income taxes (or benefits) are provided for in the Company's accounts, since income taxes are the member's responsibility.

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 at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers ("Topic 605"). Topic 606 supersedes the revenue recognition requirements in ASU Topic 605, Revenue Recognition, and ASC Subtopic 952-605, Franchisors - Revenue Recognition (together, the "Previous Standards") and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Topic 606 is effective for fiscal years beginning after December 15, 2018 for nonpublic companies. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. Effective January 1, 2019, the Company adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting under Topic 605. As a result of adopting Topic 606, the Company recorded a $1,127,008 adjustment to the opening retained earnings as of January 1, 2019.

Reclassifications

Certain accounts may have been reclassified to permit a consistent presentation between years.

3. ACCOUNTS RECEIVABLE

Accounts receivable of $508,945, $438,056 and $302,950 at December 31, 2022, 2021 and 2020, respectively, are comprised of royalty and system development fees due from the franchisees. There was no allowance for doubtful accounts recorded at December 31, 2022, 2021 and 2020.

4. NOTE RECEIVABLE - RELATED PARTY

The Company has a note receivable from The Spice & Tea Holdings, LLC, a related party with common ownership. The proceeds of the note funded capital improvements to enhance the support received by the Company and will be repaid via cash flow generated by the related party. In prior years, this was classified as accounts receivable - related party. The note provides for interest at 6.00% and secured by all assets of the related company. The note is payable upon demand.

5. DEFERRED FRANCHISE FEES

Deferred franchise fee revenue of $1,331,210, $1,296,333 and $1,240,029 as of December 31, 2022, 2021 and 2020, respectively, are composed of franchise fees collected but not yet recognized. For the years ended December 31, 2022, 2021 and 2020, the deferred franchise fee revenue balance is presented in accordance with ASU Topic 606.

6. FRANCHISE DEPOSITS

Franchise deposits of $145,000, $10,000 and $10,000 as of December 31, 2022, 2021 and 2020, respectively, are comprised of deposits to be applied against the initial franchise fees from franchisees to ensure area rights.

7. FRANCHISES IN OPERATION

The franchise activity for the years ended December 31, 2022, 2021 and 2020 were as follows:

	2022	2021	2020
Operating at beginning of period	81	73	73
Franchises opened	7	8	7
Franchises closed	(2)	0	(7)
Operating at end of period	86	81	73
Corporate franchises transferred	0	0	0

8. COMMITMENTS AND CONTINGENCIES

In April 2022, the Company's member entered into a $1M Line of Credit loan agreement with PNC Bank through March 25, 2023 and the Company guaranteed this loan. The line was recently renewed through August 31, 2024. The line is priced at BSBY + 225bps with a floor of 50bps. The line is secured by a blanket lien on the ABA of the Company. There is currently a $0 balance on the line of credit and it has never been drawn.

In April 2022, the Company's member entered into a $750K Equipment Line of Credit loan agreement with PNC Bank through March 25, 2023 and the Company guaranteed this loan. The line was recently extended through June 25, 2023. If the LOC remains unused through June 25, 2023, it will be replaced with a new EF LOC that will match the maturities of the facilities noted above that are being renewed through August 31, 2024. If there is usage under the LOC, it will convert into a fully amortized term loan. There is currently a $0 balance on the line of credit and it has never been drawn.

9. RELATED PARTY TRANSACTIONS

Management Fees

The Company has an agreement with its member to pay management fees for ongoing operations assistance. Fees are computed based on the operating expenses of the member. Total management fees paid during December 31, 2022, 2021 and 2020 were $1,345,064 and $643,935 and $596,745, respectively.

Corporate Locations (Non-Franchise)

During 2022, there was one corporate affiliate owned and operated location (TSTE of Lake Buena Vista) that paid royalty fees of $174,062 and system development fees of $24,866. While this location intends to continue paying royalty and system development fees in the future, there is no guarantee that these payments will continue.

10. CONCENTRATION OF CREDIT RISK

The Company had funds exceeding the applicable FDIC insurable limit in a single financial institution.

11. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the potential future effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

12. SUBSEQUENT EVENTS

Subsequent to December 31, 2022, no new franchise locations opened for business.

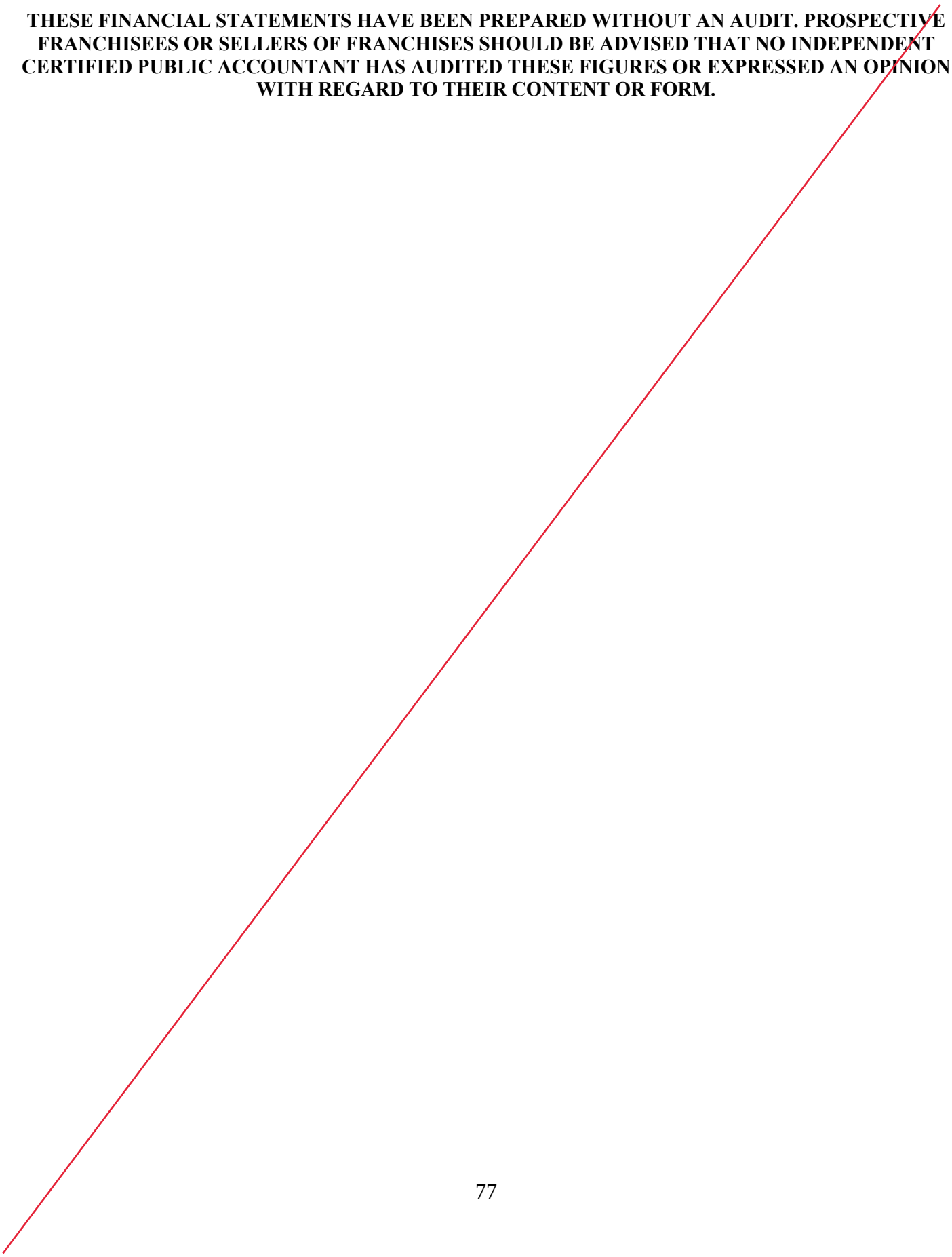
Management has evaluated subsequent events through March 15, 2023, the date on which the financial were available to be issued.

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

SCHEDULES OF OPERATING EXPENSES
DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
Advertising and promotion	$ 29,507	$ 23,732	$ 25,510
Consulting	71,813	60,863	60,350
Management fees - related party	1,345,064	643,935	596,745
Merchant account fees	1,673	1,277	1,079
Point of sale fees	129,528	111,700	95,884
Professional fees	23,680	29,063	18,962
Store support	17,818	-0-	-0-
System development expense	550,000	425,000	350,000
Taxes	16,444	4,836	14,025
Travel	5,770	2,107	-0-
TOTAL OPERATING EXPENSES	$ 2,191,297	$ 1,302,513	$ 1,162,555

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

The Spice & Tea Exchange Franchising, LLC
As of December 31, 2023

	DEC 31, 2023
Assets	
Cash and Cash Equivalents	
PNC - Franchising Main	934,941.28
PNC - Franchising SDF	751,644.28
Total Cash and Cash Equivalents	**1,686,585.56**
Current Assets	
Accounts Receivable	83,556.35
Notes Receivable - ST	582,978.81
Total Current Assets	**666,535.16**
Property, Plant and Equipment	
AD - Other Assets	(27,711.83)
FA - Computers & Equipment	13,149.34
FA - Furniture & Fixtures	3,896.69
FA - Leasehold Improvements	10,665.80
Total Property, Plant and Equipment	**-**
Total Assets	**2,353,120.72**
Liabilities and Equity	
Liabilities	
Current Liabilities	
Franchise Deposits	210,000.00
Franchise Fees (203200)	1,461,061.64
Total Current Liabilities	**1,671,061.64**
Total Liabilities	**1,671,061.64**
Equity	
Current Year Earnings	1,709,377.04
Distributions	(5,702,381.25)
Retained Earnings	4,675,063.29
Total Equity	**682,059.08**
Total Liabilities and Equity	**2,353,120.72**

Income Statement (Profit and Loss)

The Spice & Tea Exchange Franchising, LLC
For the year ended December 31, 2023

	2023
Revenue	
Franchise Fees (502100)	253,597.88
IT Subscription Fees	23,292.00
Miscellaneous Revenue	64,438.75
POS Cross Charge	124,103.00
Royalties	3,193,374.14
Spice UniversiTEA Fees	2,000.00
System Development Fees	452,464.56
Total Revenue	**4,113,270.33**
Less Cost of Sales	
COGS - Merchant Account Fees	2,490.12
Total Less Cost of Sales	**2,490.12**
Gross Profit	**4,110,780.21**
Operating Income / (Loss)	**4,110,780.21**
Other Income and Expense	
Franchise Expenses	(52,835.31)
Franchise Sales Support / Promotion	(9,771.47)
General - Taxes / Permits / Licenses / Certifications	(15,353.07)
Interest Income	34,639.81
IT - POS Fees	(121,638.56)
IT - Support / Managed Services	(38,608.25)
Management Fees	(1,368,751.45)
Marketing - Advertising / Promotion	(40,863.70)
Professional - Accounting	(4,000.00)
Professional - Consulting	(104,720.44)
Professional - Legal	(13,651.27)
Sales Travel - Airfare and Lodging	(7,995.64)
Sales Travel - Meals and Entertainment (50%)	(3,195.24)
Sales Travel - Transportation	(3,660.93)
SDF - System Development	(650,997.65)
Total Other Income and Expense	**(2,401,403.17)**
Net Income / (Loss) before Tax	**1,709,377.04**
Net Income	**1,709,377.04**
Total Comprehensive Income	**1,709,377.04**

EXHIBIT B

TO THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

FORM OF DEPOSIT AGREEMENT

UNIT FRANCHISE

APPLICATION AND DEPOSIT AGREEMENT

THIS APPLICATION AND DEPOSIT AGREEMENT (the "**Agreement**") is effective as of _____ (the "**Effective Date**"), regardless of when it is signed, by and between: (i) **THE SPICE & TEA EXCHANGE FRANCHISING, LLC**, a Florida limited liability company, with its principal place of business at 210 Marshall Circle, St. Augustine, FL 32086 ("**we**," "**us**," and "**our**"); and (ii) _____ ("**you**" or "**your**"). You and we are collectively the "**parties**" and separately as a "**party**."

BACKGROUND INFORMATION

We grant franchises for the operation of THE SPICE & TEA EXCHANGE® Store to persons who meet our qualifications and are willing to undertake the investment and effort, a Franchise to own and operate a "**THE SPICE & TEA EXCHANGE® Store**" as described in our Disclosure Document.

You have applied for a Franchise to own and operate a THE SPICE & TEA EXCHANGE® Store. To determine whether to grant you a Franchise, we must evaluate your credentials and you want to make sure that operating a THE SPICE & TEA EXCHANGE® Store is compatible with your objectives. We incur various expenses in making those evaluations and determinations.

Accordingly, the parties agree as follows:

OPERATIVE TERMS

1. **Deposit**. Contemporaneously with signing this Agreement, you have deposited $15,000 (the "**Deposit**") with us. If we grant a Franchise to you this Deposit will be credited toward the Franchise Fee payable in accordance with the Franchise Agreement. The Deposit will not bear interest. We will not establish a separate account for the Deposit. The Deposit is non-refundable and is fully earned by us when paid.

2. **Right of First Refusal**. In return for the Deposit, prior to_____, 20 , we will not grant a Franchise to anyone to operate a THE SPICE & TEA EXCHANGE® Store in the Proposed Market Area ("**PMA**") without first offering you the right to enter into a Franchise for the same on the same terms as being offered to that other applicant. The following is a description of the PMA: _____

_____

_____

_____

But, if you and we do not enter into the Franchise Agreement prior to _____ __ _____, your rights under this Deposit Agreement terminate.

3. **Competitive Restrictions**. Upon our termination or expiration (if we offer, but you elect not to acquire, a Franchise), you and your owners agree that, for a period of 1 year commencing on the effective date of termination or expiration or the date on which a person restricted by this Section begins to comply with this Section, whichever is later, neither you nor any of your owners will have any direct or indirect interest (e.g., through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business operating in or within 25 miles of any other THE SPICE & TEA EXCHANGE® Store's PMA, Market Area or Site in operation or under construction on the later of the effective date of the termination

~~4.~~3. or expiration or the date on which a person restricted by this Section complies with this Section. If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the 1-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. The term "**Competitive Business**" as used in this Agreement means any business or facility owning, operating or managing or granting franchises or licenses to others to do so, any store or facility that features tea, spice, herbs, rubs and related products and accessories that are the same or similar to the Products and Services offered by THE SPICE & TEA EXCHANGE® Stores (other than a THE SPICE & TEA EXCHANGE® Store operated under a Franchise Agreement with us).

~~5.~~4. **Confidential Information** We may disclose certain information to you regarding the System and the know-how related to its use; plans, specifications, size and physical characteristics of THE SPICE & TEA EXCHANGE® Stores; Site and leads selection criteria, land use and zoning techniques and criteria; methods in obtaining licensing and meeting regulatory requirements; sources, Products, Services, equipment, furniture, forms, materials and supplies; marketing, advertising and promotional programs for THE SPICE & TEA EXCHANGE® Stores; the selection, testing and training of personnel for THE SPICE & TEA EXCHANGE® Stores; the recruitment, qualification and investigation methods to secure employment for employment candidates; any computer software we make available or recommend for THE SPICE & TEA EXCHANGE® Stores; methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of THE SPICE & TEA EXCHANGE® Stores; knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; and serving techniques; and knowledge of operating results and financial performance of THE SPICE & TEA EXCHANGE® Stores. You acknowledge and agree that all of this information is confidential and proprietary (the "**Confidential Information**"). You will not acquire any interest in the Confidential Information. The use or duplication of any Confidential Information in any other business will constitute an unfair method of competition. You will not disclose, leak, divulge, disseminate, reveal, make available, replicate, duplicate (in any form, tangible or intangible) or otherwise communicate all or any portion of the Confidential Information to any other person or entity, or use it for any purpose other than good faith negotiations with us to obtain a Franchise, either directly or indirectly, unless given permission to do so in writing by us. You will use the highest degree of care to safeguard the confidentiality of the Confidential Information and not make any copies or abstracts of the Confidential Information (intangible, printed or an intangible form) except where permitted to do so by us in writing. You will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

~~6.~~5. **Return of Confidential Information**. If, for any reason whatsoever, you and we do not enter into a Franchise Agreement prior to _____ ~~, 20~~, you and we agree as follows:

(a) **Return**: You will immediately return to us all franchise Disclosure Documents, Franchise Agreements, prototypes, samples, brochures, copies, materials, duplicates, derivations, portions, extracts and any other aspects of the Confidential Information in your possession.

(b) **Copies**: You will immediately deliver to us all additional copies or other duplicates of the Confidential Information produced or created by you or us, including without limitation, all prototypes, documents, photocopies, notes, memoranda, excerpts, derivations, worksheets or other ancillary documentation containing, or derived from, Confidential Information, whether contained on paper, tangible material, tape or in computer memory banks or the storage devices.

(c) **Destruction**. You will immediately destroy any Confidential Information or derivations which you may possess in computer memory or elsewhere in machine readable form that cannot be returned to us, thereby leaving no written evidence or intangible embodiment of the Confidential Information in your possession.

(d) **Certificate**. Within 10 days following notice from us of our demand that you return or destroy the Confidential Information, you will deliver to us a written certificate executed by a duly authorized officer on your behalf, stating that you have fully and completely discharged all of your obligations pursuant to the provisions of this Agreement and returning all of the Confidential Information not destroyed.

6 **Governing Law and Jurisdiction**. Florida law governs this Agreement. Jurisdiction and venue for any claims involving this Agreement is exclusively in the courts of Pinellas County or Hillsborough County, Florida. The parties irrevocably submit to the venue and jurisdiction of such courts.

7. **Litigation Expenses**. In any action or dispute, at law or in equity, that may arise under or otherwise relate to the terms of this Agreement, the prevailing party will be entitled to full reimbursement of its litigation expenses from the other party. Litigation expenses include attorneys' fees, defense costs, witness fees and other related expenses including paralegal fees, travel and lodging expenses and court costs. Reimbursement is due within 30 days of written notice after prevailing.

8. **Assignment**. This Agreement, and all rights and obligations of the parties, may not be assigned, subcontracted, or transferred by any party without the prior written consent of the other party.

9 **Background Information**. Both parties agree that the background information at the beginning of this Agreement is accurate.

10. **Effect**. This Agreement neither evidences, nor commits us to, an award of a Franchise to you. Any grant of a Franchise to you will be subject to a definitive Franchise Agreement mutually acceptable and signed by both you and us. However, in the meantime, you and we will naturally be expected to investigate each others' qualifications, background and respective Stores. Thus, each of us will cooperate with each other to obtain further information in order to proceed on a mutually beneficial business basis. Neither party has any obligation to the other party other than as described in this Agreement.

11. **Effective Date**. The effective date of this Agreement is_____~~, 20~~, regardless of the actual date of signature.

Intending to be bound, the parties sign below:

THE SPICE & TEA EXCHANGE FRANCHISING, LLC	**YOU:**
By:_____	_____
Name:_____	Name:_____
Title:_____	Date:_____
Date:_____	

AREA DEVELOPER

APPLICATION AND DEPOSIT AGREEMENT

THIS APPLICATION AND DEPOSIT AGREEMENT (the "**Agreement**") is effective as of _____ (the "**Effective Date**"), regardless of when it is signed, by and between: (i) **THE SPICE & TEA EXCHANGE FRANCHISING, LLC**, a Florida limited liability company, with its principal place of business at 210 Marshall Circle, St. Augustine, FL 32086 ("**we**," "**us**," and "**our**"); and (ii) _____ ("**you**" or "**your**"). You and we are collectively the "**parties**" and separately as a "**party**."

BACKGROUND INFORMATION

We grant franchises for the operation of THE SPICE & TEA EXCHANGE® Store to persons who meet our qualifications and are willing to undertake the investment and effort, a Franchise to own and operate a " **THE SPICE & TEA EXCHANGE® Store**" as described in our Disclosure Document.

You have applied for a Franchise to own and operate a THE SPICE & TEA EXCHANGE® Store. To determine whether to grant you a Franchise, we must evaluate your credentials and you want to make sure that operating a THE SPICE & TEA EXCHANGE® Store is compatible with your objectives. We incur various expenses in making those evaluations and determinations.

Accordingly, the parties agree as follows:

OPERATIVE TERMS

1. **Deposit**. Contemporaneously with signing this Agreement, you have deposited $15,000 (the "**Deposit**") with us. If we grant a Franchise to you this Deposit will be credited toward the Development Fee payable in accordance with the Development Agreement. The Deposit will not bear interest. We will not establish a separate account for the Deposit. The Deposit is non-refundable and is fully earned by us when paid.

2. **Right of First Refusal**. In return for the Deposit, prior to_____, 20__, we will not grant a Franchise to anyone to operate THE SPICE & TEA EXCHANGE® Store in the Proposed Market Area ("**PMA**") without first offering you the right to enter into a Franchise for the same on the same terms as being offered to that other applicant. The following is a description of the PMA: _____
_____
_____
_____

But, if you and we do not enter into the Franchise Agreement prior to _____~~, 20__,~~ _____, your rights under this Deposit Agreement terminate. __

~~3.~~ **Competitive Restrictions**. Upon our termination or expiration (if we offer, but you elect not to acquire, a franchise), you and your owners agree that, for a period of 1 year commencing on the effective date of termination or expiration or the date on which a person restricted by this Section begins to comply with this Section, whichever is later, neither you nor any of your owners will have any direct or indirect interest (e.g., through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive

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Business operating in or within 30 miles of any other THE SPICE & TEA EXCHANGE® Store's Protected Area, Market Area or Site in operation or under construction on the later of the effective date of the

4.3. termination or expiration or the date on which a person restricted by this Section complies with this Section. If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the 1- year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. The term "**Competitive Business**" as used in this Agreement means any business or facility owning, operating or managing or granting franchises or licenses to others to do so, any store or facility that features tea, spice, herbs, rubs and related products and accessories that are the same or similar to the Products and Services offered by THE SPICE & TEA EXCHANGE® Stores (other than a THE SPICE & TEA EXCHANGE® Store operated under a Franchise Agreement with us).

5.4. **Confidential Information** We may disclose certain information to you regarding the System and the know-how related to its use; plans, specifications, size and physical characteristics of THE SPICE & TEA EXCHANGE® Stores; Site and leads selection criteria, land use and zoning techniques and criteria; methods in obtaining licensing and meeting regulatory requirements; sources, Products, Services, equipment, furniture, forms, materials and supplies; marketing, advertising and promotional programs for THE SPICE & TEA EXCHANGE® Stores; the selection, testing and training of personnel for THE SPICE & TEA EXCHANGE® Stores; the recruitment, qualification and investigation methods to secure employment for employment candidates; any computer software we make available or recommend for THE SPICE & TEA EXCHANGE® Stores; methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of THE SPICE & TEA EXCHANGE® Stores; knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; and serving techniques; and knowledge of operating results and financial performance of THE SPICE & TEA EXCHANGE® Stores. You acknowledge and agree that all of this information is confidential and proprietary (the "**Confidential Information**"). You will not acquire any interest in the Confidential Information. The use or duplication of any Confidential Information in any other business will constitute an unfair method of competition. You will not disclose, leak, divulge, disseminate, reveal, make available, replicate, duplicate (in any form, tangible or intangible) or otherwise communicate all or any portion of the Confidential Information to any other person or entity, or use it for any purpose other than good faith negotiations with us to obtain a Franchise, either directly or indirectly, unless given permission to do so in writing by us. You will use the highest degree of care to safeguard the confidentiality of the Confidential Information and not make any copies or abstracts of the Confidential Information (intangible, printed or an intangible form) except where permitted to do so by us in writing. You will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information (collectively, the "**Confidentiality Obligations**").

6.5. **Return of Confidential Information**. If, for any reason whatsoever, you and we do not enter into a Franchise Agreement prior to_____, 20__, you and we agree as follows:

(a) **Return**: You will immediately return to us all franchise Disclosure Documents, Franchise Agreements, prototypes, samples, brochures, copies, materials, duplicates, derivations, portions, extracts and any other aspects of the Confidential Information in your possession.

(b) **Copies**: You will immediately deliver to us all additional copies or other duplicates of the Confidential Information produced or created by you or us, including without limitation, all prototypes, documents, photocopies, notes, memoranda, excerpts, derivations, worksheets or other ancillary documentation containing, or derived from, Confidential Information, whether contained on paper, tangible material, tape or in computer memory banks or the storage devices.

(c) **Destruction**. You will immediately destroy any Confidential Information or derivations which you may possess in computer memory or elsewhere in machine readable form that cannot be returned to us, thereby leaving no written evidence or intangible embodiment of the Confidential Information in your possession.

(d) **Certificate**. Within 10 days following notice from us of our demand that you return or destroy the Confidential Information, you will deliver to us a written certificate executed by a duly authorized officer on your behalf, stating that you have fully and completely discharged all of your obligations pursuant to the provisions of this Agreement and returning all of the Confidential Information not destroyed.

~~7.~~6. **Governing Law and Jurisdiction**. Florida law governs this Agreement. Jurisdiction and venue for any claims involving this Agreement is exclusively in the courts serving Pinellas County or Hillsborough County, Florida. The parties irrevocably submit to the venue and jurisdiction of such courts.

~~8.~~7. **Litigation Expenses**. In any action or dispute, at law or in equity, that may arise under or otherwise relate to the terms of this Agreement, the prevailing party will be entitled to full reimbursement of its litigation expenses from the other party. Litigation expenses include attorneys' fees, defense costs, witness fees and other related expenses including paralegal fees, travel and lodging expenses and court costs. Reimbursement is due within 30 days of written notice after prevailing.

~~9.~~8. **Assignment**. This Agreement, and all rights and obligations of the parties, may not be assigned, subcontracted, or transferred by any party without the prior written consent of the other party.

~~10.~~9. **Background Information**. Both parties agree that the background information at the beginning of this Agreement is accurate.

~~11.~~10. **Effect**. This Agreement neither evidences, nor commits us to, an award of a Franchise to you. Any grant of a Franchise to you will be subject to a definitive Franchise Agreement mutually acceptable and signed by both you and us. However, in the meantime, you and we will naturally be expected to investigate each others' qualifications, background and respective Stores. Thus, each of us will cooperate with each other to obtain further information in order to proceed on a mutually beneficial business basis. Neither party has any obligation to the other party other than as described in this Agreement.

~~12.~~11. **Effective Date**. The effective date of this Agreement is_____~~, 20~~, regardless of the actual date of signature. Intending to be bound, the parties sign below:

THE SPICE & TEA EXCHANGE® FRANCHISING, LLC	**YOU:**
By:_____	_____
Name:_____	Name:_____
Title:_____	Date:_____
Date:_____	

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EXHIBIT C

TO THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

FORM OF FRANCHISE AGREEMENT

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE AGREEMENT

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EXHIBITS:

A	Establishment Fee and Package Data Sheet
B	Confirmation of Receiving Establishment Package
C	Franchisee Entity Information Sheet
D	Principal Owner Guaranty
E	State Specific Addenda
F	Collateral Assignment of Lease
G	Conditional Assignment of Franchisee's Telephone Numbers~~, Facsimile Numbers~~ and Domain Names
H	Confidentiality and Restrictive Covenant Agreement
I	Electronic Funds Withdrawal Authorization
J	Franchise Questionnaire

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

DATA SHEET

Franchisee: _____

Agreement Date: _____

Date of Lease: _____

Expiration Date: _____

Site: _____

Market Area: _____

Protected Area: _____

The terms of this Data Sheet are hereby incorporated into the attached Franchise Agreement

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is effective as of _____, 20__ _____ (the "**Agreement Date**"). The parties to this Agreement are **THE SPICE & TEA EXCHANGE FRANCHISING, LLC**, a Florida limited liability company, with its principal business address at 210 Marshall Circle, St. Augustine, FL 32086 (referred to in this Agreement as "**we**," "**us**" or "**our**"), and _____, _____, whose principal business address is _____ (referred to in this Agreement as "**you**," "**your**" or "**Franchisee**").

1. **INTRODUCTION.**

1.1 **THE SPICE & TEA EXCHANGE® System.** Through the expenditure of considerable time and effort, we and our affiliates have developed a distinctive system for the development and operation of stores (each, a "**Store**") that, using our System, Copyrights and Proprietary Marks, sell a wide variety of herbs, spices, blends, rubs, olive oils, honeys, teas and related products and accessories we designate or approve (the "**Products and Services**"), in a distinctive and innovative environment (the "**System**"). Stores operate under and using distinctive business formats, methods, procedures, designs, layouts, signs, product and service requirements, standards, specifications, standards, all of which we may improve, further develop or otherwise modify from time-to-time (the "**System Standards**").

We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of Stores, including the trade and service marks "THE SPICE & TEA EXCHANGE®" (wordmark and design mark), and other associated logos, designs, symbols and trade dress, which have gained and continue to gain public acceptance and goodwill, and we may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of Stores (collectively, the "**Proprietary Marks**").

We also use, promote and license in the operation of Stores certain information capable of being rendered into tangible form that we claim as our Copyrights, including spreadsheets, forms, marketing materials, labels, manuals, pricing lists, vendor lists, menus, advertisements, our website, and any other written materials, marketing materials, advertisements, or slogans (including the look, compilation, feel and content of them) (collectively, the "**Copyrights**").

We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a franchise to own and operate a Store offering the Products and Services we authorize and approve and utilizing the Proprietary Marks, Copyrights and System.

You have applied for a franchise to own and operate a Store.

1.2 **Acknowledgments.** You acknowledge and agree that:

(a) you have read this Agreement and our Franchise Disclosure Document;

(b) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Store and to protect and preserve the System, Copyrights and goodwill of the Proprietary Marks;

(c) you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Store may evolve and change over time;

(d) an investment in a Store involves business risks and that your business abilities and efforts are vital to the success of the venture;

(e) any information you acquire from other Store franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;

(f) in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us; and

(g) we have advised you to have this Agreement reviewed and explained to you by an attorney.

1.3 **Representations.** You represent to us, as an inducement to our entry into this Agreement, that:

(a) all statements you have made and all materials you have submitted to us in connection with your purchase of a Store franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise;

(b) you will comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the "**Anti-Terrorism Laws**");

(c) neither you nor any of your owners, employees, agents, property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws; and

(d) you have read, in their entirety, this Agreement and the Franchise Disclosure Document.

We have approved your request to purchase a Store in reliance on all of your representations.

1.4 **No Warranties.** We expressly disclaim the making of, and you acknowledge that you have not received ~~or relied upon,~~ any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of Stores. You acknowledge and understand the following:

(a) any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;

(b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing Store owned by us or our affiliates, or that is not contained in our Franchise Disclosure Document, is unauthorized, unwarranted and unreliable and should be reported to us immediately; and

(c) you have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents, that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you agree to: (i) immediately notify our President; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.

1.5 **Business Organization.** If you are, at any time, a business organization (like a corporation, limited liability company or partnership) ("**Business Entity**"), you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) the Franchisee Entity Information Sheet will completely and accurately describe all of your owners and their interests in you (a copy of our current form of Franchisee Entity Information Sheet is attached to the Franchise Agreement);

(d) you and your owners agree to revise the Franchisee Entity Information Sheet, as may be necessary, to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (subject to the restrictions on transfer set forth in this Agreement);

(e) a Principal Owner of the Business Entity (defined as a person with at least a twenty percent (20%) ownership interest) must: (i) have management responsibility and authority over the "**Store**" (defined as your Store) on a day-to-day basis; (ii) be actively employed on a full-time basis to manage the Store's operations; and (iii) be bound by our then-current form of Confidentiality Agreement (or other form satisfactory to us).

(f) each of your Principal Owners, and their spouses, during the term of this Agreement, will sign and deliver to us our standard form of Principal Owner's Guaranty ("**Owner's Guaranty**") undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owner's Guaranty is attached to as Exhibit "D" to this Agreement; and

(g) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like Articles of Incorporation or organization and partnership, operating or shareholder agreements).

2. GRANT AND TERM.

2.1 **Site/Market Area/Protected Area.** You have applied for a franchise to own and operate a Store operating only at a location approved by us (the "**Site**"), and marketing to customers within the geographic area we designate or approve (the "**Market Area**"). The Site and Market Area are designated in the Data Sheet attached to this Agreement and made a part hereof by reference. You must operate your Store only from the Site, and you will not actively advertise, market or promote your Store outside of the Market Area. We will also designate a geographic area as your "**Protected Area**." The Protected Area will consist of the Site and the geographic area designated in the Data Sheet as your Protected Area. We may allow other Stores to be physically located in your Market Area, but not physically located in your Protected Area.

2.2 **Grant.** Subject to the terms of, and upon the conditions contained in this Agreement, we grant you a franchise (the "**Franchise**") to: (a) operate a Store at the Site, and at no other location (temporary or permanent); and (b) use the Proprietary Marks, Copyrights and System only as authorized under this Agreement.

2.3 **Term.** The Term of the Franchise and this Agreement begins on the date that this Agreement is fully executed (the "**Agreement Date**") and expires ten (10) years from the date the Store opens for business to the public (the "**Term**"). This Agreement may be terminated before it expires in accordance with Section 16.

2.4 **Performance.** You agree that you will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the Store, and not engage in any other business or activity that conflicts with your obligations to operate the Store in compliance with this Agreement.

2.5 **Kiosk Locations.** We may also develop a program for offering Kiosk Sites at Kiosk locations. "**Kiosk Locations**" include, but are not limited to, places where: (1) large numbers of individuals congregate for various reasons, often due to transit, such as airports, cruise ship terminals and the like, or for shopping purposes such as indoor and outdoor malls and the like; and (2) are at locations we believe will not directly compete with Stores. If we determine that we want to develop and operate or grant the rights to an affiliate or other third party to develop and operate a kiosk or other limited services facility offering or taking orders for the Products and Services (collectively, a "**Kiosk Site**") at a Kiosk Location within your Market Area or Protected Area, we will first notify you of such intent and may, but are not obligated to, provide you an option to enter into an addendum to the Franchise Agreement with us for the operation of such Kiosk Site. If we decide to offer you the option, in order to exercise the option to obtain the right to operate the Kiosk Site you must, within thirty (30) days of the date we notify you of the option to establish a Kiosk Site, comply with all of the following:

(a) enter into our then current form of addendum to the Franchise Agreement for the Kiosk (the "**Kiosk Addendum**"), which may contain terms and conditions different from the form of Franchise Agreement that we offer to Stores that are not designated as Kiosk Sites;

(b) pay to us our then current initial fees for the Kiosk Site;

(c) qualify under our then current Standards and Specifications for Kiosk Site franchise owners as meeting our qualifications to operate Kiosk Sites, which qualifications may differ from those of Store franchise owners who operate non-Kiosk Site Stores; and

(d) be in full compliance with the Franchise Agreement and all other agreements between you and us, and our affiliates.

If we offer you the opportunity to operate and you accept our offer to allow you to operate a Kiosk Site, upon execution of the Kiosk Addendum, your operation of the Kiosk Site will be deemed and treated the same as the operation of your Store.

2.6 **Rights We Reserve.** We (and our affiliates) retain the right in our sole discretion to:

(a) Open and operate, and license third parties the right to open or operate, Stores utilizing the Proprietary Marks anywhere outside the Protected Area and inside or outside the Market Area, on such terms and conditions as we deem appropriate (even immediately outside the border of the Protected Area);

(b) Open and operate businesses, and license third parties the right to open or operate businesses, whether inside or outside the Market Area and Protected Area, specializing in the sale of products or services, other than a Competitive Business (defined in Section 10), using certain of the Proprietary Marks or Copyrights and pursuant to such terms and conditions as we deem appropriate;

(c) Open and operate businesses, and license third parties the right to open or operate, whether inside or outside the Protected Area and Market Area, that do not use the Proprietary Marks or Copyrights;

(d) Market and sell, inside and outside of the Market Area and Protected Area, through alternative channels of distribution (such as Kiosk Sites, mail order, Internet or Intranet website) goods and services competitive with goods and serviced offered by Stores under the Proprietary Marks or under trade names, service marks, or trademarks other than Proprietary Marks, without any compensation to you except as disclosed in this Agreement, and in such amounts in such manner as we determine in our sole discretion; and

(e) engage in any other acts and exercise any rights not expressly and exclusively granted to you under this Agreement.

3. SUCCESSOR TERMS.

3.1 **Your Right to Acquire a Successor Franchise.** You have the right to renew this Agreement for four (4) successive, additional five (5) year periods (and we will not unreasonably withhold consent of additional successor terms), with each such five (5)-year period commencing on the date our then-current franchise agreement is fully executed as required by this Agreement, provided you have met the following conditions:

(a) You have notified us of your intention to renew this Agreement in writing at least 180 days prior to expiration of the current term;

(b) You have demonstrated to our satisfaction that you have the right to operate the Store at the Site for the duration of the renewal term; or, if you are unable to operate the Store at the Site, you have secured a substitute location;

(c) You have completed, to our satisfaction, no later than ninety (90) days prior to the expiration of the then-current term, all maintenance, refurbishing, renovating, updating and

remodeling of the Site premises required to bring the Site and all equipment into full compliance with our then-current System Standards and specifications;

(d) You are not in breach of any provision of this Agreement, or any other agreement between you and us, our affiliates, or our designated suppliers and vendors, and you have substantially complied with all such agreements during their respective terms;

(e) You have satisfied all monetary obligations you owe us, our affiliates, and our designated suppliers and vendors;

(f) You execute our then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, increased royalty fees and advertising obligations;

(g) You satisfy our then-current training requirements for renewing franchisees, if any, at your expense, as of the date of such renewal;

(h) You sign a general release, in the form we prescribe; provided that said release shall not be inconsistent with any applicable state statute regulating franchises; and

(i) You pay us a successor fee in the amount of ten thousand dollars ($10,000).

4. SITE SELECTION AND DEVELOPMENT.

4.1 **Site Selection**. If you have not done so prior to signing this Agreement, you (with or without our assistance) must, within ninety (90) days of signing this Agreement, locate a Site for your Store that we have approved and that is within the Protected Area set forth on the Data Sheet. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other stores and other Stores, the nature of other stores in proximity to the site and the size, appearance and other physical and commercial characteristics of the proposed site. We will approve or disapprove a Site you propose for a Store within thirty (30) days after we receive from you all of the materials we request concerning the proposed site. ~~If you do not select, or we do not approve, the Site's reviewed during the initial site selection trip, you must pay to us or our designee our then-current Site Selection Fee, as defined in Section 6.4.~~ You acknowledge and agree that:

(a) our recommendation or approval of the Site, does not imply, guaranty, assure, warrant or predict profitability or success, express or implied;

(b) our recommendation or approval of the Site indicates only that we believe that the Site falls within the acceptable demographic and other criteria for sites and premises that we have established as of the time of our recommendation or approval of the Site;

(c) application of criteria that have appeared effective with respect to other sites and premises may not accurately reflect the potential for all sites and premises, and, after our approval of a Site, demographic and/or other factors included in or excluded from our criteria could change to alter the potential of a Site and premises; and

(d) the uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a Site we have recommended or approved to meet expectations as to potential revenue or operational criteria.

4.2 **Site Review Form.** Prior to your acquisition by lease or purchase of a site for the Store, you shall submit to us, in the form we specify, a completed site review form, such other information or materials as we may reasonably require, and a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, you must submit a proposed site, together with the information and materials required by this Section 4.2, to us for our approval within 30 days after execution of the Franchise Agreement. We shall have 30 days after receipt of such information and materials from you to approve or disapprove, in our sole discretion, the site as a location for the Store. No proposed site shall be deemed approved unless we have expressly approved it in writing.

4.3 **Site Guidelines; Site Evaluation.** We shall furnish to you such site selection guidelines, consultation and on-site evaluation as we deems advisable as part of our evaluation of your request for site approval. You shall not, however, provide on-site evaluation for any proposed site prior to our receipt of the information and materials required by Paragraph 3 hereof. If we deem on-site evaluation necessary and appropriate, we shall conduct one on-site evaluation at our cost. For each additional on-site evaluation (if any), you shall pay our then-current Site Evaluation Fee.

4.4 **Relocation of the Site.** You may not operate the Store from any location other than the Site without our prior written consent. If the lease expires or terminates without expiration or termination being your fault, if the Site is destroyed, condemned or otherwise rendered unusable as a Store in accordance with this Agreement, or if, in our sole judgment, there is a change in character of the location of the Site sufficiently detrimental to its business potential to warrant your Store's relocation, we will permit you to relocate the Store to another location within the Market Area provided that you comply with all of our System Standards for a Site relocation and such relocation Site meets our then current Site criteria for relocation Sites. Any relocation of the Site will be at your sole expense and you must pay us all expenses we incur in connection with the relocation, plus a site relocation fee of Seven Thousand Five Hundred Dollars ($7,500.00) ("**Site Relocation Fee**") upon completion. If you obtain our approval of the replacement Site and lease in accordance with our then current Site approval process, you must reopen the Store at the replacement Site as soon as practicable, but in no event more than thirty (30) days after the closing of the original Site. You are not permitted to relocate your Store except pursuant to this Section.

4.~~3~~5 **Lease of Site.**

(a) **Lease Approval and Landlord Consent and Agreement**: You agree to deliver a copy of the signed lease to us within fifteen (15) days after its execution for our review. We may condition our approval of any lease for the proposed Site on the landlord's execution of our form of Consent and Agreement of Landlord and Collateral Assignment of Lease attached to this Agreement at Exhibit "F." We will use reasonable efforts to review and approve of any proposed Site and corresponding lease within thirty (30) days of receiving all reasonably requested information from you. You agree not to sign any lease or renewal of a lease unless you have also obtained: (i) our approval; and (ii) the Consent and Agreement of Landlord and Conditional Assignment of Lease signed by the lessor.

(b) **No Warranty**: You acknowledge that our approval of the lease for the Site does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a Store operated at the Site. Such approval indicates only that we believe that the Site and the terms of the lease fall within the acceptable criteria we have established as of the time of our approval. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors,

such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Store at the site is based on Franchisee's own independent investigation of the suitability of the site. YOU FURTHER ACKNOWLEDGE THAT WE HAVE ADVISED YOU TO HAVE AN ATTORNEY REVIEW AND EVALUATE THE LEASE.

5. STORE DEVELOPMENT, DECOR AND OPERATING ASSETS.

5.1 **Store Development.** You must obtain our approval to open and open the Store for business within one-hundred eighty days (180) of the date of execution of this Agreement (the "**Opening Date**"). In our sole discretion, if you have made full and complete applications for all building permits, and all other permits required to open a Store, within thirty (30) days of the date we approve the Site and your lease for it, if any, we may grant to you up to three (3) thirty (30) day extensions to obtain all necessary permits, provided that the delay was due to causes beyond your reasonable control. You must submit documentation of the status of all applications necessary to operate the Store at least ten (10) days prior to the date of each thirty (30) day extension you request. You are solely responsible for complying with all laws, ordinances, rules and regulations relating directly or indirectly to the construction and development of Store, including the Americans With Disabilities Act and any other laws, rules or regulations regarding public accommodations for persons with disabilities. As between you and us and our affiliates, you are solely responsible for any and all claims, liabilities and costs relating to non-compliance or alleged non-compliance with any such laws, rules, ordinances or regulations, and you must remedy, at your expense, any such non-compliance or alleged non-compliance.

Without limiting your foregoing obligations, you agree, at your own expense, to do the following with respect to developing the Store at the Site:

(a) secure and provide us proof of your securing all financing required to develop and operate the Store;

(b) obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct, develop and operate the Store; and

(c) purchase from us (or our designees) the Establishment Package.

5.2 **Décor.** You agree that all décor of your Store must be previously approved by us and must comply with our standards as described in the Manuals or other communications, which may be periodically revised. We own all Copyrights in and to all forms of art or other visual media displayed in the Store (the "**Art**"), as well as all intellectual property rights in and to the Art. You will not, without our prior written permission, allow any of the Art to become a fixture to the Store and you will not display or use the Art in any Competitive Business or Store of any kind. Your failure to maintain the Store's décor in compliance with our System and the standards described in the Manuals or otherwise constitutes a material breach of this Agreement. After opening your Store, you may not make any changes or additions to the Store's décor without our prior approval.

5.3 **Establishment Package.** You must purchase from us, our affiliates or designees, including, but not limited to your initial inventory of teas, grains, spices, herbs, blends, olive oils, honeys and candles; spice and tea accessories; operation tools and equipment; and, reference materials and office items (the "**Establishment Package**"). The contents of your Establishment Package are listed in Exhibit

"A" and made a part hereof by reference. The Establishment Package items will be delivered by our affiliates or designees. You must pay a fee for the Establishment Package (the "**Establishment Fee**") to our affiliate(s) in the amount set forth in Exhibit "A" when you sign this Agreement. The Establishment Fee is not refundable under any circumstances. Upon your receipt of your Establishment Package, you must complete the Confirmation of Receiving Establishment Package attached as Exhibit "B". Depending on your market and when your Store is projected to open, you may also be required to place an order additional products that are necessary due to the seasonal nature of the business.

5.4 **Operating Assets and Store Materials.** In addition to the Establishment Package, we will identify the other fixtures, furnishings, equipment (including ~~facsimile machines,~~ telephones, computer hardware, electronic guest book, and software) (the "**Operating Assets**"), flooring and other surface products, materials, inventory, seasonal inventory, equipment, uniforms, apparel, supplies and signs, emblems, lettering, logos and display materials, advertising, and financial and accounting services, necessary for the Store to begin or sustain operations (collectively, the "**Store Materials**"), the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). You agree to acquire all Store Materials and Operating Assets from us or suppliers we have previously approved, which may include us or our affiliates. If we do not designate or approve a supplier for the Operating Assets or Store Materials, you must purchase them in accordance with our System Standards, which may include designated quantities, models, brands and inventory levels. We may require you to purchase materials only from us or designated suppliers Operating Assets or Store Materials which bear our Proprietary Marks. We will only approve suppliers whose Store Materials and Operating Assets meet the quality standards that we establish from time-to-time. You agree to only place or display at the Site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. While our affiliates or designees deliver and set-up the items in the Establishment Package, you must pay for the cost of obtaining and installing any Store Materials and Operating Assets we require that is not contained in the Establishment Package.

5.5 **Changes to Approved Suppliers.** You must comply with all of our System Standards for approval and use of, or contracting with third parties and suppliers:

(a) **Designation and Approval of Suppliers**: The reputation and goodwill of Stores are based upon, and can be maintained and enhanced only by the use of high quality suppliers of services, materials and inventory. We will provide you with a list, that we may modify from time-to-time, of approved: manufacturers, suppliers, or distributors of Operating Assets and Store Materials. We may designate approved or designated suppliers, providers, distributors, or manufacturers for any types, models or brands of business materials, inventory, Operating Assets, and other equipment and business services that we approve for Stores or which we designate in the Manuals as relating to the establishment or operation of Stores, which may include us or our affiliates as one of, or the only approved or designated supplier for certain items or services (the "**Approved Suppliers**"). You agree that you will not, without our written approval, use or authorize any of your personnel or other employees to use any services, material, inventory, supplies or equipment and/or suppliers, distributors, manufacturers or service providers not authorized by us for your Store, and you acknowledge that doing so is grounds for termination of this Franchise Agreement (see Section 16.2(n)). You must utilize any ordering system that any of our Approved Suppliers (including us or our affiliates) designate. We, our affiliates, or Approved Suppliers may derive revenue (in the form of mark-ups, rebates or otherwise) from the sale of business materials, operating assets, supplies, and inventory that we or they sell to you. We or they do not represent or warrant in any manner whatsoever that we or they will limit the amount of revenue earned on such sales, and we or they may change, modify, increase, or decrease such amounts at any time.

(b) **Review Procedures**: Our specifications and standards for Operating Assets, Store Materials, and Approved Suppliers will be designated in our Manuals or in other communications to you from time-to-time. In approving types, models, brands and suppliers, manufacturers, distributors or service providers, we may take into consideration such factors as quality, warranty and prices. We may approve one or a limited number of suppliers, manufacturers, distributors or service providers in order to obtain lower prices or materials of a more uniform and/or higher quality. If you wish to use any type, model, manufacturer or brand of materials, supplies or equipment, supplier, manufacturer or distributor of equipment, supplies or material, any service provider or any other brand, manufacturer, distributor or supplier of materials, supplies, services or equipment, which is not currently approved by us, you must: (i) notify us in writing; and (ii) submit to us sufficient specifications, photographs, samples and/or other information requested by us concerning such type, model, brand, service, service provider and/or supplier, manufacturer or distributor. We will then determine, within a reasonable time, whether such type, model or brand, supplier, distributor, service provider or manufacturer complies with our specifications, and/or whether such supplier, manufacturer, distributor or service provider meets our criteria for approval. We may from time-to-time prescribe procedures for the submission of requests for approval of types, models, brands, manufacturers, distributors, service providers or suppliers and obligations which approved manufacturers, distributors, service providers or suppliers must assume. We reserve the sole right to decide if any supplier, vendor or item is authorized and reserve the right to disapprove or refuse to approve any supplier, vendor or item.

(c) **Preferred Vendor Programs**: We may develop certain programs and terms under which we, our affiliates or Stores receive certain negotiated benefits or terms from Approved Suppliers ("**Preferred Vendor Programs**"). You must follow all of our policies and procedures which we designate from time-to-time for participation in or termination of Preferred Vendor Programs ("**Program Rules**"). We can refuse or terminate your participation in Preferred Vendor Programs without terminating this Agreement. We may designate one or more Approved Suppliers ("**Preferred Vendors**") as an exclusive supplier of types, models or brands of business materials, supplies, operating assets, consumer goods, fixtures or materials and business services that we approve for Stores. We may receive compensation from Approved Suppliers, fees, rebates or other consideration for such purchases. Certain Preferred Vendors may require that you enter into agreements with them (subject to our approval) in connection with our designation or your use of them as a Preferred Vendor or participation in their Preferred Vendor Program ("**Preferred Vendor Agreements**"). You agree to do so. We may be a party to such Preferred Vendor Agreements. We may, but are not obligated to, contribute any such fees or rebates received by us from such agreements to the System Development Fund (defined in Section 12.1). However, with respect to such contributions to the System Development Fund, if any, we will not be obligated to offset or reduce your obligation to pay to us System Fund Fees. If we permit you to receive any form of rebates, contributions or remunerations from Preferred Vendors, we may require that you provide to us accountings of such monies or other remuneration you receive, in the manner we designate in the Manuals. We may charge you fees in the amount we may designate from time-to-time for participating in Preferred Vendor Programs which we evaluate or for which we provide services. If we cancel your participation in any Preferred Vendor Program, we will direct the Preferred Vendor to stop doing business with you on the same terms as it does for other franchisees.

5.6 **Sale of the Products and Services.** In the sale of the Product and Services to consumers, you shall not distribute the Product or Services in any manner that we have not approved in writing or combine the Product or Services with any other product or service without prior written approval. You may not engage in the wholesale sale and/or distribution of any products sold at your the SPICE AND TEA EXHCNAGE STORE® unless approved in writing or as described in the Manuals. You do not have the

right to sell any of the Products and Services of your Store through catalog sales, the internet, or by any means other than the Store, as described in more detail in the Manuals.

5.7 **Compliance with Laws and Good Business Practices.** You will secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of your Store. You will operate your Store in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, construction warranties, workers' compensation insurance, immigration, unemployment insurance, construction permitting, workplace safety, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with THE SPICE & TEA EXCHANGE® System, the Proprietary Marks and other Stores. You further acknowledge that we have no responsibility to ensure that the Store is developed and operated in compliance with all applicable laws, ordinances, and regulations, and that we shall have no liability in the event the development or operation of the Store violates any law, ordinance or regulation.

5.8 **Music and Other Audio and Visual Entertainment.** You acknowledge and agree that the provision of music to patrons of Stores is, or may become an integral part of the System. Accordingly, you agree to play only the type(s) of music, at the decibel levels and in the manners that we may periodically prescribe or approve. You must acquire and install any audio equipment and obtain any subscriptions (e.g., digital music subscription) that we designate or require for use by Stores and pay the required Integrated Music Fee set forth in Section 6.6, below.

5.9 **Business Management System.** You must use and follow all of the rules and regulations, specifications and System Standards for the Computer System (defined in Section 11.7), business management, Purchaser Order System (as defined below in this paragraph), scheduling, cost control, and accounting system we designate from time-to-time (collectively, the "**Business Management System**"). You must utilize the Computer System, if any, which we may designate or approve, in the manner we approve in your utilization of the Business Management System. You must use our standard supplier or vendor agreements and other agreements related to the Business Management System that we designate from time-to-time. The Business Management System may or will incorporate and consist of such functions as we designate from time-to-time, which may include a mandatory Purchase Order System and rules for participation and use of such Purchase Order System, if any, which we may designate (the "**Purchase Order System**"). Through, and as part of, the Business Management System we may require that you establish an operating account with a bank or other financial institution that we designate or approve (the "**Operating Account**"). We require that the Operating Account be the sole bank account utilized by your Store. You must utilize the Operating Account in accordance with the System Standards as we designate (e.g. Business Management System rules). We may change, alter or amend the functions, components, System Standards, Computer System, Purchase Order System and any other aspect of the Business Management System from time-to-time.

5.10 **Store Opening.** You agree not to open the Store for business until:

(a) we approve the Store as developed in accordance with our specifications, standards and System;

(b) training has been completed to our satisfaction;

(c) the Franchise Fee and all other amounts then due to us have been paid;

(d) you have demonstrated to us that the conditions of Section 1.5 (e) have been fulfilled;

(e) we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept; and

(f) we have received signed counterparts of all required documents pertaining to your acquisition of the Site.

6. **FEES.**

6.1 **Franchise Fee.** You agree to pay us a non-recurring and non-refundable initial franchise fee in the amount of Thirty-Eight Thousand Seven Hundred and Fifty Dollars ($38,750.00) and such Franchise Fee is fully earned when paid. The Franchise Fee is due in a lump sum payment on the Agreement Date. We are not required to offer you financing of the Franchise Fee. However, if we do, you are required to enter the Promissory Note, Principal Owner's Guaranty and Security Agreement attached hereto.

6.2 **Royalty.** You agree to pay us a royalty fee ("**Royalty(ies)**") of seven percent (7%) of your Store's monthly Gross Sales (defined in Section 6.10). We must receive the Royalties on or before the fifth (5th) day of each month for the immediately preceding month (the "**Payment Day**"). If the fifth day of any month falls on a weekend or a national holiday, the payment is due on the first weekday following the fifth of the month. The first Royalty payment is not due until the fifth day of the month following the month you open the Store. The Royalties are non-refundable and fully earned when paid. We reserve the right to change the Payment Day and the interval at which we collect recurring fees payable to us or our affiliates upon written notice to you. For example, we may collect these recurring fees on a weekly rather than monthly basis.

6.3 **System Development Fees.** You must pay to us or our designee a fee in the amount of one percent (1%) of your Store's monthly Gross Sales (defined in Section 6.10) as contributions to the System Development Fund (the "**System Development Fee**"). The System Development Fee can be increased to up to three percent (3%) of your Store's monthly Gross Sales. The System Development Fees are due on the Payment Day, as defined in Section 6.2 above. The first System Development Fee is not due until the fifth day of the month following the month you open the Store. The System Development Fees are fully earned and non-refundable when paid. We may defer or reduce the System Development Fees upon thirty (30) days' prior written notice to you.

~~6.4 **Site Selection Fee.** Included with the Franchise Fee is our cost of arranging for one site selection trip of up to two (2) days to assist you in connection with selecting a site. If you do not select, or we do not approve, the site's reviewed during the initial site selection trip, you must pay to us or our designee, prior to each additional site selection trip, our then current Site Selection Fee. Our current Site Selection Fee is One Thousand and No/100 Dollars ($1,000.00).~~

6.4 **Store Closure Fee**. We reserve the right to charge you a penalty fee of one hundred dollars ($100) per day for each day that you close your Store without our prior written approval, in addition to any other remedies we may seek under this Agreement or applicable law.

6.5 **Subscription ~~and~~, Support and Inventory Management Fee.** You must pay us or our designee our current monthly fee for subscription and support services related to technology support systems and aspects of your computer system and/or software, including, but not limited to, the point-of-

sale system, ~~fees associated with website development or social media.~~inventory management system, and licenses. (the "**Subscription and Support Fee**"). Our current Subscription and Support Fee ranges from ~~$119~~three hundred dollars ($300) to ~~$250~~eight hundred dollars ($800) per month, and we reserve the right to designate and/or change the amount, scope, or manner of payment of the fee, including the party to whom payment is made, at any time upon providing reasonable notice to you.

6.6 **Integrated Music System Fee.** You must pay us or a designated third-party supplier our current monthly fee for the audio programming we or a designated third-party supplier will provide you for playing in your Store, as well as the stereo equipment necessary to play such audio programming (the "**Integrated Music System Fee**"). Our current Integrated Music System Fee ranges from ~~$~~twenty-five dollars ($25) to ~~$~~thirty-five dollars ($35) per month.

6.7 **Additional Training Fees.** As part of the Establishment Package, we provide the initial training and Opening Team set out in Section 7. If we require or you request, and we agree to provide, additional on-site training, you must pay our then current "**Additional Training Fees**", which will not exceed ~~Six Hundred and No/Dollars~~six hundred dollars ($600~~.00~~) per trainer per day of training. If you are an existing franchisee and you choose to attend or choose to have an employee attend a Spice UniversiTea training, you will be required to pay an Additional Training Fee of ~~$600~~one thousand dollars ($1,000) per person attending the training. New franchisees are not required to pay this fee. Additional Training Fees are due within fifteen (15) days of our invoice to you.

6.8 **Training Expenses**. If we require or you request, and we agree to provide, additional on-site training as described in Section 6.7 above, you must pay to us, as reimbursement, all of the expenses we incur for travel, lodging, meals and other expenses and costs we incur associated with providing additional on-site ("**Training Expenses**"). We will bill you for the Training Expenses, and you are responsible for payment to us within fifteen (15) days of the date of our invoice to you.

6.9 **Electronic Funds Transfer.** We may require you to pay all future payments of the Royalties to us by electronic funds transfer. If we do so, we will designate the Payment Day for the Royalty payment. You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. On the Payment Day, you will report to us by telephone, electronic means (e.g. ~~facsimile transmission or via~~ e-mail) or in written form, as we direct, the Store's true and correct Gross Sales (defined in Section 6.10) for the immediately preceding week. You will give us authorization, in a form that we designate or approve, to initiate debit entries or credit correction entries to the Store's Operating Account for payments of Royalties and other amounts due under this Agreement, including any applicable interest charges. You will make the funds available in the Operating Account for withdrawal by electronic transfer no later than the Payment Day. The amount actually transferred from the Operating Account to pay Royalties will be based on the Store's Gross Sales reported to us. If you have not reported the Store's Gross Sales to us for any reporting period, we will transfer from the Operating Account an amount calculated in accordance with our reasonable estimate of the Store's Gross Sales during any such reporting period. If we determine at any time that you have under-reported Gross Sales or underpaid Royalties or other amounts due to us, we will be authorized to immediately initiate a transfer from the Operating Account in the appropriate amount in accordance with the foregoing procedures, including applicable interest and late charges. Any overpayment will be credited to the Operating Account through a credit, effective as of the first (1st) reporting date after you and we determine that such credit is due.

6.10 **Definition of Gross Sales.** As used in this Agreement, the term "**Gross Sales**" means all revenue you derive from operating the Store, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are in any way associated with the Proprietary Marks, Copyrights or System, and whether from cash, check, barter, credit or debit

card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether such gift certificates are issued by you or someone else; but excluding: (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; and (2) customer refunds, adjustments, credits and allowances actually made by the Store. Gross Sales also includes, for example, revenue you receive from vending machines or other coin-operated machines or devices and revenue from delivery service sales, retail, concessions, hotel room service, catering, special functions, etc. and sales of products bearing or associated with the Proprietary Marks.

6.11 **Interest on Late Payments.** All amounts which you owe us or our affiliates will bear interest after their due date at the annual rate of eighteen percent (18%) or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, the Store. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 16.

6.12 **Late Payment Fees.** All Royalties, System Fund Fees, amounts due for purchases by you from us or our affiliates, and any interest accrued thereon, and any other amounts which you owe us or our affiliates, are subject to a "**Late Payment Fee**" of fifteen percent (15%) of the amount due. The Late Payment Fee is due immediately upon any delinquent payments and is in addition to any other fees due and payable to us. The provision in this Agreement concerning Late Payment Fees does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance the operation of, your Store.

6.13 **Application of Payments.** Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us.

6.14 **Payment Offsets.** You acknowledge and agree that we have the right to set-off from any amounts that we may owe you or your owners or any amount that you owe to us, or our affiliates, for any reason whatsoever, including without limitation, Royalties, System Development Fees, Late Payment Fees and late payment interest, amounts owed to us or our affiliates for purchases or services or for any other reason. Thus, payments that we or our affiliates may make to you may be reduced, in our discretion, by amounts that you owe to us or our affiliates from time-to-time. We will notify you monthly if we elect to do so.

6.15 **Discontinuance of Service.** If you do not timely pay amounts due us under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

6.16 **Unauthorized Product Fee.** If you sell any products or provide any services at your Store that are not authorized Products or Services that have been designated or approved, you must pay us the Unauthorized Product Fee which equals two-hundred fifty dollars ($250) times the number of unauthorized types of products or services offered. You will also have to pay this fee for each time you purchase products or services, whether authorized or unauthorized, directly from one of our vendors (as opposed to making such purchases from our designated supplier). If you purchase products or services, whether authorized or unauthorized, directly from one of our vendors (as opposed to making such purchases from our designated supplier) on more than one occasion, we reserve the right to immediately terminate this Agreement upon written notice to you.

6.17 **Other Fees.** In addition to the fees and payments listed in this Section 6, we have listed other fees, payments and amounts due for services and other items elsewhere within this Agreement, and you agree to pay such fees, payments and amounts in accordance with the terms and conditions of the

Sections in which they appear. Unless otherwise stated in this Agreement, all fees due us are due within fifteen (15) days of our invoice to you.

7. **TRAINING AND ASSISTANCE.**

7.1 **Initial Training.**

(a) **Spice UniversiTea and On-Site Training.** Before the Store's opening, classroom training ("**Spice UniversiTea**") will take place at The Spice & Tea Exchange Operations Center located in St. Augustine, Florida or another location we designate. Training will be provided to you and up to ~~three (3~~two (2) additional people that we must approve in advance in writing; provided that as long as you attend training prior to opening, your two (2) additional trainees may attend no later than six (6) months after the Store's opening date. Spice UniversiTea will consist of between approximately twenty-eight (28) and forty-nine (49) hours of training. In addition to Spice UniversiTea, we also provide you with on-site training ("**On-Site Training**"), the cost of which is included within your Establishment Package. On-Site Training consists of one or more members of our corporate team who will make up an "**Opening Team**" providing you with between 66 and 101 man hours of assistance in opening your store. We may require more or less hours of On-Site Training, as we deem necessary. You are responsible for the costs and expenses of any required man hours over 101. The topics covered by Spice UniversiTea and On-Site Training may overlap as the subjects are not distinctly separated during training. The On-Site Training will be furnished at your Store, or at a training facility we designate. For purposes of this Agreement, Spice UniversiTea and On-Site Training will be referred to collectively as "Initial Training." The duration and the topics included in the Initial Training may vary, in our sole discretion, as appropriate, for transferee franchisees that are training to operate an existing Store.

(b) **Completion of Initial Training.** Successful completion of Initial Training and any additional or extended training we require is a condition to the opening of Store to the public.

7.2 **Additional Training.** We may require you to attend periodic refresher training courses at such times and locations that we designate. If we require you to re-take or attend additional or extended initial training, you must satisfactorily complete our additional training program at your expense ("**Additional Training**").

7.3 **Annual Conference.** We reserve the right to schedule and hold an annual conference, as we deem advisable in our sole discretion, to discuss the current state of the System, improvements to the System, hold discussion forums for System franchisees and recognize certain franchisees. In the event we schedule a conference, we may require you to attend for up to five (5) days each year. You will responsible for the costs and expenses you incur in connection with any annual conference/convention (lodging, travel, meals, etc.), as well as our then-current fee, which is currently $500 per attendee.

7.4 **General Guidance.** We may advise you from time-to-time, as we deem necessary in our sole discretion, regarding the operation of the Store based on reports you submit to us or inspections we make. In addition, we may furnish guidance to you with respect to:

(a) standards, specifications and operating procedures and methods utilized by Stores;

(b) purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies;

(c) Product and Service inventory practices and purchasing practices;

(d) use of suppliers and approved products and supplies

(e) sales, pricing policies and the like;

(f) employee and management training; and

(g) administrative, bookkeeping and accounting procedures.

Such guidance will, at our discretion, be furnished in our Manuals, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Store.

At your request, we will furnish additional guidance and assistance. If your requests for additional or special training and guidance are, in our opinion, excessive we may charge you a fee to cover expenses that we incur in connection with such training or guidance, including per diem charges and travel and living expenses for our personnel.

8. PROPRIETARY MARKS.

8.1 Your Use of the Proprietary Marks.

(a) You shall use only the Proprietary Marks which we designate, and only in the manner we authorize and permit.

(b) You shall use the Proprietary Marks only in connection with the Store and only at the Site and in advertising for the Store.

(c) You shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM", SM", "S" or "®", as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any products or services which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. Your corporate name and all fictitious names under which you propose to do business must be approved by us in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "THE SPICE & TEA EXCHANGE." You may not use any of our Proprietary Marks in your corporate or limited liability company name. You must promptly register at the office of the county in which your Store is located, or such other public office as provided for by the laws of the state in which your Store is located, as doing business under such assumed business name.

(d) You must identify yourself as the owner of the Store (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations at the Store premises as we may designate in writing.

(e) You must prominently display the Proprietary Marks on or in connection with any media advertising, promotional materials, posters, displays, receipts, stationery and forms that we designate and in the manner that we prescribe.

(f) Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of our rights.

(g) You shall not use the Proprietary Marks to incur any obligation or indebtedness on our behalf.

(h) You shall execute all documents we deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

(i) You expressly understand and acknowledge that:

(i) We own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and we have the right to use, and license others to use, the Proprietary Marks;

(ii) The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

(iii) During the term of this Agreement and after its expiration or termination, you shall not directly or indirectly contest the validity of, or our ownership of, or right to use and to license others to use, the Proprietary Marks;

(iv) Your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks;

(v) All goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System or the Proprietary Marks;

(vi) Except as specified in Section 2.2 hereof, the license of the Proprietary Marks granted to you hereunder is nonexclusive and we retain the right, among others, (i) to use the Proprietary Marks itself in connection with selling products and services; (ii) to grant other licenses for the Proprietary Marks; and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing you any rights therein; and

(vii) We reserve the right, in our sole discretion, to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You shall discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within ten (10) days of receiving written notice and, at your sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

8.2 **Copyrights.** You recognize that the various other materials we give you are subject to copyrights we own or license from others. Your right to use any information capable of being rendered into a tangible form that we claim as our copyrights, including spreadsheets, pro forma documents, forms, marketing materials, manuals, pricing lists, vendor lists, modifications to software, our website, and any marketing materials, advertisements, TV ads, radio commercials and the like (including the look, compilation, feel and content) (collectively, the "**Copyrights**") are derived solely from this Agreement and limited to your operation of your Store. Your, your agents', employees' and affiliates' unauthorized copying, transmission, use or derivative of the Copyrights in any manner will be a breach of this Agreement

and constitute your and their infringement of our rights in and to the Copyrights. This Agreement does not confer any rights to the Copyrights in you other than the right to use them in connection with the operation of your Store. You must follow all of the policies and procedures we designate from time-to-time for the protection of any Copyrights and any other materials which could be subject to Copyright protection. All provisions of this Agreement applicable to your use of the Copyrights apply to any additional Copyrights we authorize you to use during the Term of this Agreement. You must place Copyright notices on all of the other materials that we designate, in the manner we require. You recognize that we will grant other franchisees the right to use the Copyrights as well. You agree to sign and deliver to us such forms of Copyright assignments or licenses we specify for any Copyrights you develop or modify for use in your Store and to cause all persons you engage to do so also. We may, and you must assist us with our efforts to file in our name, and indicating our ownership in, Copyright registrations on all copyrightable materials created or modified by you. We may, without notice to you, immediately suspend or terminate your access to or use any services, Copyrights or other information or systems contemplated under this Agreement if we determine that you, your agents, employees or affiliates have violated our Copyrights or otherwise breached this Agreement with respect to protecting our Confidential Information (defined in Section 9.1).

8.3 **Copyright Infringements.** You must notify us immediately, in writing, of any apparent infringement of any of the Copyrights, or any challenge to your use of any of the Copyrights, or of any claim by any person of any rights in the Copyrights. You agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate. We have the right to control exclusively any dispute, litigation, U.S. Copyright Office proceeding or any other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Copyrights, including the right to direct any settlement of such claim. You will sign any and all instruments and documents, or render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any dispute, litigation or administrative proceeding involving the Copyrights or otherwise to protect and maintain our interests in the Copyrights. You may not at any time during the Term of this Agreement or thereafter, contest the validity or ownership of any of the Copyrights, or assist any person in contesting the validity of ownership of any of the Copyrights.

8.4 **Discontinuance.** You must immediately modify or discontinue the use of any Copyrights as we direct from time-to-time. We will use commercially reasonable efforts to give you as much notice as possible before requiring you to stop use of any of the Copyrights. However, we have no liability or obligation to you for doing so.

8.5 **Proprietary Marks and Copyright Indemnification.** We will indemnify and defend you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Proprietary Mark or Copyright we develop, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of the Proprietary Marks or Copyrights we develop infringes their trademark rights or Copyrights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement. We will not indemnify you against the consequences of your use of the Proprietary Marks, or any Copyrights: (a) for any Proprietary Marks or other Copyrights which you develop or submit to us (regardless if they become, or have become our property); or (b) unless your use of such Proprietary Marks or Copyrights we provide was and is accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within ten (10) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and, if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney(s) retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination

of the claim. We are not responsible to you for any other claims of any nature arising out of or related to the Copyrights, regardless of whether the loss associated is by you, any of your customers or third parties.

9. CONFIDENTIAL INFORMATION.

9.1 **Types of Confidential Information.** We possess (and will continue to develop and acquire) certain confidential information (the "**Confidential Information**") relating to the development and operation of Stores, which includes (without limitation):

(a) the System and the know-how related to its use;

(b) the Manuals;

(c) plans, specifications, size and physical characteristics of Stores;

(d) site selection criteria, land use and zoning techniques and criteria;

(e) design of equipment, furniture, forms, materials and supplies;

(f) training for Stores;

(g) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Stores;

(h) knowledge of specifications for certain Products and Supplies and suppliers of certain Products and Supplies;

(i) recipes, formulas, mixes, preparation methods and serving techniques; and

(j) knowledge of operating results and financial performance of Stores other than those operated by you (or your affiliates).

9.2 **Disclosure.** We will disclose much of the Confidential Information to you and personnel of the Store by furnishing the Manuals to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your Store, you or your employees may develop ideas, concepts, methods, techniques or improvements ("**Improvements**") relating to your Store, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of Stores. Improvements will then also constitute Confidential Information.

9.3 **New Concepts.** If you, your employees, or your principals develop any new concept, process or improvement in the operation or promotion of the Store, you shall promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement shall become our sole property and we shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. You and your principals hereby assign to us any rights you may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries, and further agree to execute and provide us with all necessary documentations for obtaining and enforcing such rights.

You and your principals hereby irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 9.3 are found to be invalid or otherwise unenforceable, you and your principals hereby grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your rights therein.

9.4 **Confidentiality Obligations.** You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Store, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and

(d) will adopt and implement all reasonable procedures we may prescribe from time-to-time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of non-disclosure and non-competition agreements we may prescribe for employees or others who have access to the Confidential Information.

10. EXCLUSIVE RELATIONSHIP.

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among Stores if franchised owners of Stores were permitted to hold interests in or perform services for a Competitive Business. You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will:

(a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than the Store;

(b) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;

(c) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located;

(d) interfere with our business relationships or with anyone or any entity with which we have a business relationship; or

(e) on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, engage in or conduct any other business if you have any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under this Agreement to develop and operate your THE SPICE & TEA EXCHANGE® business or otherwise (other than THE SPICE & TEA EXCHANGE® Stores operated under franchise agreements with us), unless your THE SPICE & TEA EXCHANGE® business is managed by an individual that has satisfactorily completed our training programs. This provision does not prohibit passive investments in other Stores. However, an interest in a business in which your capacity is either a director, officer or majority stockholder (or any combination thereof) does not constitute a passive investment, and will be considered a breach of these provisions of this Agreement.

The words "**Competitive Business**" mean any business or facility owning, operating or managing or granting franchises or licenses to others to do so, any store or facility that features tea, spice, spice blends herbs, rubs, olive oils, honeys, candles, and related products and accessories that are the same or similar to the Products and Services offered by Stores (other than a Store under a franchise agreement with us). A Competitive Business also includes any business acting as a franchise broker, business broker, franchise seller, or the like for any business franchising or licensing Competitive Businesses other than us.

11. OPERATION AND SYSTEM STANDARDS.

11.1 **Operations Manuals.** During the term of this Agreement, we will provide you with a log in code to access our manuals (the "**Manuals**") through the Portal, consisting of such materials (including, as applicable, ~~audiotapes,~~ videotapes~~, magnetic media~~, computer Software and written materials) that we generally furnish to franchisees from time-to-time for use in operating a Store. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards**") that we prescribe from time-to-time for the operation of a Store and information relating to your other obligations under this Agreement and related agreements. You agree to follow the standards, specifications and operating procedures we establish periodically for THE SPICE & TEA EXCHANGE CORPORATION System that are described in the Manuals. You also must comply with all updates and amendments to the System Standards as described in newsletters or notices we distribute, including via Computer System or other media we select). The Manuals may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring the Manuals for changes to them. The Manuals are our proprietary information and will be deemed Confidential Information for purposes of this Agreement. You agree to maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. In the event of a dispute relating to the contents of any printed copy of the Manuals, the master copy of the Manuals we maintain at our principal office will be controlling. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals. If you want to purchase a hard copy of the Manuals, you must pay us the Hard Copy Manual Fee to cover our costs of producing the hard copy. In the event you obtain a hard copy of the Manuals, the most recent on-line Manuals will control any disputes between the on-line version and hard copy of the Manuals. The standards set forth in the Manuals are designed to protect the System and the Proprietary Marks associated therewith, and not to control the day-to-day operation of the Store. You, at all times, will remain responsible for the operation of the Store, and all activities occurring at the Store. You must hire, train, discipline and otherwise be solely responsible for the Store's employees, as set forth in Section 11.12 of this Agreement. We are not responsible for and do not direct or control the conduct of any employee of yours, whether through the Manuals or otherwise.

11.2 **Compliance with System Standards.** You acknowledge and agree that your operation and maintenance of the Store in accordance with System Standards are essential to preserve the goodwill

of the Proprietary Marks and all Stores. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the Store in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement. The System Standards currently include but are not limited to the following areas of operation:

(a) design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;

(b) quantities, types, models and brands of required Products and Services, fixtures, furnishings, equipment, signs, materials and supplies used in establishing and operating the Store;

(c) required inventory and inventory levels;

(d) designated or approved suppliers of fixtures, furnishings, equipment, Products and Services and other items we require for the operation of your Store;

(e) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, that you obtain from us, our affiliates or unaffiliated suppliers;

(f) sales, marketing, advertising and promotional programs and materials that are required or approved for use by your Store;

(g) use and display of the Proprietary Marks;

(h) training, dress and appearance of employees;

(i) days and hours of operation of the Store;

(j) acceptance of credit cards, gift certificates, coupons, frequent customer programs, payment systems, check verification services, and complying with the then-current Payment Card Industry Data Security Standards ("**PCI DSS**"), as such standards may be revised and modified by the PCI Security Standards Council (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify, which may include, but are not limited to, implementing the enhancement, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards;

(k) bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

(l) types, amounts, terms and conditions of insurance coverage required to be carried for the Store and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the Store at your

expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

(m) complying with applicable laws; obtaining required licenses and permits (including payment card industry standards); adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the Store;

(n) complying with all applicable laws pertaining to the privacy of the customer, employee, and transactional information ("**Privacy Laws**") and complying any standards and policies pertaining to Privacy Laws that we may establish. If there is a conflict between any of our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (i) comply with the requirements of applicable law; (ii) immediately give us written notice of said conflict; and (iii) promptly and fully cooperate with us in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent.

(o) regulation of such other aspects of the operation and maintenance of the Store that we determine from time-to-time to be useful to preserve or enhance the efficient operation, image or goodwill of the Proprietary Marks and Stores.

You agree that System Standards prescribed from time-to-time in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all System Standards as periodically modified.

11.3 **Modification of System Standards.** We may periodically modify System Standards, which may accommodate regional or local variations as we determine. Such modifications may obligate you to invest additional capital in the Store ("**Capital Modifications**") and/or incur higher operating costs. However, such modifications will not alter your fundamental status and rights under this Agreement. We agree to give you ninety (90) days to comply with Capital Modifications we require. You are obligated to comply with all modifications to System Standards, including Capital Modifications, within the time period we specify. In no event will we require you to spend in excess of ten percent (10%), on an annual basis, of our high estimate of the cost of the sum of leasehold improvements and furniture, fixtures and equipment from our Item 7 of our then-current Franchise Disclosure Document during the term of this Agreement in connection with Capital Modifications.

11.4 **Interior and Exterior Upkeep.** You agree, at all times, to maintain the Store's interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of the Store established in the Manuals and by federal, state and local laws.

11.5 **Hours of Operation.** You agree to operate the Store during the hours and on the days prescribed by us in the Manuals or otherwise approved in advance in writing by us.

11.6 **Accounting, Computers and Records.** It is your responsibility to obtain accounting services and any required hardware or software related to them. You will at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, inventory and expense information. To the extent we require support for accounting software used by you, such support will only

be provided with respect to the accounting Software then used by us in the operation of our own (or our affiliates' own) Stores.

11.7 **Computer System.** We may require that you acquire and use in developing and operating your Store a Computer System consisting of the computer services, components, equipment, computer hardware, telecommunications equipment or services, the software used in connection with the Business Management System and other operating or communications software we designate or approve for use by Stores (collectively, the "**Software**") that we may periodically specify in the manner we designate (collectively, the "**Computer System**"). We may require you to obtain specified computer and communications hardware, equipment, components or Software and services (such as DSL, Frac, T-1, Cable Modem or ISP) and may modify specifications for and components of the Computer System from time-to-time. We require you to acquire high speed internet capabilities (such as DSL, Frac, T-1, Cable Modem or ISP). All data entered into the Computer System us owned by us. Our and our designees' modifications and specifications for components, equipment, services and operating or communications of the Computer System may require you to incur cost to purchase, lease or license new or modified Software or computer or communications hardware, equipment, components or Software and to obtain service and support for the Computer System during the Term of this Agreement. You agree to incur such costs in connection with obtaining the computer hardware and Software comprising the Computer System (or additions or modifications) operating it in accordance with our System Standards and ensuring that it is compatible with, and capable of participation in and performing the functions we designate for the Business Management System and engaging in any form of e-commerce we designate or approve, as long as the Computer System we specify for use is the same Computer System that we or our affiliates then currently use in Stores that we or they own and operate. The Computer System must be capable of connecting with our Computer System performing the functions we designate for the Business Management System, permitting us to review the results of your Store's operations, and engaging in any e-commerce activities that we designate or approve. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary Software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System. From time-to-time, upon our notice to you, you must enter into the then current form of such Computer System or Software related agreements as we may designate. You must not use the Computer System for any purposes not authorized by us or our affiliates.

11.8 **Trade Accounts and Taxes**. You agree to maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You agree to timely pay **all** taxes incurred in connection with your Store's operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you agree to reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

11.9 **Promotional Programs/Retail Prices.** You must honor the terms of all promotional or discount programs that we may offer to the public for System Stores, and you must comply with any pricing policies we may specify, including minimum and maximum price policies, minimum advertised price policies and unilateral price policies, subject only to limitations imposed by applicable law. You must also provide those services and other items we specify on such terms and at such rates, including free-of-charge, as we may specify.

11.10 **Approved Products.** You must only offer and sell the Products and Services and other items we have designated or previously approved for sale at the Store. You agree to obtain such designated or approved Products and Services from designated or approved suppliers, that may include only us or our

affiliates. You agree not to sell, dispense, give away or otherwise offer or provide Products and Services except by means of retail sales from the Site. You agree to maintain an inventory of Products and Services sufficient to meet the daily demands of the Store and as designated in our System Standards.

11.11 **Management**. You (or your Principal Owner) will have sole authority and control over the Store's day-to-day management and operation. During all hours of operations, the Store must be managed and staffed by employees that have been properly trained on our operational standards. You (or your Principal Owner) and each of your managerial employees must sign and deliver our then-current form of Confidentiality Agreement, or other form satisfactory to us.

11.12 **Personnel**. You agree to hire, train and supervise Store employees. Your (or your Principal Owner) will have sole authority and control over all aspects relating to your employees and/or independent contractors. You agree to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Store, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will you or your employees be deemed to be our or our affiliate's employees.

12. MARKETING AND PROMOTION.

12.1 **Establishment of System Development Fund**. Recognizing the value of advertising and marketing to the goodwill and public image of Stores, we have the right to establish a system-wide development, marketing and promotional fund (the "**System Development Fund**") for such advertising, marketing, public relations and system-wide benefit programs and materials we deem necessary or appropriate. The System Development Fund is intended to maximize recognition of the Proprietary Marks and patronage of Stores and enhance the operations of Stores. You must pay to us, or our designee, the System Fund Fees we designate as set forth in Section 6.3. We reserve the right to defer or reduce System Fund Fees of a Store franchisee and, upon thirty (30) days prior written notice to you, to reduce or suspend contributions to, and operations of, the System Development Fund for any period of any length and to terminate (and, if terminated, to reinstate) the System Development Fund. If the System Development Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the System Development Fund during the preceding twelve (12) month period, or in a manner we determine. We and our affiliates will contribute to the System Development Fund on the same basis as franchise owners for any Store we or they own and operate.

12.2 **Use of the Funds.** We or our designee will direct all programs financed by the System Development Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the System Development Fund may be used to pay the costs of, but not be limited to, developing, preparing and implementing audio or written advertising and marketing materials; developing and servicing corporate accounts; engaging in research and development; administering regional and multi-regional advertising programs; purchasing e-commerce rights, products or services, direct mail and other media advertising; maintaining or paying third parties to maintain on-line ordering and fulfillment systems, the Business Management System and the like; supporting public relations and market research; establishing, developing, maintaining, modifying, servicing or hosting Websites or other e-commerce programs, and other advertising, promotion and marketing activities. The System Development Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials may be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

12.3 **Accounting for the Fund.** The System Development Fund may be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System Development Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the System Development Fund. We may spend, on behalf of the System Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Stores to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. In addition to other System Development Fund fees, we may assess you, and you must pay to the System Development Fund such System Development Fund fees as we or the Fund deems necessary to address any deficits or special needs of the System Development Fund. All interest earned on monies contributed to the System Development Fund will be used to pay System Development costs before other assets of the System Development Fund are expended. We may prepare a periodic statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you upon written request. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

12.4 **System Development Fund Limitations.** The System Development Fund will be intended to maximize recognition of the Proprietary Marks and patronage of Stores. Although we will endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Stores, we undertake no obligation to ensure that expenditures by the System Development Fund are proportionate or equivalent to the contributions to the System Development Fund by Stores operating in a certain geographic area or that any Store will benefit directly or in proportion to its contribution; we are not required to spend any amount on advertising in a particular franchisee's territory or area. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the System Development Fund.

12.5 **Advertising and Promotion.** You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time-to-time. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. You may not use any advertising or promotional materials that we have disapproved.

12.6 **Grand Opening Advertising Requirement**. You are required to expend a minimum of ~~$5~~three thousand dollars ($3,000) as a Grand Opening Advertising Requirement. You are responsible for planning and conducting one or both of the following options: (i) a "Grand Opening Event" within 90 days (or 120 days, if seasonal) of the Store's opening for regular business, or (ii) a local or regional advertising and promotional campaign surrounding the Store's grand opening. This advertising or promotional campaign may utilize various media, advertising, and other promotional materials and formats. We or our approved supplier will provide promotional suggestions and prepared materials to you. All materials, concepts, and promotions proposed by you must be approved by us prior to your initiation or spend on such items. The Grand Opening Event shall be conducted in accordance with our standard operating procedures set forth in the Manuals.

12.7 **Local Advertising Cooperatives.** If a local advertising cooperative is established for your market, you will be required to contribute to it an amount determined by the local advertising cooperative (but not to exceed two percent (2%) of your Gross Sales), participate in its activities and be subject to its governing documents. We may require that advertising cooperative rules, governing documents and

expenditures be subject to our approval. There are currently no franchisee advertising councils or local advertising cooperatives that advise us on advertising policies. We reserve the right to establish an advisory council of franchisees that will advise us on advertising policies and other matters.

12.8 **Local Advertising Requirement.** We will require you to spend one percent (1%) of your average Gross Sales per month on local advertising (the "**Local Advertising Requirement**"). You must spend the Local Advertisement Requirement as we prescribe in the Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements. You acknowledge and agree that your Local Advertising Requirement must be expended regardless of the amount(s) spent by other System franchisees on local advertising. You may spend any additional sums you wish on local advertising. You must use only such advertising and promotional materials as have been previously approved by us. You must send us proof of these expenditures along with your reports, as specified in Section 13.2 of this Agreement.

12.9 **Websites.** We have the right to control all use of URL's, domain names, websites, addresses, social media applications ~~(including, but not limited to, Facebook, Myspace, Twitter, Pinterest, Instagram, Plaxo, LinkedIn, YouTube),~~ metatags, links, e-mail addresses and any other means of electronic identification or origin using our Proprietary Marks or related to the operation of your Store ("**e-names**"). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chat rooms, e-mail, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software, if use is directly or indirectly related to the operation of your Store (collectively, "**e-commerce**"). We have the right to monitor your and your employees' e-commerce activities and you agree to provide us access to any chat rooms or bulletin boards on which or through which you discuss our franchise system or your relationship with us. You must follow all of our policies and procedures for the use and regulation of e-commerce. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce designated by us operated by us or our designee. You may not create a website for your Store and you may not advertise or sell Products or Services using e-commerce, unless previously approved by us. We require that you provide information to us via e-commerce and order Products and Supplies via e-commerce. We may require you to coordinate your e-commerce activities with the Business Management System. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System or the Proprietary Marks, including any customer data, click-stream data, cookies, user data, hits and the like: such information is deemed by us to be and constitutes our Confidential Information. You must not use any Proprietary Mark as part of any domain name, Internet or "E-mail" address, or any other identification of you in any electronic medium or with any prefix, suffix or other modifying words, terms, designs, or symbols, or in any modified form, without our written consent.

12.10 **Internet Sales Commission.** We or our affiliates will provide and be responsible for the hosting and maintenance of the official The Spice & Tea Exchange Internet website ("Official Website"). Your Store will be listed on the Official Website, but you cannot host or operate a separate website for your Store or offer or sell any Products or Services via e-commerce. Any and all sales or revenue derived from the sales of Products and Services from the Official Website, or any other website, will belong to us or our affiliates. Notwithstanding the foregoing, you shall receive a 20% sales commission, less applicable taxes and shipping costs, (the "**Internet Commission**") in the form of a product credit ~~on the following types of purchases:~~

(a) ~~If~~if a customer registers an email address in our loyalty program using your point-of-sale system in your Store~~, you~~. You will also receive the Internet Commission on all future purchases using that email address from the Official Website.

~~(b) If an online customer at the Official Website designates your particular Store in making their purchase you will receive the Internet Commission on all future purchases of that email address from the Official Website.~~

Even when you receive a commission ~~under subsection (a),~~ you will not receive a commission on any sales made prior to the customer email address being registered to your Store and a customer email address can only be registered to one Store, so the highest commission ever paid on a sale will be 20%.

Any commission owed to you will be paid in the form of a product credit to you quarterly on the fifteenth (15th) business day following the previous quarter (or other day designated by us). However, any payment of the Internet Commission is subject to you complying with your reporting requirements set forth in Section 13 of this Agreement. Accordingly, if you are in default of Section 13 of this Agreement, you will not receive your Internet Commission until you become compliant under Section 13. You will not be required to pay a Royalty in connection with any Internet Commission that you earn. If you owe us or our affiliates any fees, the commission may be withheld and applied to the fees owed to us or our affiliates. Upon transfer of this Agreement, any commission or product credit owed is forfeited upon transfer and you will no longer be entitled to receive any future credit.

13. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

13.1 **Accounting System.** You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats we prescribe from time-to-time. We may require you to use approved computer hardware and Software in order to maintain certain sales data and other information, including updating the Manuals and for communication purposes. You are required to prepare and report the bookkeeping, accounting and recordkeeping data in the method and using the computer program that we prescribe in the Manuals or otherwise in writing from time to time. You agree that we may have access to such sales data and other information through the Computer System at all times.

13.2 **Reports**. You agree to furnish to us on such forms and using such methods that we prescribe from time-to-time:

(a) on the fifth (5th) day of each calendar month: a report on the Store's Gross Sales during the immediately preceding calendar month with the Royalty payment;

(b) within fifteen (15) days after the end of each month (or other period designated by us): (i) a profit and loss statement for the Store for the immediately preceding calendar month and year-to-date; and (ii) a balance sheet as of the end of such month. These reports shall include a line item for advertising/marketing;

(c) within thirty (30) days after the end of the Store's fiscal year: (i) annual profit and loss and source and use of funds statements; and (ii) a balance sheet for the Store as of the end of such fiscal year;

(d) within ten (10) days after our request: (i) exact copies of federal and state income and other tax returns; and (ii) such other forms, records, books and other information we may periodically require;

(e) within 15 days of the close of each calendar quarter, a breakdown of your local advertising/marketing expenditures;

(f) any other reports that we may designate from time to time.

13.3 **Access to Information.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis if we reasonably believe that the reports are incorrect. Moreover, we have the right, as often as we deem appropriate (including on a daily basis), to access all computer registers and other Computer Systems that you are required to maintain in connection with the operation of the Store and to retrieve all information relating to the Store's operations.

13.4 **Copies of Reports.** You agree to furnish us with a copy of all sales, income and other tax returns relating to your Store, at our request. You will also send us copies of any sales or other reports sent to any landlord or governmental agency, at our request.

14. INSPECTIONS AND AUDITS.

14.1 **Our Right to Inspect the Store.** To determine whether you and the Store are complying with this Agreement and all System Standards, we and our designated agents, have the right, as we deem necessary in our sole discretion, at any time during your regular business hours to:

(a) inspect the Store;

(b) observe, photograph and videotape the operations of the Store for such consecutive or intermittent periods as we deem necessary;

(c) remove samples of any products, materials or supplies for testing and analysis;

(d) interview personnel and customers of the Store;

(e) inspect and/or audit your compliance with payment card industry standards; and

(f) inspect and copy any books, records, websites (or other forms of e-commerce) and documents relating to your operation of the Store.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You agree to correct or repair any unsatisfactory conditions we specify within five (5) days.

14.2 **Our Right to Audit.** We have the right at any time during your business hours to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and the Store's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Sales are understated by two percent (2%) or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of

attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must pay us any shortfall in the amounts you owe us, including late fees and interest, within ten (10) days of our notice. If an audit reveals an understatement by you of two percent (2%) or more of any month within the period of examination, or for the entire period of examination, then, in addition to paying the additional amounts due, interest calculated in accordance with Section 6.11 of this Agreement and the cost of the audit for the entire period of the examination, your understatement will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement under Section 16.3(b) of this Agreement. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

15. TRANSFER.

15.1 **Transfer**. Your rights under this Agreement are personal, and you shall not sell, transfer, assign or encumber your interest in the Store without our prior written consent, as described more fully in this Section below. Any sale, transfer, assignment or encumbrance made without our prior written consent shall be voidable at our option and shall subject this Agreement to termination as specified herein.

15.2 **Death or Disability**.

(a) Representative's Right to Continue as Franchisee. In the event of your death, disability or incapacitation (or if you are an entity or partnership, the death, disability or incapacitation of your principal, partners or personal guarantors, your legal representative (or your principal's, partner's or guarantor's respective legal representative, as applicable) shall have the right to continue the operation of the Store as franchisee under this Agreement if: (i) within forty-five (45) days from the date of death, disability or incapacity (the "45 Day Period"), such person has obtained our prior written approval and has executed our then-current form of franchise agreement for the unexpired term of this Agreement, or, if applicable, has furnished a personal guaranty of any partnership, corporate or limited liability company franchisee's obligations to us and our affiliates; and (ii) such person successfully completes our training program (which we will provide at our then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by this Agreement and are acceptable to us.

(b) Store Operation During and After 45 Day Period. We are under no obligation to operate the Store, or incur any obligation on behalf of any incapacitated franchisee, during or after the 45 Day Period. If necessary, you (or your legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Store during the 45 Day Period. In the event of your death, disability, absence or otherwise, we may (but are not required to) operate your Store on your behalf and at your expense for such period of time (and under such terms and conditions) as we determine, including paying out of the assets and/or revenues of the Store to cover any or all past, current and/or future obligations of the Store (including any amounts owed to us and/or any affiliate) in such priorities as we determine from time-to-time in our sole and absolute discretion. We may pay ourselves a reasonable amount to reimburse us for our management services and other costs. We may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of your Store. You (and/or your estate) will indemnify us against any costs and/or liabilities incurred by us in connection with, or related in any way to, the operation (or otherwise) of your Store.

15.3 **Ownership Changes**. A sale, transfer or assignment requiring our prior written consent shall be deemed to occur: (i) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock or any increase in the number of outstanding shares of your voting stock which results in a change of ownership; (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if you are a limited liability company, upon the assignment, sale, pledge or transfer of any interest in the limited liability company. Any new partner, shareholder, or member or manager will be required to personally guarantee our obligations under this Agreement. A transfer pursuant to (i) and (iii) in accordance with Section 15.4 below shall not be subject to our right of first refusal described herein in Section 15.3(a).

(a) Right of First Refusal. If you propose to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Store or any interest in your lease to any third party (other than a corporation or limited liability company as set forth in Section 15.4 below), you shall first offer to sell such interest to us on the same terms and conditions as offered by such third party. You shall obtain from the third party and provide us a statement in writing, signed by the third party and you, of the terms of the offer ("Letter of Intent"). If we elect not to accept the offer within a thirty (30) day period, you shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 15.4 below. You shall affect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 15.3(a). Any material change in the terms of the Letter of Intent shall be deemed a new proposal subject to our right of first refusal. So long as you have obtained our prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to our first right of refusal.

15.4 **Conditions for Approval**. We may condition our approval of any proposed sale or transfer of the Store or your interest in this Agreement upon satisfaction of the following occurrences:

(a) All of your accrued monetary obligations to us, our affiliates, and our designated suppliers and vendors, are satisfied;

(b) You must cure all existing defaults under this Agreement, or any other agreement between you, us and our affiliates, or our designated suppliers and vendors, within the period permitted for cure, and must have substantially complied with such agreements during their respective terms;

(c) You and your principals (if you are a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with us or our affiliates), must execute a general release under seal, in a form satisfactory to us, of any and all claims against us and our affiliates and their respective officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

(d) You or transferee shall provide us a copy of the proposed form of purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of your obligations under this Agreement, and the agreement must not state that you are selling or transferring our customer list;

(e) The transferee shall demonstrate to our satisfaction that he or she meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; provided, however, the transferee shall not be in the same business as us either as licensor, franchisor, independent operator or licensee of any other spice and tea shop or franchise system which is similar in nature or in competition with us, except that the transferee may be an existing System franchisee;

(f) The transferee shall execute our then-current form of franchise agreement for either the unexpired term of this Agreement or a full ten (10) year term, as we determine in our sole discretion;

(g) You or transferee shall pay us a transfer fee of ~~ten~~fifteen thousand dollars ($~~10~~15,000).

(h) The transferee shall satisfactorily complete our training program within the time frame required by us prior to operating the Store and pay us our then-current training fee for transferees;

(i) You (and your principals if you are a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

(j) The transferee must obtain, within the time limits set by us, and maintain thereafter, all permits and licenses required for the operation of the Store;

(k) To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

(l) The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

(m) The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Store and the transferee's performance under its franchise agreement;

(n) Our approval of the transfer shall not constitute a waiver of any claims we may have against you;

(o) You are responsible for payment of all commissions or other monies due from the sale of the Store if: (i) you listed the Store with a broker; or (ii) transferee is referred to us by a broker lead referral network or otherwise;

(p) You have completed, to our satisfaction, ~~no later than ninety (90) days~~ prior to the ~~expiration~~date of ~~the then-current term~~transfer, all maintenance, refurbishing, renovating, updating and remodeling of the Site premises required to bring the Site and all equipment into full compliance with our then-current System Standards and specifications;

(q) There must be at least 1 year left on the term of the Franchise Agreement; ~~and~~

(r) Store inventory levels must meet or exceed those of our then-current Establishment Package for new franchises; and

~~(r)~~(s) In any event, we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.

15.5 **Transfer to a Corporation or Limited Liability Company**. If you are an individual and desire to assign your rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, we will consent to the transfer without assessing the transfer fee set forth in Section 15.4(g) hereof, and such assignment will not be subject to Franchisor's right of first refusal set forth in Section 15.3(a) hereof if:

(a) The corporation or limited liability company is newly organized and its activities are confined to operating the Store;

(b) You are, and at all times remain, the owner of fifty-one percent (51%) of the outstanding shares of the corporation or a controlling interest in the limited liability company;

(c) The corporation or limited liability company agrees in writing to assume all of your obligations hereunder; and

(d) All shareholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to us and our affiliates, under this Agreement and any other agreement between you and us and/or our affiliates, and such persons execute a confidentiality and noncompetition agreement.

15.6 **Our Right to Transfer**. We have the right to sell, transfer, assign and/or encumber all or any part of our assets and our interest in, and rights and obligations under, this Agreement in our sole discretion.

16. TERMINATION OF AGREEMENT.

16.1 **Automatic Termination**. This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

(a) Voluntary Bankruptcy. If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Store.

(b) Involuntary Bankruptcy. If proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for you or the Store without your consent, and the appointment is not vacated within sixty (60) days.

(c) Unauthorized Transfer. If you purport to sell, transfer or otherwise dispose of the Business Entity or any interest in the Store in violation of Section 15 hereof.

16.2 **With Notice and Without Opportunity to Cure**. We have the right to terminate this Agreement upon notice without providing you an opportunity to cure for any of the following breaches or defaults:

(a) Criminal Acts. If you or your principals are convicted of or plead guilty or no contest to any felony, or take part in any criminal misconduct of moral turpitude relevant to the operation of your Store.

(b) Fraud. If you or your principals commit any fraud or misrepresentation in the operation of your Store.

(c) Misrepresentation. If you or your principals make any misrepresentation or omission in connection with your franchise application, including but not limited to any financial misrepresentation.

(d) Repeated Breaches. If we send you two (2) or more written notices to cure pursuant to Sections 16.3 or 16.4 hereof in any twelve (12) month period.

(e) Breach of Other Agreements. If you ~~or~~, your principals, or your affiliates materially breach any other agreement with us or our affiliates or the lease for the Site, or threaten any material breach of any such agreement or lease, and fail to cure such breach within any permitted period for cure.

(f) Misuse of the Proprietary Marks or Confidential Information. If you or your principals materially violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

(g) Violation of Health Code. If you violate any health, safety or sanitation law, ordinance or regulation, including those regulating spice and tea stores, or operate the Store in a manner that presents a health or safety hazard to customers, or the general public; provided, however, if the governmental authority or other third party provides you with a cure period to remedy the violation, we shall provide you with the same cure period prior to terminating this Agreement.

(h) Violation of In-term Restrictive Covenant. If you violate the in-term restrictive covenant contained in Section 10 hereof.

(i) Liens. If a levy of writ of attachment or execution or any other lien is placed against you or any of your principals or any of their assets which is not released or bonded against within thirty (30) days.

(j) Insolvency. If you or your principals become insolvent.

(k) Abandonment. If you voluntarily or otherwise abandon the Store. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the Store in accordance with the terms of this Agreement and shall apply in any event you fail to operate the

Store as a System Store for a period of two (2) or more consecutive days without our prior written approval.

(l) Insurance. If you fail to maintain insurance or to repay us for insurance paid for by us, or otherwise ~~fails~~fail to adhere to the requirements of Section 19 hereof.

(m) Government Regulations. If you fail, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Store.

(n) Government Actions. If any government action is taken against you that results in any obligation upon us which in our sole judgment is uneconomical, not in the best interests of us or would result in us having an unintended relationship or obligation.

(o) Personal Use of Store Property. If you take for your own personal use any assets or property of the Store, including employee taxes, FICA, insurance or benefits.

(p) Insufficient Funds. If there are insufficient funds in your bank account to cover a check or EFT payment to us three (3) or more times within any twelve (12) month period.

16.3 **Upon 30 Days' Notice to Cure**. We have the right to terminate this Agreement if any of the following defaults remain uncured after providing notice and expiration of the thirty (30) day cure period:

(a) Nonpayment. If you fail to pay as and when due any sums owed to us, any of our affiliates, or any of our designated suppliers.

(b) Under-reporting of Gross Sales. If any audit reveals that you have understated your Royalty or advertising payments, or your local advertising expenditures, by more than two percent (2%), or if you have failed to submit timely reports and/or payments for any two (2) reporting periods within any twelve (12) month period.

(c) Endorsement of Checks. If you fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously remitted to you.

(d) Failure to Maintain Sufficient Inventory Levels. If you fail to maintain sufficient levels of inventory as described by current System Standards.

(e) Failure to Open. If you fail to commence operations of your Store within the time prescribed in Section 5.1 hereof.

(f) Interruption of Service. If you fail to maintain the prescribed days or hours of operation at the Store.

(g) Failure to Supervise Store Operations or Employ Adequately Trained Personnel. If you fail, in our sole discretion, to supervise the day-to-day operation of the Store or fail to employ a sufficient number of qualified, competent trained personnel as we require from time to time.

(h) Quality Control. If you fail to maintain the strict quality controls reasonably required by this Agreement and/or current System Standards.

(i) Other Conduct Reflecting Adversely on System. If you conduct yourself in a manner that, although not criminal, reflects adversely on the System, the Proprietary Marks, or the services or products offered through the System.

(j) Licenses and Permits. If you fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Store.

(k) Failure to Complete Training. If you fail to successfully complete any mandatory training as provided in Section 7.1 or 7.2 hereof.

(l) Unauthorized Products or Services. If you offer any unauthorized and unapproved products or services, including previously authorized and approved products or services that are no longer authorized and approved, at or from the Store.

(m) Unapproved Purchases. If you sell any products or provide any services at your Store that are not authorized Products or Services that have been designated or approved, or you purchase products or services, whether authorized or unauthorized, directly from one of our vendors (as opposed to making such purchases from our designated supplier, as set forth in Section 5.5 herein).

16.4 **Upon 30 Days' Notice to Cure.** We also have the right to terminate this Agreement after providing notice and a thirty (30) day cure period if you fail to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between you and us or our affiliates.

~~16.5 **Step In Rights**. In addition to our right to terminate this Agreement, and not in lieu of such right or any other rights we may have against you, upon a failure to cure any default within the applicable time period (if any), we have the right, but not the obligation, to enter upon the Store premises and exercise complete authority with respect to the operation of the Store until such time as we determine, in our sole discretion, that the default has been cured and you are otherwise in compliance with this Agreement. In the event we exercise the rights described in this Section, you must reimburse us for all reasonable costs and overhead, if any, incurred in connection with our operation of your Store including, without limitation, costs of personnel for supervising and staffing the Store and their travel and lodging accommodations. If we undertake to operate the Store pursuant to this Section, you agree to indemnify and hold us (and our representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of our operation of the Store.~~

~~16.6~~16.5 **Nonwaiver**. Our delay in exercising or failing to exercise any right or remedy under this Agreement or our acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of our rights or remedies against you.

17. POST-TERM RIGHTS AND OBLIGATIONS.

17.1 **Payment of Amounts Owed To Us**. You agree to pay us within fifteen (15) days after the effective date of termination, expiration or non-renewal of this Agreement, or on such later date that we determine amounts are due to us, all amounts due for Royalties, System Development Fees, contributions, amounts owed for purchases from us, interest due on any of the foregoing, and any and all other amounts owed to us or our affiliates which are then unpaid.

17.2 **De-Identification and Other Obligations Following Termination, Expiration or Non-Renewal**. Upon the termination, expiration or non-renewal of this Agreement:

(a) you may not directly or indirectly at any time or in any manner (except with respect to other Stores you own and operate) identify yourself or any business as a current or former THE SPICE & TEA EXCHANGE® Store, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Proprietary Mark or other indicia of a THE SPICE & TEA EXCHANGE® Store in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

(b) you may not directly or indirectly use, in any manner or for any purpose, any of our Confidential Information, trade secrets, procedures, forms, techniques, know-how or materials acquired by you by virtue of the relationship established by this Agreement;

(c) you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark or to terminate any entity filing if the entity has any of our Marks in its name;

(d) if we do not have or do not exercise an option to purchase the Store pursuant to Section 17.5, ~~you agree to deliver to us~~then within fifteen (15) days after the effective date of expiration, non-renewal or termination of this Agreement, you agree to return to us the Manuals and, at our option, to either deliver to us or to destroy and provide sufficient proof of destruction, all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Proprietary Mark or otherwise identifying or relating to a THE SPICE & TEA EXCHANGE® Store and allow us, without liability to you or third parties, to remove all such items from the Store;

(e) if we do not have or do not exercise an option to purchase the Store pursuant to Section 17.5, you agree that after the effective date of expiration, non-renewal or termination of this Agreement you will promptly and at your own expense make such alterations we specify to distinguish the Store clearly from its former appearance and from other Stores so as to prevent confusion by the public;

(f) if we do not have or do not exercise an option to purchase the Store pursuant to Section 17.5 you agree that after the effective date of expiration, non-renewal or termination of this Agreement you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify;

(g) if we terminate this Agreement because of your default through failure to make payment following notice and opportunity to cure (pursuant to Section 16), you must pay us all losses and expenses we incur as a result of the default or termination, including all damages, costs, expenses, and reasonable attorneys' fees directly or indirectly related thereto, such as (without limitation) lost profits, lost opportunities, damages inuring to our Proprietary Marks and reputation, travel and personnel costs and the costs of a securing a new Store. This obligation will give rise to and remain, until paid in full, a lien in our favor against any and all assets, property, furnishings, equipment, signs, fixtures and inventory owned by your or the Store at the time of termination;

(h) immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner;

(i) immediately refrain from engaging in any contacts with customers, suppliers, and vendors of the Store;

(j) you agree to furnish us, within thirty (30) days after the effective date of expiration or termination of this Agreement with evidence satisfactory to us of your compliance with the foregoing obligations.

17.3 **Confidential Information.** You agree that, upon termination, expiration or non-renewal of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals, database materials, customer lists, records and files, documents, instructions, display items, advertising and promotional materials, and any other materials bearing Confidential Information that we have loaned to you or that you have acquired during the relationship established by this Agreement. You agree that the foregoing items, materials, lists, files, and other similar items will be considered to be our property for all purposes. You may retain no copy of any of these items, except for your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision or law.

17.4 **Competitive Restrictions.** Upon termination, expiration or non-renewal of this Agreement for any reason whatsoever (and you have not acquired a Successor Franchise), you and your owners agree that for a period of two (2) years commencing on the effective date of termination or expiration neither you nor any of your owners will:

(a) Have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating (a) at the Site, (b) within thirty (30) miles of the Site; or (c) within thirty (30) miles of any other Store or Market Area in operation or under construction on the later of the effective date of the termination or expiration; or

(b) interfere with our business relationships or with anyone or any entity with which we have a business relationship.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of a court enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

17.5 **Our Right to Purchase.**

(a) Upon the termination, expiration or non-renewal of this Agreement, we or our designee shall also have the option, but not the obligation, to purchase any personal property used in connection with operation of your Store by providing you written notice of our election within sixty (60) days after such termination or expiration and paying you the book value for such personal property within sixty (60) days of such notice. For purposes of this paragraph, "book value" means the amount you actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a five (5) year depreciation schedule, irrespective of the depreciation method or schedule you use for accounting purposes). Notwithstanding the foregoing, to the extent that we exercise our right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of your remaining obligations under the lease or finance agreement, as applicable. We shall be entitled to

offset the purchase price by the amount of money owed by you to us for any payments necessary to acquire clear title to property or for any other debt. If we exercise our option to purchase, pending the closing of such purchase, we have the right to appoint a manager to maintain operation of the Store, or we may require that you close the Store during such period without removing any assets. You are required to maintain in force all insurance policies required under this Agreement until the date of such closing. We have the unrestricted right to assign this option to purchase personal property. We will be entitled to all customary warranties and representations in connection with our purchase of your property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

(b) We may exclude from the personal property purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Store's operation or that we have not approved as meeting standards for the Store.

17.6 **Continuing Obligations.** The expiration, termination or non-renewal of this Agreement will not be without prejudice to our rights against you, and will not relieve you of any of your obligations to us at the time of such termination, expiration or non-renewal. All of our and your (and your owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its termination, expiration or non-renewal and until they are satisfied in full or by their nature expire. Examples include indemnification, payment, identification, dispute resolution provisions, and non-competition covenants.

18. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

18.1 **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Store personnel and others as the owner of the Store under a Franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time-to-time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed to state or imply that we are the employer of your employees and/or independent contractors.

18.2 **No Liability for Acts of Other Party.** You agree not to employ any of the Proprietary Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Proprietary Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Store's operation or the business you conduct pursuant to this Agreement.

18.3 **Taxes**. We will have no liability for any sales, use, alcohol surcharge, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or the Store, in

connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

18.4 **Indemnification.** You agree to indemnify, defend and hold harmless us, our affiliates, our parents, and our and our affiliates' and parents' respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Party(ies)**") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes described in Section 18.3 and any and all claims and liabilities directly or indirectly arising out of the Store's operation (even if our negligence is alleged, but not proven) or your breach of this Agreement. For purposes of this indemnification, "**claims**" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys', paralegals' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

19. INSURANCE.

19.1 **Types Required.** During the term of this Agreement, you must obtain and maintain, at your own expense, such minimum insurance coverage as specified by us in our Manuals or otherwise in writing, and as otherwise required by your landlord and/or governing agencies. Examples of require insurance policies include, but are not limited to:

(a) comprehensive, public and product liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Store;

(b) general casualty and property insurance including fire, flood, hurricane, vandalism and malicious mischief, and extended coverage insurance with a full replacement value of your inventory and contents of your Store, covering such risks as are covered in the Standard Extended Coverage Endorsement;

(c) comprehensive motor vehicle insurance (including personal injury protection, uninsured motorist protection, and "umbrella" coverage) for any motor vehicles operated by your Store;

(d) workers' compensation in the amounts required by applicable law for your Store;

(e) "umbrella" liability insurance;

(f) liability insurance against liability for personal services care and negligence;

(g) business interruption insurance;

(h) comprehensive crime and blanket employee dishonesty insurance; and

(i) such other insurance as is required under the Equipment Lease Agreement and any lease or other financing document (if any) for the Store.

19.2 **Coverage Requirements.** You must maintain the specific insurance coverages in the minimum amounts we prescribe from time-to-time in our System Standards. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

19.3 **Policy Terms.** All insurance policies must:

(a) be with insuring companies that have an AM Best Guide rating of A- VII or better and that are authorized (or admitted) to do business in the state in which your Store is located;

(b) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;

(c) extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;

(d) name us and our affiliates as additional insureds;

(e) contain a waiver of the insurance company's right of subrogation against us;

(f) provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;

(g) provide that the insurance company will provide us with at least thirty (30) days' prior written notice of termination, expiration, cancellation or material modification of any policy; and

(h) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent.

19.4 **Evidence of Coverage.** Before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your coverage, along with evidence of the premium payment. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your Store required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf will reduce or absolve you of any obligations of indemnification described in this Agreement.

20. DISPUTE RESOLUTION.

20.1 **Choice of Law**. This Agreement shall be governed by the laws of the State of Florida.

20.2 **Internal Dispute Resolution**. You must first bring any claim or dispute between you and us in writing to our President, after providing notice as set forth in Section 20.6 below. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

20.3 **Mediation**. At our option, all claims or disputes between you and us and our affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between you and us or our affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 20.2 above, must be submitted first to non-binding mediation, in or near Palm Harbor, Florida, under the auspices of the American Arbitration Association ("AAA"), in accordance with the AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against us or our with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether we or our affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against us or our affiliates with respect to any such claim or dispute in any court unless we fail to exercise our option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. Our rights to mediation, as set forth herein, may be specifically enforced by us. Each party shall bear its own cost of mediation and you and us shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement. The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 20.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(a) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

(b) Any claims pertaining to or arising out of any warranty issue; or

(c) Any of the restrictive covenants contained in this Agreement.

20.4 **Selection of Venue**. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Pinellas County, Florida and the jurisdiction and venue of the United States District Court for the Middle District of Florida. You acknowledge that this Agreement has been entered into in the State of Florida, and that you are to receive valuable and continuing services emanating from our headquarters in Palm Harbor, Florida. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Florida set forth above. Nothing contained in this Agreement shall prevent us from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interests.

20.5 **Third Party Beneficiaries**. Our officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision

set forth in this Section 20, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by you.

20.6 **Prior Notice of Claims**. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, you must notify us in writing within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

20.7 **No Right to Offset**. You shall not withhold all or any part of any payment to us or any of our affiliates on the grounds of our alleged nonperformance or as an offset against any amount we or any of our affiliates allegedly may owe you under this Agreement or any related agreements.

20.8 **Injunctive Relief**. Nothing in this Agreement shall prevent us from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waives all claims for damages you incurred as a result of the wrongful issuance.

20.9 **Limitation of Action**. You further agree that no cause of action arising out of or under this Agreement may be maintained by you against us unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the you becomes aware of facts or circumstances reasonably indicating that you may have a claim against us hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

(a) You hereby waive the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by us, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

20.10 **Waiver of Punitive Damages**. You hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, your recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

20.11 **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, OPERATION OF THE FRANCHISED BUSINESS AND/OR YOUR PURCHASE FROM US OF THE FRANCHISE AND/OR ANY PRODUCTS OR SERVICES.

21. MISCELLANEOUS

21.1 **Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provision will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

21.2 **Waivers.** We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

21.3 **Limitation of Liability.** Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

(a) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;

(b) acts of God; or

(c) acts or omissions of a similar event or cause.

However, such delays or events do not excuse payments of amounts owed at any time.

21.4 **Approval and Consents**. Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. ~~If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you. In no event may you make any claim for money damages based on any claim or assertion that we have unreasonably withheld or delayed any consent or approval under this Agreement. You waive any such claims for damages.~~ You may not claim any such damages by way of setoff, counterclaim or defense. Your sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

21.5 **Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

21.6 **Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorney's fees. Attorney's fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

21.7 **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

21.8 **Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. However, nothing contained in this Section will limit your right to rely on statements made in our Franchise Disclosure Document.

21.9 **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

21.10 **Construction.** The headings of the sections are for convenience only. If two or more persons are at any time Franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. "**A or B**" means "**A**" or "**B**" or both.

21.11 **Certain Definitions.** The term "**family member**" refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term "**affiliate**" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms "**franchisee, franchise owner, you and your**" are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term "**person**" includes individuals and Business Entities. You and we are sometimes referred to individually as a "**party**" and collectively as "**parties**." The term "**section**" refers to a section or subsection of this Agreement. The word "**control**" means the power to direct or cause the direction of management and policies. The word "**owner**" means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

21.12 **Timing is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words "**from**" and "**commencing on**" (and the like) mean "**from and including**"; and the words "**to**," "**until**" and "**ending on**" (and the like) mean "**to but excluding**." Indications of time of day mean Florida time.

21.13 **Unavoidable Delay or Failure to Perform (Force Majeure).** Any delay in our or your performance of any duties under this Agreement, or any non-performance of such duties, that is not your or our fault (as applicable) or within your or our reasonable control – including, but not limited to, fire; floods, natural disasters; Acts of God; war; civil commotion; terrorist acts; any governmental act or regulation; any delays or defaults in deliveries by common carriers and/or postal services and/or overnight couriers; computer network outages; late deliveries or non-deliveries of goods or non-furnishing of services by vendors; strikes; lockouts; and any other similar event beyond such party's control) will not constitute a breach or cause a default under this Agreement, provided, however, that we or you (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay. Notwithstanding the foregoing, if any such failure or delay continues for more than 180 days, we will have the right at any time thereafter during the continuance of such failure or delay to terminate this Agreement upon 30 days advance written notice to you.

22. **NOTICES AND PAYMENTS.**

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

(a) two (2) business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

(b) three (3) business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us: **THE SPICE & TEA EXCHANGE FRANCHISING, LLC**
210 Marshall Circle
St. Augustine, FL 32086
Attention: Franchise Department

If to You: _____
_____
_____
Attention: _____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within ten (10) business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior to such date, or in which the receipt from the commercial courier service is not dated prior to two (2) days prior to such date) will be deemed delinquent.

Intending to be bound, you and we sign and deliver this Agreement in two (2) counterparts effective on the Agreement Date, regardless of the actual date of signature.

23. ACKNOWLEDGEMENTS

23.1 **Independent Investigation.** You acknowledge that you have conducted an independent investigation of the Store and contemplated by this Agreement and recognize that it involves business risks which make the success of the venture largely dependent upon your business abilities and efforts. You acknowledge that you have been given the opportunity to clarify any provision of this Agreement that you may not have initially understood and that we have advised you to have this Agreement reviewed by an attorney.

23.2 **No Guarantees or Representations of Earnings**. You understand that we and any of our representatives and/or agents with whom you have met have not made and are not making any guarantees or representations as to the extent of your success in operating a Store and have not and are not in any way representing or promising any specific amounts of earnings or profits associated with your operation of the Store.

23.3 **Receipt of Disclosure Document**. You acknowledge that this Agreement and our Franchise Disclosure Document, or "FDD", have been in your possession for at least fourteen (14) days before you signed this Agreement and before your payment of any monies to us, refundable or otherwise, and that any material changes to this Agreement were memorialized in writing in this Agreement for at least seven (7) days before you signed this Agreement.

23.4 **No Personal Liability**. You agree that fulfillment of any and all of our obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be our sole responsibility and none of our agents, representatives, nor any individuals associated with our franchise company shall be personally liable to you for any reason. You agree that nothing that you believe you have been told by us or our representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

FRANCHISOR

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

[FRANCHISE ENTITY NAME]

By: _____

Name: _____

Title: _____

Date: _____

-or-

[INDIVIDUAL NAME]

_____

[NAME], Individually

Date: _____

EXHIBIT A TO THE

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE AGREEMENT

ESTABLISHMENT FEE AND PACKAGE DATA SHEET

1. Your Establishment Fee is _____ ("**Establishment Fee**"). The Establishment Fee is due at the time you sign the Franchise Agreement.

2. Your Establishment Package consists of the following:

- Real estate support (site selection, lease negotiation)
- Initial inventory of teas, grains, spices, herbs, blends, olive oil, honey, candles, spice and tea accessories, kitchen accessories
- Operational tools and equipment (appliances, scales, utensils, zesters, bowls, etc)
- Point of sale system (label printer, receipt printer, cash drawer, scanner, computer)
- Manuals (Build-out Manual, Operations Manual, Master Recipe Book)
- Marketing materials (Business cards, digital support and set up, in-store signage and materials)
- Reference materials (Product education)
- Initial training
- Freight/Handling/Staging

THE SPICE & TEA EXCHANGE FRANCHISING, LLC	**FRANCHISEE**
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT B TO THE

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE AGREEMENT

CONFIRMATION OF RECEIVING ESTABLISHMENT PACKAGE

On _____, the above-named Franchisee and the above-named Franchisor did a walk-through of Franchisee's SPICE & TEA EXCHANGE® Store ("**Store Walk Through**"). Franchisee confirms by its signature below that it has received the contents of its Establishment Package as specified in Exhibit "A" to the Franchise Agreement.

_____ _____
(Franchisee) (Date)

_____ _____
(Franchisor) (Date)

If Franchisee did not receive any of the contents of its Establishment Package as of the date of the Store Walk Through or any items included in the Establishment Package were damaged, Franchisee has listed such item(s) or issues on the lines below ("**Remaining Items**"):

_____ _____
_____ _____
_____ _____
_____ _____
_____ _____
_____ _____
_____ _____
_____ _____
_____ _____
_____ _____
_____ _____
_____ _____

If there were any Remaining Items, Franchisee confirms by its signature below that as of _____, it has received all of the Remaining Items and/or all of the Remaining Items were corrected. Thus, by signing below, Franchisee hereby confirms that it has received all of the contents of its Establishment Package as specified in Exhibit "A" to the Franchise Agreement in good working order. .

_____ _____
(Franchisee) (Date)

_____ _____
(Franchisor) (Date)

EXHIBIT C TO THE

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE AGREEMENT

FRANCHISEE ENTITY INFORMATION SHEET

FRANCHISEE ENTITY INFORMATION SHEET

This form must be completed by the Franchisee if the franchised business is owned by a business organization (e.g. corporation, partnership or limited liability company) (the "**Franchisee Entity**"). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to the Franchisee.

1. Entity Name. The full name of the Franchisee Entity is: _____.

2. Form of Entity. The Franchisee Entity is a (check one):

General Partnership	☐
Corporation	☐
Limited Partnership	☐
Limited Liability Company	☐
Other	☐
Specify_____	

3. Formation and Owner Information. The Franchisee Entity was incorporated or formed on [insert date], under the laws of the state of _____. The following list includes all persons who have ownership rights in the Franchisee Entity, (e.g., officers, managers, partners, etc.) their respective addresses, and fully describes the percentage of each owner's interest. Attach additional sheets if necessary.

Name	Address	Ownership Interest (%)

4. Governing Documents. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the Franchisee Entity (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Principal Owners is current and complete as of _____, _____.

FRANCHISEE ENTITY

By:_____

Print Name:_____

Title:_____

EXHIBIT D TO THE

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE AGREEMENT

PRINCIPAL OWNER GUARANTY

PRINCIPAL OWNER GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to THE SPICE & TEA EXCHANGE FRANCHISING, LLC ("Franchisor") that you are either: (a) a principal owner (defined as a person with at least a twenty percent (20%) ownership interest in the franchisee business entity) of [**insert here the name of the franchisee entity**] ("Franchisee"); or (b) the spouse of a principal owner. In consideration of the grant by Franchisor to the Franchisee of a franchise pursuant to the franchise agreement to which this Personal Guaranty is attached (the "Franchise Agreement"), each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness to Franchisor or its affiliates of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement.

ARTICLE II
CONFIDENTIALITY

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information ("Confidential Information"). You will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, trade secrets, advertising strategies, price marketing mixes related to products and services offered by Stores, supplier networks and pricing arrangements with suppliers, sales promotion aids, business forms, merchandising procedures, accounting procedures, marketing reports, inventory systems, copyrighted materials, and other methods, techniques and know-how concerning the of operation of the Store which may be communicated to you or of which you may be apprised by virtue of your relationship with Franchisee and your role as a Guarantor of the Franchise Agreement. You also acknowledge and agree that certain information, including: (i) the System and the know how related to its use; (b) the Manual; (iii) plans, specifications, size and physical characteristics of Stores; (iv) site selection criteria, land use and zoning techniques and criteria; (v) design of equipment, furniture, forms, materials and supplies; (vi) training for Stores; (vii) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Stores; (viii) knowledge of specifications for certain Products and Supplies and suppliers of certain Products and Supplies; (ix) recipes, formulas, mixes, preparation methods and serving techniques; and (x) knowledge of operating results and financial performance of Stores other than those operated by you (or your affiliates) is considered Confidential Information.

ARTICLE III
COVENANTS AGAINST COMPETITION

Section 3.1 **During the Term of the Franchise Agreement**. During the term of the Franchise Agreement, neither your, nor your principals, officers, directors, nor any members of your family or the family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than the Store;

(b) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;

(c) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located; or

(d) on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, engage in or conduct any other business if you have any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under the Franchise Agreement to develop and operate your THE SPICE & TEA EXCHANGE® business or otherwise (other than Stores operated under franchise agreements with us), unless your THE SPICE & TEA EXCHANGE® business is managed by an individual that has satisfactorily completed our training programs.

The words "**Competitive Business**" mean any business or facility owning, operating or managing or granting franchises or licenses to others to do so, any store or facility that features tea, spice, spice blends, herbs, rubs, olive oils, honeys, candles, and related products and accessories that are the same or similar to the products and services offered by Stores (other than a Store under a franchise agreement with us). A Competitive Business also includes any business acting as an franchise broker, business broker, franchise seller, or the like for any business franchising or licensing Competitive Businesses other than us.

Section 3.2 **After the Term of the Franchise Agreement**. Upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired a Successor Franchise), you and your owners agree that for a period of two (2) years commencing on the effective date of termination or expiration neither you nor any of your owners will:

(a) have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating at the Site, within thirty (30) miles of the Site, or within thirty (30) miles of any other Store or Market Area in operation or under construction on the later of the effective date of the termination or expiration; or

(b) solicit the Store's customers or contact any of our suppliers or vendors for any competitive business purpose.

Section 3.3 **Intent and Enforcement**. It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III will be tolled during any default under this Guaranty.

ARTICLE IV
DISPUTE RESOLUTION

Section 4.1 **Acknowledgment**. You acknowledge that this Guaranty is not a Franchise Agreement and does not confer upon you any rights to use the Franchisor' proprietary marks or its system.

Section 4.2 **Governing Law**. This Guaranty will be deemed to have been made in and governed by the laws of the state of Florida (without reference to its conflict of laws principals).

Section 4.3 **Internal Dispute Resolution**. You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first will survive the termination or expiration of this Agreement.

Section 4.4 **Mediation**. At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Personal Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements must be submitted first to non-binding mediation, in Pinellas County, Florida, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor.

Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and the parties will share the cost of mediator. This agreement to mediate at our option will survive the termination or expiration of the Franchise Agreement. There will be no class action mediation.

a) The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 4 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(1) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

(2) Any claims arising out of or pertaining to any warranty issue;

(3) Any of the restrictive covenants contained in this agreement; or

(4) Any claims to collect past due amounts owed to Franchisor or its affiliates.

Section 4.5 Third Party Beneficiaries. Franchisor' officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

Section 4.6 Injunctive Relief. Nothing contained in this Guaranty will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.

Section 4.7 Jurisdiction and Venue. With respect to any proceeding not subject to mediation, the parties expressly agree submit to the jurisdiction and venue of any court of general jurisdiction in Pinellas County, Florida and the jurisdiction and venue of the United States District Court for the Middle District of Florida. The parties agree that all proceedings will be conducted on an individual, not a class-wide basis, and that any proceeding between you, your guarantors, and Franchisor or its affiliates or employees may not be consolidated with any other proceeding between Franchisor and any other person or entity.

Section 4.8 Jury Trial Waiver. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH

ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.

Section 4.9 **Waiver of Punitive Damages**. You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery will be limited to actual damages. If any other term of this Personal Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

Section 4.10 **Limitation on Action**. You agree that no cause of action arising out of or under this Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense or set-off.

Section 4.11 **Attorneys' Fees**. If either party institutes any mediation action or judicial proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Guaranty and the Franchise Agreement, and Franchisor prevails in such action, you will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

Section 4.12 **Nonwaiver**. Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Franchise Agreement will not be a waiver of Franchisor' right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor' rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty will be cumulative. Franchisor' election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

Section 4.13 **Severability**. The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty will be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

Section 4.14 **Construction of Language**. Any term defined in the Franchise Agreement

which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

Section 4.15 **Successors**. References to "Franchisor" or "the undersigned," or "you" include the respective parties' successors, assigns or transferees.

Section 4.16 **No Personal Liability**. You agree that fulfillment of any and all of Franchisor's obligations written in this Guaranty or in the Franchise Agreement or based on any oral communications which may be ruled to be binding in a Court of Law will be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company will be personally liable to Franchisee or you for any reason.

PERSONAL GUARANTORS	**SPOUSES**
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

EXHIBIT E TO THE

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDA

RIDER TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

FOR USE IN ILLINOIS

This Rider is entered into this _____, 20___ (the "**Effective Date**"), between **THE SPICE & TEA EXCHANGE FRANCHSING, LLC**, a Florida limited liability company, (referred to in this Agreement as "**Franchisor**," "**we**," "**us**" or "**our**"), and _____ _____(referred to in this Agreement as "**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").":

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreements. Terms not otherwise defined in this Rider have the meanings as defined in the Agreements.

2. **Termination**. The following is added to Section 16 of the Agreement and Section 6 of the Development Agreement:

> The conditions under which the Franchise Agreement and Development Agreement can be terminated and your rights upon non-renewal of the Franchise Agreement and Development Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act, 815 ILCS 705/19, 20 (West 2016).

3. **Governing Law and Jurisdiction**. Sections 20.1 and 20.4 of the Franchise Agreement and Sections 11 and 15 of the Development Agreement are amended by adding the following:

Illinois law governs the Franchise Agreement.

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

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

4. **Waiver of Jury Trial.** Section 20.11 of the Franchise Agreement is deleted in its entirety.

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.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

THE SPICE & TEA EXCHANGE FRANCHISING, LLC	**FRANCHISEE**
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

RIDER TO FRANCHISE AGREEMENT

FOR USE IN INDIANA

This Rider is entered into this _____, 20___ (the "**Effective Date**"), between **THE SPICE & TEA EXCHANGE FRANCHISING, LLC,** a Florida limited liability company (referred to in this Agreement as "**Franchisor**," "**we**," "**us**" or "**our**"), and _____ _____ (referred to in this Agreement as "**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. Notwithstanding the terms of Section 20.1 of the Franchise Agreement the Franchise Agreement will be governed by Indiana law, rather than Florida law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the franchise agreement, shall supersede the provisions of Article 16 of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. No release language set forth in the Franchise Agreement shall relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. Section 17.4 of the Franchise Agreement is revised to limit the geographical extent of the post-term covenant not to compete to Franchisee's Protected Area for all franchises sold in the State of Indiana.

5. Section 20.10 of the Franchise Agreement ("Waiver of Punitive Damages") is deleted from all Franchise Agreements used in the State of Indiana.

6. Notwithstanding the terms of Section 18.4 of the Franchise Agreement ("Indemnification"), Franchisee will not be required to indemnify Franchisor and the other Indemnitees for any liability caused by Franchisee's proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor's negligence.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

THE SPICE & TEA EXCHANGE FRANCHISING, LLC	**FRANCHISEE**
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

RIDER TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

FOR USE IN MARYLAND

THIS RIDER (the "**Rider**") is effective as of _____, 202__ (the "**Agreement Date**"), and amends the Franchise Agreement dated _____, 201__ (the "**Agreement**"), between **THE SPICE & TEA EXCHANGE FRANCHISING, LLC** ("**we**," "**us**," "**our**" or "**Franchisor**"), and _____ _____ ("**you**," "**your**" or "**Franchisee**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Fee Deferral.** Section 6 of the Franchise Agreement and Section 2 of the Development Agreement are hereby amended by adding the following language:

> Due to our financial condition, the Maryland Attorney General's Office requires that the payment of initial fees be deferred until such time as the franchisor completes its pre-opening obligations under the Franchise Agreement and the franchise is open for business. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. **General Release**. Pursuant to COMAR 02.02.08.16L, a release required by the Agreement as a condition of renewal, sale and/or assignment / transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law (the "**Maryland Law**").

4. **Limitation of Claims**. Any claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise to you.

5. **Compliance Certification**. All representations requiring prospective franchisees to assent a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. **Jurisdiction**. You may bring a lawsuit against us in Maryland for any claims arising under the Maryland Law.

7. **No Waiver**. Nothing in this Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Law.

8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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.

9. **Representations and Acknowledgments.** Sections 1.2(a-g), 1.3(d), 1.4, 1.4(a-c), 23.1, and 23.2 are hereby removed from the Franchise Agreement.

10. **Effective Date**. This Rider is effective on the Agreement Date regardless of the actual date of signature. Intending to be bound, the parties sign and deliver this Rider to each other as shown below:

THE SPICE & TEA EXCHANGE FRANCHISING, LLC	**FRANCHISEE**
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

RIDER TO FRANCHISE AGREEMENT

FOR USE IN MINNESOTA

THIS RIDER (the "**Rider**") is effective as of _____, 201__ (the "**Agreement Date**"), and amends the Franchise Agreement dated _____, 201__ (the "**Agreement**"), between **THE SPICE & TEA EXCHANGE FRANCHISING, LLC**, a Florida limited liability company ("**we**," "**us**," "**our**" or "**Franchisor**") and _____ _____("**you**," "**your**" or "**Franchisee**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Limitation of Claims**. Section 20.9 of the Agreement is deleted in its entirety.

3. **Termination**. Section 16 of the Agreement is amended to add the following:

With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, subds. 3, 4, and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

4. **Jurisdiction**. The following is added to Section 20.4:

Minn. Stat. Sec. 80C.,21 and Minn. Rules 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. **Waiver of Jury Trial**. Section 20.11 is deleted in its entirety.

6. **Additional Provision**. The following language is added to the Franchise Agreement:

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

7. The following language is added as the first sentence to Section 8.5 of the Franchise Agreement ("Proprietary Marks and Copyright Indemnification"):

During the Term of this Agreement, we will protect your right to use the Proprietary Marks as long as you are using the Proprietary Marks in accordance with our System Standards and in compliance with this Agreement.

8. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22. The Franchise Agreement contains provisions requiring a general release as a condition of renewal or transfer of a franchise. Such release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgement by you in the Franchise Agreement is intended to or shall act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

9. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J. Also, a court will determine if a bond is required.

10. Any limitations of claims sections must comply with Minnesota Statutes, Section 80.17, Subdivision 5.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

THE SPICE & TEA EXCHANGE FRANCHISING, LLC	**FRANCHISEE**
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

RIDER TO FRANCHISE AGREEMENT

FOR USE IN NEW YORK

THIS RIDER (the "**Rider**") is effective as of _____, 201__ (the "**Agreement Date**"), and amends the Franchise Agreement dated _____, 201__ (the "**Agreement**"), between **THE SPICE & TEA EXCHANGE FRANCHISING, LLC**, a Florida limited liability company ("**we**," "**us**," "**our**" or "**Franchisor**") and _____ _____("**you**," "**your**" or "**Franchisee**").

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of New York:

1. The following language is added immediately following any provision that requires that Franchisee execute a General Release:

   "Provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this proviso that the non-waiver provisions of GBL, Section 687.4 and 687.5 be satisfied."

THE SPICE & TEA EXCHANGE FRANCHISING, LLC	**FRANCHISEE**
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

RIDER TO FRANCHISE AGREEMENT

FOR USE IN RHODE ISLAND

THIS RIDER (the "**Rider**") is effective as of _____, 20___ (the "**Agreement Date**"), and amends the Franchise Agreement dated _____, 20____ (the "**Agreement**"), THE SPICE & TEA EXCHANGE FRANCHISING, LLC**,** a Florida limited liability company ("**we**," "**us**," "**our**" or "**Franchisor**") and _____ _____ ("**you**," "**your**" or "**Franchisee**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Governing Law.** Any provision in the Franchise Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted from Franchise Agreements issued in the State of Rhode Island.

3. **Jurisdiction and Venue.** §19-28.1.-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

THE SPICE & TEA EXCHANGE FRANCHISING, LLC	**FRANCHISEE**
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

RIDER TO FRANCHISE AGREEMENT

FOR USE IN WASHINGTON

THIS RIDER (the "**Rider**") is effective as of _____, 20___ (the "**Agreement Date**"), and amends the Franchise Agreement dated _____, 20____ (the "**Agreement**"), THE SPICE & TEA EXCHANGE FRANCHISING, LLC**,** a Florida limited liability company ("**we**," "**us**," "**our**" or "**Franchisor**") and _____ _____ ("**you**," "**your**" or "**Franchisee**").

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.

Exhibit J~~Question 8 of the Franchise~~

The Compliance Questionnaire ~~(Exhibit J)~~ is ~~removed.~~hereby amended to state that it does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Exhibit H

Exhibit H is hereby amended to state that it does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

The undersigned does hereby acknowledge receipt of this addendum.

THE SPICE & TEA EXCHANGE FRANCHISING, LLC	**FRANCHISEE**
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT F TO THE

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") hereby assigns and transfers to The Spice & Tea Exchange Franchising, LLC ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under the lease, attached hereto as Exhibit 1 (the "Lease") respecting premises commonly known as _____("Store Site").

This Assignment is for collateral purposes only and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless: (i) Assignee provides express, written notice to both Assignor and the landlord of the Premises under the Lease that Assignee is assuming all of Assignor's rights, title and interest under the Lease pursuant to this assignment; and (ii) Assignee takes possession of the Premises demised by the Lease pursuant to the terms hereof, and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the Store Site demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Store between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Agreement, Assignee has the right and is hereby empowered to take possession of the Store Site, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing.

If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

Dated:_____ _____

_____

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee has the right to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Agrees that Franchisor will have the option, but not the obligation, to assume or renew the lease and the occupancy of the business Premises, including the right to sublease to another Franchisee, for all or any part of the remaining term of the lease, upon Franchisee's default or termination hereunder or upon Franchisee's default or termination or expiration of the Franchise Agreement, and in connection with said assumption Franchisor will not be obligated to pay to the landlord past due rent, common area maintenance, and other charges attributable to more than one (1) month. The landlord shall give Franchisor thirty (30) days, upon termination of Franchisee's rights under the lease, to exercise this option;

(d) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the Store Site in accordance with paragraph (c) above and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor must recognize Assignee as tenant under the Lease; and

(e) Agrees that the lease may not be materially amended, assigned, or sublet without Franchisor's prior written approval.

LESSOR: _____

By: _____

Title: _____

Exhibit 1 to the Collateral Assignment of Lease

Lease

EXHIBIT G TO THE

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND ~~LISTINGS~~DOMAIN NAMES

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND ~~LISTINGS~~DOMAIN NAMES

The undersigned _____, doing business at Site ("Assignor"), in exchange for valuable consideration provided by The Spice & Tea Exchange Franchising, LLC ("Assignee"), the receipt of which is hereby acknowledged hereby:

1. Conditionally assigns to Assignee all current and future telephone numbers, cell phone numbers, ~~fax numbers,~~ and all ~~listings including, but not limited to telephone book, Google, Yahoo, Craigslist and other~~domain names and online listings utilized by Assignor in the operation of its Store at Assignor's above-referenced address.

2. This conditional agreement will become effective automatically upon termination, transfer, expiration, or nonrenewal of Assignor's franchise agreement for any reason.

3. Assignor agrees to pay the telephone company on or before the effective date of assignment all amounts owed for the use of the telephone number(s) and listings. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company and/or listings providers to effectuate this agreement, and agrees to fully cooperate with the telephone company or listing provider and Assignee in effectuating this assignment.

4. Assignor hereby appoints Assignee as its attorney-in-fact to execute and file any such documentation and to do all other lawful acts as are necessary to effectuate the forgoing.

ASSIGNOR:

By: _____ Date: _____

Title:_____

ASSIGNEE:

The Spice & Tea Exchange Franchising, LLC

By: _____ Date: _____

Title: _____

EXHIBIT H TO THE

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

(for all employees of the franchisee)

In consideration of my being a [**insert here position of employee**] of [**insert here name of franchisee entity**] (the "Franchisee"), and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right and franchise from The Spice & Tea Exchange Franchising, LLC (the "Company") to establish and operate a The Spice & Tea Exchange® Store (the "Store") and the right to use in the operation of the Store the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Stores (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____ (the "Store Premises").

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes (i) the System and the know how related to its use; (b) the Manual; (iii) plans, specifications, size and physical characteristics of Stores; (iv) site selection criteria, land use and zoning techniques and criteria; (v) design of equipment, furniture, forms, materials and supplies; (vi) training for Stores; (vii) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Stores; (viii) knowledge of specifications for certain Products and Supplies and suppliers of certain Products and Supplies; (ix) recipes, formulas, mixes, preparation methods and serving techniques; and (x) knowledge of operating results and financial performance of Stores other than those operated by you (or your affiliates) (the "Confidential Information").

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential will be deemed to be Confidential Information for purposes of this Agreement.

3. In my position with Franchisee, the Company and/or Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Company's Manuals for system franchisees (the "Manuals") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Store during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position.

6. Except as otherwise approved in writing by the Company, I will not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company: (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than the Store; (b) have any direct or indirect

controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located; (c) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located; or (d) on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, engage in or conduct any other business if you have any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under the Franchise Agreement to develop and operate your THE SPICE & TEA EXCHANGE® business or otherwise (other than Stores operated under franchise agreements with us), unless your THE SPICE & TEA EXCHANGE® business is managed by an individual that has satisfactorily completed our training programs. The words "**Competitive Business**" mean any business or facility owning, operating or managing or granting franchises or licenses to others to do so, any store or facility that features tea, spice, spice blends, herbs, rubs, olive oils, honeys, candles, and related products and accessories that are the same or similar to the Products and Services offered by Stores (other than a Store under a franchise agreement with us). A Competitive Business also includes any business acting as an franchise broker, business broker, franchise seller, or the like for any business franchising or licensing Competitive Businesses other than us.

7. Except as otherwise approved in writing by the Company, I will not, for a period of two (2) years after my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company: (i) have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating (a) at the Site, (b) within 30 miles of the Site, or (c) within 30 miles of any other Store or Market Area in operation or under construction on the later of the effective date of the termination or expiration; or (ii) solicit the Store's customers or contact any of the Company's suppliers or vendors for any competitive business purpose.

8. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company will have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement will be construed under the laws of the State of Florida (without reference to its conflict of laws principals). The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: _____

Name: _____

Address: _____

Title: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

EXHIBIT I TO THE

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

EXHIBIT I TO THE FRANCHISE AGREEMENT

EFT AUTHORIZATION FORM

Bank Name: _____

ABA# : _____

Acct. No.: _____

Acct. Name: _____

Effective as of the date of the signature below, **[Franchisee Name]** (the "Franchisee") hereby authorizes The Spice & Tea Exchange Franchising, LLC (the "Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Company or its affiliates under the franchise agreement dated _____(the "Franchise Agreement") for the franchised business located at Site (the "Franchised Business"): (i) all Royalty Fees; (ii) System Development Fees; (iii) Subscription and Support Fees; (iv) any amounts due and owing the Company or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Company or its affiliates; and (v) all other fees and amounts due and owing to Company or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Company (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. **[Franchisee Name]** ~~shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.~~

AGREED:

FRANCHISEE

[INSERT FRANCHISEE NAME]

By: _____

Name (Print): _____

Its: _____

FRANCHISOR APPROVAL

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

By: _____
Amy Parnell Freeman, ~~President~~CEO

~~**Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.**~~

EXHIBIT J

FRANCHISE QUESTIONNAIRE

NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES : CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE):

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE SHALL NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. I had my first face-to-face meeting with your representative on: _____.

2. Have you received and personally reviewed our Franchise Agreement or Area Development Agreement and any attachments to it?

   Yes _____ No _____

3. Do you understand all of the information contained in our Franchise Agreement and/or Area Development Agreement (hereinafter, each the Franchise Agreement) and any attachments provided to you?

   Yes _____ No _____

   If no, what parts of the Franchise Agreement and any attachments do you not understand?

   (Attach additional pages, if necessary.)

   _____
   _____
   _____

4. Have you received and personally reviewed our Franchise Disclosure Document ("Disclosure Document")?

   Yes _____ No _____

5. Did you sign a receipt for the Disclosure Document indicating the date you received it?

   Yes _____ No _____

6. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If so, what parts of the Disclosure Document and/or Addendum to you not understand? (Attach additional pages if necessary.)

_____

_____

_____

7. Have you discussed the benefits and risks of purchasing a THE SPICE & TEA EXCHANGE® franchise with an attorney, accountant or other professional advisor?

Yes _____ No _____

If not, do you wish to have more time to do so?

Yes _____ No _____

8. Do you understand that the success or failure of your THE SPICE & TEA EXCHANGE® franchise will depend in large part upon your skills and abilities, competition from other Stores and other economic and business factors?

Yes _____ No _____

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a THE SPICE & TEA EXCHANGE® franchise?

Yes _____ No _____

10. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a THE SPICE & TEA EXCHANGE® franchise?

Yes _____ No _____

11. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a THE SPICE & TEA EXCHANGE® franchise?

Yes _____ No _____

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the amount of mark-ups/profits that we, our affiliates, or approved suppliers may charge you on the sale of business materials, operating assets, supplies, and inventory that we or they sell to you.

Yes _____ No _____

13. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we

will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

14. Have you paid any money to us concerning the purchase of your THE SPICE & TEA EXCHANGE® franchise prior to today?

Yes _____ No _____

15. Do you understand the difference between a full-service THE SPICE & TEA EXCHANGE® franchise which you are acquiring and the other facilities which we now have or may develop in the future, and understand that you do not have any rights in and to these facilities?

Yes _____ No _____

16. If you have answered "Yes" to any one of questions 9-14 or "No" to questions 15, please provide a full explanation of each "Yes" or "No" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

_____

_____

_____

17. I signed the Franchise Agreement and Addendum (if any) on _____, _____, and acknowledge that no Agreement or Addendum is effective until signed and dated by us.

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Compliance Certification, you are representing that you have responded truthfully to the above questions.

FRANCHISEE APPLICANT:

_____

EXHIBIT D

TO THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

FORM OF DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") entered into this ~~_____ day of _____, 20__~~ _____ (the "Effective Date"), between: (i) The Spice & Tea Franchising, LLC, a Florida limited liability company with its principal business address at 210 Marshall Circle, St. Augustine, FL 32086 (the "Franchisor"); and (ii) _____, a _____ with an address at _____ (the "Developer").

BACKGROUND

A. Franchisor and its affiliates, through the expenditure of considerable time and effort, have developed a distinctive system (the "**System**") for the development and operation of stores (the "**Stores**") that sell a wide variety of herbs, spices, blends, rubs, olive oil, teas and related products and accessories Franchisor designates or approves (the "**Products and Services**"), in a distinctive and innovative environment. Stores operate under the standards of the System, which include distinctive business formats, methods, procedures, designs, layouts, signs, product and service requirements, standards, specifications, all of which we may improve, further develop or otherwise modified from time-to-time.

B. Franchisor's System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operating procedures of a Store, site-selection guidance and criteria, specifications for the design, layout and construction of the interior of Stores, standards and specifications for the furniture, fixtures and equipment located within a Store, established relationships with approved or designated suppliers for certain inventory and other supplies necessary to prepare the Products and Services, as well as standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Store. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion.

C. The System and Stores are identified by the mark THE SPICE & TEA EXCHANGE®, as well as certain other trade names, trademarks, service marks and trade dress, all of which Franchisor owns or has obtained a license to use and license others to use in connection with the System (collectively, the "Proprietary Marks"). Franchisor has established substantial goodwill and business value in its Proprietary Marks and System.

D. Franchisor grants qualified third parties the right to develop three (3) Stores within a defined geographical area (the "Development Area") in accordance with a mandatory development schedule that must be strictly adhered to, with each Store within the Development Area being opened and operating utilizing the Proprietary Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor's then-current franchise agreement (each, a "Franchise Agreement").

E. Developer recognizes the benefits from receiving the right to operate a Store and desires to: (i) become a multi-unit Store operator subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to open and operate three (3) Stores within a Development Area set forth in this Agreement below and Franchisor has approved such application in reliance on Developer's representations made therein.

G. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor's operations manual and other System standards and specifications are essential to the operation of all Stores and our System as a whole.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. **Development Area.** Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish three (3Stores within the Development Area described in the data sheet attached hereto as Exhibit "A" (the "Data Sheet"), provided Developer opens and commences operations of such Stores in strict accordance with the mandatory development schedule also set forth in the Data Sheet (the "Development Schedule").

2. **Development Fee.** Developer agrees to pay Franchisor the development fee set forth in the Data Sheet immediately upon execution of this Agreement. The Development Fee will be $90,000 total for three (3) Stores. The parties agree and acknowledge that, upon payment of the Development Fee required by this Section: (i) Developer will not be required to pay Franchisor an additional "Franchise Fee" pursuant to any Franchise Agreement that Developer enters into to fulfill its development obligations under this Agreement within the Development Area; and (ii) the Development Fee will be deemed fully earned by Franchisor and not refundable under any circumstances.

3. **Initial Franchise Agreement.** Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor's current form of Franchise Agreement for the first Store that Developer is required to open within the Development Area. In the event Developer is a business entity of any kind, then Developer's principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 5 of this Agreement.

4. **Additional Franchise Agreements.** Developer agrees and acknowledges that it must: (i) enter into Franchisor's then-current form of Franchise Agreement for each additional Store that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements at such times that are required for Developer to timely meet, and strictly adhere to, its obligations under the Development Schedule.

5. **Development Obligations.** Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the required number of new Stores during ~~each 12-month~~the time period ~~from the Effective Date of this Agreement~~ set forth in the Development Schedule described in the Data Sheet (each, a "Development Period"); and (ii) has ~~a~~the cumulative total number of ~~three (3)~~ Stores designated in the Development Schedule that are open and operating at the expiration of each Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations and that Developer's failure to comply with the Development Schedule is grounds for immediate termination of this Agreement (and any future development rights granted hereunder).

6. **Term and Termination.**

6.1 This Agreement will commence as of the date it is fully executed and, unless earlier terminated by Franchisor, will end on the last day of the calendar month that the final Store is required to be opened and operating under the Development Schedule. Upon expiration or termination of this Agreement for any reason, Developer will not have any rights within the Development Area other than the rights granted in connection with any Store that Developer has opened and commenced operating as of the date this Agreement is terminated or expires.

6.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights

granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an intent by Developer to discontinue development of the Stores within the Development Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Franchisee, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit or creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations under the Development Schedule for any one Development Period, and fails to cure such default within thirty (30) days of receiving notice thereof; and (iv) if any Franchise Agreement that is entered into in order to fulfill Developer's development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

7. **Reservation of Rights.** Except as provided in Section 1 of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

8. **Sale or Assignment.** Developer's rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

9. **Acknowledgment.** Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor's Marks or System.

10. **Notices.** All notices, requests and reports to be given under this Agreement are to be in writing and delivered by either hand, overnight mail, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

11. **Choice of Law.** This Agreement will be governed by the laws of Florida (without reference to its conflict of laws principals).

12. **Internal Dispute Resolution.** Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor's President, after providing Franchisor with notice of and a reasonable opportunity to cure and alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

13. **Mediation.** At Franchisor's option, all claims or disputes between Franchisor and Developer or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Developer or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 12 above, must be submitted first to mediation, in Palm Harbor, Florida, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or

its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

14. **Injunctive Relief.** Nothing contained in this Agreement herein will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation proceeding conducted hereunder.

15. **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to the jurisdiction and venue of any state court of general jurisdiction in or closest to Palm Harbor, Florida, and the jurisdiction and venue of the United States District Court for the Middle District of Florida Developer acknowledges that this Agreement has been entered into in the Florida and that Developer will receive valuable and continuing services emanating from Franchisor's headquarters in Palm Harbor, Florida. In recognition of such services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of the Florida set forth above.

16. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.

17. **Jury Trial Waiver.** With respect to any proceeding not subject to mediation, the parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver will apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or Developer's purchase from Franchisor of the development rights described herein.

18. **Waiver of Punitive Damages.** Developer waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

19. **Attorneys' Fees.** If either party institutes any judicial or mediation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, Developer will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

20. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a

waiver or preclude exercise of any other remedy.

21. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning that renders it valid and enforceable. The provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

22. **Construction of Language.** The language of this Agreement will be construed according to its fair meaning and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

23. **Successors**. References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 8 of this Agreement.

24. **Additional Documentation.** You must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer's attorney-in-fact to execute any and all documents on Developer's behalf, as reasonably necessary to effectuate the transactions contemplated herein.

25. **No Right to Offset.** Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

26. **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which Developer's initial Store is located, then the valid law or regulation of that state applicable to the franchised business will supersede any provision of this Agreement that is less favorable to Developer.

27. **Entire Agreement**. This Agreement contains the entire agreement between the parties concerning Developer's development rights within the Development Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

DEVELOPER

_____
(Individual, Partnership or Corporation Name)

By:_____

Title: _____

~~By: _____~~

~~Title: _____~~

THE SPICE & TEA EXCHANGE FRANCHISING, LLC

By: _____
Amy Parnell~~, President of Franchising~~ Freeman, CEO

EXHIBIT A to DEVELOPMENT AGREEMENT

DATA SHEET

1. **Development Area.** The Development Area, as referred to in Section 1 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

_____
_____
_____

2. **Development Fee.** Immediately upon execution of this Agreement, Developer must pay Franchisor the Development Fee amounting to $90,000, which will be deemed fully earned and non-refundable upon execution of the Development Agreement.

3. **Development Schedule.** The Development Schedule referred to in Section 1 of the Development Agreement is as follows:

Development Period	Expiration Date	Number of New Stores Developer Must Open in Development Area	Cumulative Number of Stores Developer Must Have Open Within Development Area
First	12 Months from Effective Date	~~[Fill In]~~One	~~[Fill In]~~One
Second	~~24~~12 Months from ~~Effective~~Opening Date of First Store	~~[Fill In]~~One	~~[Fill In]~~Two
Third	~~36~~24 Months from ~~Effective~~Opening Date of First Store	~~[Fill In]~~One	~~[Fill In]~~Three

APPROVED AND AGREED TO BY:

FRANCHISOR	**DEVELOPER**
THE SPICE & TEA EXCHANGE FRANCHISING, LLC	**[INSERT NAME]**
By: _____	By: _____
Amy Parnell~~, President of Franchising~~ Freeman, CEO	[Authorized Officer], [Title]

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EXHIBIT E

TO THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT F

TO THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

California Department of Financial Protection & Innovation
TOLL FREE 1-(866) 275-2677

LA Office
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento Office
2101 Arena Boulevard
Sacramento, ~~CA95834~~CA 95834
(866) 275-2677

San Diego Office
1455 Frazee Road, Suite 315
San Diego, CA 92108
(619) 525-4233

San Francisco Office
One Sansome St., #600
San Francisco, CA 94104
(415) 972-8559

Florida Department of Agricultural
and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(904) 922-2770

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-11
Indianapolis, IN 46204
(317) 232-6681

Kentucky Office of the Attorney General
Consumer Protection Division
P.O. Box 2000
Frankford, KY 40602
(502) 573-2200

Maryland Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

Michigan Department of the Attorney General
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

Minnesota Department of Commerce
85 7th Place East, Suite ~~500~~280
St. Paul, MN 55101~~-2198~~
(651) ~~296-6328~~539-1600

Nebraska Department of Banking and Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509-5006
(402) 471-3445

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236

North Dakota Securities Department
State Capital, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

Oregon Department of Consumer

and Business Services
Division of Finance and Corporate
Securities labor and Industries
350 Winter Street, NE, Room 410
Salem, OR 97310-3881
(503) 378-4140
Rhode Island Division of Securities
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02920
(401) 462-9588

South Dakota Department of Labor and Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-4823

Statutory Document Section
Texas Secretary of State
P.O. Box 12887
Austin, TX 78711
(512) 475-1769

State of Utah
Division of Consumer Protection
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

State of Washington
Director, Department of Financial Institutions
Securities Division
150 Israel Road, SW
Olympia, WA 98501
(360) 902-8760

Wisconsin Commissioner of Securities
201 W Washington Ave, 3rd Floor
Madison, WI 53703
(608) 266-8550

AGENTS FOR SERVICE OF PROCESS

Amy Parnell Freeman
The Spice & Tea Exchange Franchising, LLC
210 Marshall Circle
St. Augustine, FL 32086

California Department of Financial Protection & Innovation
Commissioner of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

One Sansome St., #600
San Francisco, California 94104

~~1515 K Street., Suite 200~~
2101 Arena Blvd.
Sacramento, CA ~~9581495~~834

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, IN 46204

Maryland Securities Commissioner
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020

Michigan Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
P.O. Box 30054, 6546 Mercantile Way
Lansing, MI 48909

Minnesota Department of Commerce
85 7th Place East, Suite ~~500~~280
St. Paul, MN 55101~~-2198~~

New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231
(518) 473-2492

North Dakota Securities Department
North Dakota Securities Commissioner
600 E. Boulevard Avenue
State Capitol – 5th Floor
Bismarck, ND 58505-0510

Director of Department of Business Regulations
Rhode Island Division of Securities
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02920

Department of Labor and Regulation
Division of Securities
124 South Euclid, Suite 104
Pierre, SD 57501

Clerk of the State Corporation Commission
Tyler Building, 1st Floor
1300 East Main Street
Richmond, VA 23219

Director, Department of Financial Institutions
Securities Division
150 Israel Road, Southwest
Olympia, WA 98501

Wisconsin Commissioner of Securities
201 W Washington Ave, 3rd Floor
Madison, WI 53703
(608) 261-9555

EXHIBIT G

TO THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

ADDENDUM TO THE SPICE & TEA EXCHANGE FRANCHISING, LLC CALIFORNIA DISCLOSURE DOCUMENT

The following paragraphs are added to the Disclosure Document:

OUR WEBSITE (www.spiceandtea.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATOIN. 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

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.

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

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

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

Post-Termination Non-competition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Florida with certain exceptions. These provisions may not be enforceable under California law.

Venue. The Franchise Agreement requires venue to be limited to Florida. This provision may not be enforceable under California law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Releases. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids

a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Material Modifications. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Business Oversight before we ask you to consider a material modification of your franchise agreement.

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

The following paragraph is added at the end of Item 19 of the Franchise Disclosure Document pursuant to the regulations promulgated under the California Franchise Investment Law:

The financial performance figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

Section 20.10 of the Franchise Agreement and Section 18 of the Area Development Agreement requires a waiver of punitive damages. Under California Corporations Code section 31512, these provisions are unenforceable in California for any claims you may have under the California Franchise Investment Law.

The franchise agreement contains a provision requiring you to agree to shorten the statute of limitations to bring claims against the franchisor. Under California Corporations Code section 31512, this provision is not enforceable in California for any claims you may have under the California Franchise Investment Law.

Sections 1.2, 1.3(d), 1.4 and 23 of the Franchise Agreement are deleted in their entirety. These provisions may not be enforceable under California Law.

The Franchisor will not require you to execute the Franchise Compliance Questionnaire that is attached as Exhibit J to the Franchise Disclosure Document. If you do execute the Franchise Compliance Questionnaire, we will disregard it and not rely on it.

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 registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

ADDENDUM TO THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT FOR THE STATE OF CALIFORNIA

The following language is hereby added to the Franchise Agreement and Development Agreement:

No ~~disclaimer~~statement, questionnaire, ~~clause,~~ or ~~statement~~acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall ~~be construed or interpreted as~~have the effect of (i) waiving any ~~claim of~~ claims under any applicable state franchise law, including fraud in the inducement, ~~whether common law~~ or ~~statutory, or as~~(ii) disclaiming reliance on ~~or the right to rely upon~~ any statement made ~~or information provided~~ by any franchisor, ~~broker~~franchise seller, or other person acting on behalf of the franchisor ~~that was a material inducement to a franchisee's investment.~~. This provision supersedes any other ~~or inconsistent~~ term of any document executed in connection with the franchise.

Intending to be bound, you and we sign and deliver this Addendum.

THE SPICE & TEA EXCHANGE FRANCHISING, LLC	**FRANCHISEE**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ILLINOIS ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

~~**Item 17(f) is modified to: include the following sentence:**~~

> ~~The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.~~

~~**Item 17(u), (v), and (w) are modified to: include the following**~~:

Illinois law governs the Franchise Agreement.

In ~~All matters coming under the Illinois Franchise Disclosure Act will be governed by the Illinois law. Any condition~~conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement ~~and/or the area development agreement~~ that designates ~~litigation,~~ jurisdiction ~~or~~and venue in a forum outside of the State of Illinois is void ~~as to any cause of action that otherwise is enforceable in Illinois, provided that the~~. However, a franchise agreement ~~and/or the area development~~ may provide for arbitration ~~in a forum~~to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

INDIANA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. Notwithstanding the terms of Section 20.1 of the Franchise Agreement and Section 11 of the Area Development Agreement, the Franchise Agreement and Area Development Agreement will be governed by Indiana law, rather than Florida law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the franchise agreement, shall supersede the provisions of Article 16 of the Franchise Agreement and Article 6 of the Area Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. No release language set forth in the Franchise Agreement or Area Development Agreement shall relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. Section 17.4 of the Franchise Agreement and Exhibit H to the Franchise Agreement (Confidentiality and Restrictive Covenant Agreement) are revised to limit the geographical extent of the post-term covenant not to compete to Franchisee's Protected Area for all franchises sold in the State of Indiana.

5. Section 20.10 of the Franchise Agreement and Section 18 of the Area Development Agreement ("**Waiver of Punitive Damages**") is deleted from all Franchise Agreements and Area Development Agreements used in the State of Indiana.

6. Notwithstanding the terms of Section 18.4 of the Franchise Agreement ("**Indemnification**"), Franchisee will not be required to indemnify Franchisor and the other Indemnitees for any liability caused by Franchisee's proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor's negligence.

ADDENDUM TO MARYLAND DISCLOSURE DOCUMENT

1. Item 5 is amended by adding the following language:

Due to our financial condition, the Maryland Attorney General's Office requires that the payment of initial fees be deferred until such time as the franchisor completes its pre-opening obligations under the Franchise Agreement and the franchise is open for business. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. The following language in added to the Franchise Disclosure Document:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (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.

~~2.~~3. Item 17 is amended by adding the following language after the table:

(a) You may sue in Maryland for claims arising under the Maryland Law. Any claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.

(b) The provision of the franchise agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

(c) Pursuant to COMAR 02.02.08.16L, the General Release required as a condition of renewal, sale and/or transfer does not apply to any liability under Maryland Law.

RIDER TO FRANCHISE COMPLIANCE CERTIFICATION
FOR USE IN MARYLAND

THIS RIDER (the "**Rider**") is effective as of _____, 20__ (the "**Agreement Date**"), and amends the Franchise Compliance Certification (the "**Certification**") dated _____, 20__

THE REPRESENTATIONS MADE IN THE CERTIFICATION ARE NOT INTENDED, NOR DO THEY, ACT AS A RELEASE, ESTOPPEL OR WAIVER OF ANY LIABILITY INCURRED UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

FRANCHISE APPLICANT

_____

_____

Dated: _____

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

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

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

ADDENDUM TO THE
SPICE & TEA EXCHANGE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR USE IN MINNESOTA

1. Item 13 is amended to add the following:

   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.12, Subd. 1(g) which requires us to indemnify you from any loss, costs or expenses arising out of any claims, suites or demands regarding your use of the Marks.

2. Item 17, summary column for (f) is amended to add the following:

   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, sbds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the franchise agreement and that consent to transfer of the franchise will not be unreasonably withheld.

3. Item 17, summary column for (m) is amended to add the following:

   Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

4. Item 17, summary columns for (v) and (w) are amended to add the following:

   Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22. The Franchise Agreement contains provisions requiring a general release as a condition of renewal or transfer of a franchise. Such release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgement by you in the Franchise Agreement is intended to or shall act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

6. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J. Also, a court will determine if a bond is required.

7. Any limitations of claims sections must comply with Minnesota Statutes, Section 80.17, Subdivision 5.

NORTH DAKOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case maybe, the corresponding disclosures in the main body of the text of the The Spice & Tea Exchanging Franchising, LLC Franchise Disclosure Document.

1. Item 17 is amended by the addition of the following language to the original language that appears therein;

(a) Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

(b) Any provision in the Franchise Agreement or Development Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

(c) Any provision in the Franchise Agreement or Development Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is hereby deleted.

(d) Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is hereby deleted.

(e) Any provision in the Franchise Agreement or Development Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any such provision is amended to provide that the site of arbitration or mediation be agreeable to all parties and may not be remote from the franchisee's place of business.

(f) Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

(g) Any provision in the Franchise Agreement or Development Agreement requiring that the Franchise Agreement or Development Agreement is to be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is hereby deleted.

(h) Any provision in the Franchise Agreement or Development Agreement requiring a franchisee to consent to termination or liquidated damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is

hereby deleted.

(i) Any provision in the Franchise Agreement or Development Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is hereby deleted.

(j) Any provision in the Franchise Agreement requiring a franchisee to consent to a limitation of claims within one year is unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any such provision shall be changed to provide that the statute of limitations of North Dakota will apply.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

   D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity

as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

RHODE ISLAND ADDENDUM TO THE DISCLOSURE DOCUMENT

In recognition of the requirements of the State of Rhode Island Franchise Investment Act (the "**Act**"), §19-28.1 et seq., the Franchise Disclosure Document submitted by The Spice & Tea Exchange Franchising, LLC, for use in the State of Rhode Island is amended as follows:

1. Item 17 u.- Dispute resolution by arbitration or mediation shall comply with §19-28.1-21 of the Act - Private civil actions - and be amended to read:

   (a) A person who violates any provision of this Act is liable to the franchisee for damages, costs, and attorneys and experts' fees. In the case of a violation of §§ 19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation.

   (b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.

2. Item 17 v. - Choice of forum and Item 17 w. - Choice of law shall comply with § 19-28.1-14 of the Act - Jurisdiction and venue - and be amended to read:

   A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.

SOUTH DAKOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

1. The summary statement of provision (q) of Item 17 is deleted in its entirety and the following substituted in its place:

   Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.

2. Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota Law. If any of the provisions in this Disclosure Document, the Franchise Agreement or the Area Development Agreement are inconsistent with this paragraph, the terms of this paragraph will prevail with regard to any franchise sold in South Dakota.

VIRGINIA ADDENDUM TO THE DISCLOSURE DOCUMENT

1. The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement do not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON ADDENDUM TO THE SPICE & TEA EXCHANGE FRANCHISING, LLCFRANCHISE WASHINGTON DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT, AND RELATED AGREEMENTS

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

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

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

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

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

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

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

~~Question 8 of the Franchise Compliance Questionnaire (Exhibit J) is removed.~~

~~Exhibit H is hereby amended to state that it does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.~~

~~Exhibit J to the Franchise Agreement (Compliance Questionnaire) is hereby amended to state that the Compliance Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100 and the rules adopted thereunder.~~

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

_____ _____

THE SPICE & TEA EXCHANGE FRANCHISING, LLC FRANCHISEE

WISCONSIN ADDENDUM TO THE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.

2. The following shall apply to Franchise Agreements and Area Development Agreements in the State of Wisconsin:

   (a) The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 shall apply to and govern the provisions of Franchise Agreements and Area Development Agreements issued in the State of Wisconsin.

   (b) That Act's requirement, including the requirements that, in certain circumstances, a franchisee receives ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the requirements of Article 16 of the Franchise Agreement and Article 9 of the Area Development Agreement to the extent they may be inconsistent with the Act's requirements.

RIDER TO STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND DEVELOPMENT AGREEMENT

FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN (EACH A "REGULATED STATE" AND COLLECTIVELY, THE "REGULATED STATES")

This Rider to State Addendum to the Franchise Disclosure Document and Franchise Agreement ("Rider") is entered into by and between (i) The Spice & Tea Franchising, LLC ("Franchisor"), and (ii) _____, a (individual/limited liability company/corporation) with an address at _____("Franchisee").

A. Concurrently with the execution of this Rider, Franchisor and Franchisee are entering into a franchise agreement (the "Franchise Agreement,") and development agreement (as applicable) ("Development Agreement"), pursuant to which Franchisee will acquire the right and undertake the obligation to own and operate a franchised business (the "Franchised Business") that may be located in, or subject to the regulations of, one of the Regulated States (the "Applicable Franchise Registration State").

B. Franchisor and Franchisee wish to amend the Franchise Agreement and Development Agreement (as applicable) as provided in this Rider.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Franchise Agreement and Development Agreement (as applicable) is hereby amended as follows:

1. **NASAA SOP Acknowledgment.** Franchisee and Franchisor hereby acknowledge that the Statement of Policy regarding the use of franchise questionnaires and acknowledgments issued by the North American Securities Administrators Association, Inc. ("NASAA"), which went into effect on January 1, 2023, provides that questionnaires and acknowledgments that are used as contractual disclaimers that release or waive a franchisee's rights under a state franchise law violate the anti-fraud and/or anti-waiver provisions of the statutes of the Regulated States. Accordingly, while the SOP remains in effect, or until such time as the regulations in the Regulated States are modified to adopt the restrictions on the use of acknowledgements and questionnaires as set forth in the SOP, for prospective franchisees that reside in or are looking to operate a Franchised Business in any Regulated State, the Franchise Agreement and Development Agreement (as applicable) will be amended to include the following provision:

> "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 and 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."

2. Except as provided in this Rider, the Franchise Agreement and Development Agreement (as applicable) remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

3. The following sections are removed from the Franchise Agreement: 23.1, 23.2, 23.3, and 23.4.

FRANCHISOR	**FRANCHISEE**
~~**GET LIT CONCEPTS**~~**THE SPICE & TEA EXCHANGE FRANCHISING, LLC**	~~_____~~ **[NAME]**
By: _____	By: _____
Name:_____	Name: _____
Title:_____	Title:_____
Date: _____	Date: _____

EXHIBIT H

TO THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

FORMS OF GENERAL RELEASE
(SUCCESSOR FRANCHISE, ASSIGNMENT AND TRANSFER)

RELEASE -- RENEWAL

THIS RELEASE is given by _____ and all of its predecessors, parent company, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their employees, owners, officers, directors, heirs, beneficiaries, executors and administrators (individually and collectively, "**Releasor**") to THE SPICE & TEA EXCHANGE FRANCHISING, LLC, and their predecessors, agents, affiliates, subsidiaries, parents, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (individually and collectively, "**Released Parties**").

Releasor is a party to that certain _____ Agreement dated effective _____ (the **"Prior Agreement"**). Releasor seeks to enter into a successor _____Agreement (the "**Successor Agreement**") pursuant to the terms for closing under the Prior Agreement. The Prior Agreement requires Releasor to provide this release to Released Parties as a condition to entering into the Successor Agreement. For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Releasor hereby agrees as follows:

1. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Releasor forever releases and discharges Released Parties from any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Releasor now has or ever had against Released Parties, including without limitation, anything arising out of that certain relationship under which Releasor was sold training, products or services to enable Releasor to operate or begin a business of operating a _____ **insert either Franchise or Area Development]** business, the business relationship between Released Parties and Releasor and any other relationships between Releasor and Released Parties; except Released Parties' obligations under the Successor Agreement dated effective _____ to which this release is an Exhibit. Subject to the foregoing, this Release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Releasor is not now aware; and (b) all claims Releasor has from anything which has happened up to now. This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

2. Releasor is bound by this Release. Releasor freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Releasor and Released parties acknowledge its receipt and sufficiency. The parties are executing this Release after independent investigation and without fraud, duress, or undue influence

3. For the purpose of implementing a full and complete release and discharge of all known and unknown claims, Releasor expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights which Releasor does not know or suspect to exist in Releasor's favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

4. Notwithstanding anything contained in this Release to the contrary, nothing contained in this Release is intended to disclaim or require Releasor to waive reliance on any representation that the Released Parties made in the Franchise Disclosure Document that Released Parties provided to Releasor; and provided further that all liabilities arising under Indiana Code Sec. 23-2-2.7 and/or the Maryland Franchise Registration and Disclosure Law are excluded from this release, and that all rights enjoyed by Releasor under said Franchise Agreement and any causes of action arising in his, her or its favor from the provisions

of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied. If Releasor is domiciled or has his or her principal place of business in the State of California, then Releasor hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

5. Releasor represents and warrants to Released Parties that Releasor has not assigned or transferred to any other person any claim or right Releasor had or now has relating to or against the Released Parties.

6. In this Release, each pronoun includes the singular and plural as the context may require.

7. This Release is governed by Florida law or [ ] _____law (if box checked].

This Release is effective _____ 20____ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned Releasor executes this Release:

_____
By:_____
Name: _____
Title:_____
Date:_____

~~STATE OF _____)~~
~~COUNTY OF _____)~~

~~The foregoing instrument was acknowledged before me this _____ day of _____, 20___, by _____, on behalf of _____ who is personally known to me or has produced _____ as identification.~~

_____
_____ ~~Signature of Notary~~
_____ ~~Printed Name of Notary~~_____
_____ ~~Notary Public, State of~~ _____

_____ ~~Serial Number of Notary~~_____

RELEASE -- ASSIGNMENT

THIS RELEASE is given by _____ and all of its predecessors, parent company, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their employees, owners, officers, directors, heirs, beneficiaries, executors and administrators (individually and collectively, "**Releasor**") to THE SPICE & TEA EXCHANGE FRANCHISING, LLC, and their predecessors, agents, affiliates, subsidiaries, parents, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (individually and collectively, "**Released Parties** ").

Releasor is a party to that certain _____ Agreement dated effective _____ (the "**Prior Agreement**"). Releasor seeks to, pursuant to the terms of the Prior Agreement; transfer its rights under the Prior Agreement to _____ ("**Transferee**"). As a result of such transaction (the "**Transfer**"), Releasor and Transferee will engage in a transaction that constitutes a "transfer" under the terms of the Prior Agreement. The Prior Agreement requires Franchisee to provide this release to Released Parties as a condition to entering into the Transfer. For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Releasor hereby agrees as follows:

1. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Releasor forever releases and discharges Released Parties from any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Releasor now has or ever had against Released Parties, including without limitation, anything arising out of that certain Prior Agreement, the relationship under which Releasor was sold training, products or services to enable it to operate or begin a business of operating a _____ **[insert either Franchise or Area Development]** business, the business relationship between Released Parties and Releasor and any other relationships between Releasor and Released Parties; except Released Parties' obligations under the to which this release is an Exhibit. This Release is intended by the parties' agreements effectuating the Transfer. Subject to the foregoing, this release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Releasor is not now aware; and (b) all claims Releasor has from anything which has happened up to now. This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

2. Releasor is bound by this Release. Releasor freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Releasor and Released parties acknowledge its receipt and sufficiency. The parties are executing this License after independent investigation and without fraud, duress, or undue influence.

3. For the purpose of implementing a full and complete release and discharge of all such known and unknown claims, Releasor expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights and claims except Released Parties', which Franchisee does not know or suspect to exist in Releasor's favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

4. Notwithstanding anything contained in this Release, nothing contained in this Release is intended to disclaim or require Releasor to waive reliance on any representation that the Released Parties made in the Franchise Disclosure Document that Released Parties provided to Releasor; and provided further that all liabilities arising under Indiana Code Sec. 23-2-2.7 and/or the Maryland Franchise Registration and

Disclosure Law are excluded from this release, and that all rights enjoyed by Releasor under said Franchise Agreement and any causes of action arising in his, her or its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied. If Releasor is domiciled or has his or her principal place of business in the State of California, then Releasor hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

5. Releasor represents and warrants to Released Parties that Releasor has not assigned or transferred to any other person any claim or right Releasor had or now has relating to or against the Released Parties.

6. In this Release, each pronoun includes the singular and plural as the context may require.

7. This Release is governed by Florida law or [ ] _____ law (if box checked].

This Release is effective _____ 20___ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned Releasor executes this Release:

_____
By:_____
Name: _____
Title:_____

~~STATE OF _____)~~
~~COUNTY OF _____)~~

~~The foregoing instrument was acknowledged before me this _____ day of _____, 20__, by _____, on behalf of _____ who is personally known to me or has produced _____ as identification.~~

_____
_____
_____
_____
_____

~~Signature of Notary~~
~~Printed Name of Notary~~
~~Notary Public, State of~~
~~Serial Number of Notary~~

EXHIBIT I

TO THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California	Not Registered~~Pending Registration~~
~~Florida~~	~~December 7, 2022~~
Hawaii	Pending Registration
Illinois	Pending Registration
Indiana	Pending Registration~~May 5, 2023~~
Maryland	Pending Registration
~~Michigan~~	~~May 31, 2022~~
Minnesota	Pending Registration
New York	Pending Registration
North Dakota	Pending Registration
Rhode Island	Pending Registration
South Dakota	Pending Registration
Virginia	Pending Registration
Washington	Pending Registration
Wisconsin	~~May 3, 2023~~Pending Registration

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J

TO THE SPICE & TEA EXCHANGE FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This disclosure document summarizes provisions of the Franchise Agreement and/or Development Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If THE SPICE & TEA EXCHANGE FRANCHISING, LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If THE SPICE & TEA EXCHANGE FRANCHISING, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and in the state agency listed on Exhibit "G."

The Franchisor is THE SPICE & TEA EXCHANGE FRANCHISING, LLC, located at 210 Marshall Circle, St. Augustine, FL 32086. Its telephone number is (727) 786-6644.

Issuance Date: April 15, 2024. THE SPICE & TEA EXCHANGE FRANCHISING, LLC authorizes the respective state agencies identified on Exhibit "G" to receive service of process for it in the particular state.

~~The Franchisor is THE SPICE & TEA EXCHANGE FRANCHISING, LLC, located at 210 Marshall Circle, St. Augustine, FL 32086. Its telephone number is (727) 786-6644.~~

~~Issuance Date: April 25, 2023.~~

~~THE SPICE & TEA EXCHANGE FRANCHISING, LLC authorizes the respective state agencies identified on Exhibit "G" to receive service of process for it in the particular state.~~

I received a disclosure document dated April ~~25, 2023~~15, 2024, that included the following Exhibits:

A - Financial Statements
B - Forms of Deposit Agreement (Unit Franchise and Area Developer)
C - Form of Franchise Agreement
D - Form of Development Agreement
E – Table of Contents of Manual
F - List of State Agencies and Agents for Service of Process
G - State Specific Addenda
H - Form of General Release ~~(Successor Franchise, Assignment/Transfer)~~
J – State Effective Dates
I – Receipts

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

_____

_____

Individual, Corporation or Limited Liability Company Information:

By: _____

Print Name: _____

Title: _____

Name of Entity: _____

Address: _____

Telephone Number: _____

Date: _____

KEEP THIS COPY FOR YOUR RECORDS.

RECEIPT

This disclosure document summarizes provisions of the Franchise Agreement and/or Development Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If THE SPICE & TEA EXCHANGE FRANCHISING, LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If THE SPICE & TEA EXCHANGE FRANCHISING, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and in the state agency listed on Exhibit "G."

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I – State Effective Dates
J – Receipts

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

_____

_____

Individual, Corporation or Limited Liability Company Information:

By: _____ Name of Entity: _____

Print Name: _____ Address: _____

Title: _____ Telephone Number: _____

Date: _____

PLEASE RETURN THIS COPY TO US: By mail to THE SPICE & TEA EXCHANGE FRANCHISING, LLC at 210 Marshall Circle, St. Augustine, FL 32086; by e-mail (PDF copy) to ~~a.freeman@spiceandtea.com~~franchising@spiceandtea.com; ~~or by fax at 1-727-786-2841,~~ Attn: ~~Amy Parnell~~Michael Lassen.