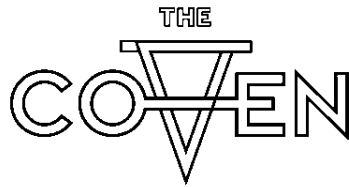


FRANCHISE DISCLOSURE DOCUMENT



The Coven Franchising, LLC
a Delaware limited liability company
165 Western Avenue North, Suite 8
St. Paul, MN 55102
(612) 259-7383
<https://www.thecoven.com>
franchise@thecoven.com

The Coven Franchising, LLC offers individual unit franchises for the development and operation of a The Coven™ business (each a “Community”) offering an inclusive network of co-working and private workspaces, and other related services and products.

The total investment necessary to begin operation of a The Coven™ business ranges from ~~\$198,400~~213,400 to ~~\$470,200~~465,200. This includes ~~\$62,550~~77,550 to \$92,600 that must be paid to us or our affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Amy Siegel at franchise@thecoven.com or (612) 259-7383.

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

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

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

Issuance Date: ~~December 11~~May 2, 2023~~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 or Exhibit F.
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 The Coven business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a The Coven franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Minnesota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.
2. **Financial Condition.** The Franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the Franchisor's financial ability to provide services and support to you.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that 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 franchised 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 or ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

* * * *

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, G. Mennen Williams Building, 525 W. Ottawa Street, P.O. Box 30212, Lansing, MI 48909; telephone (517) 335-7622.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES.....	1
2. BUSINESS EXPERIENCE.....	2
3. LITIGATION.....	3
4. BANKRUPTCY.....	3
5. INITIAL FEES.....	3
6. OTHER FEES.....	4
7. ESTIMATED INITIAL INVESTMENT.....	7
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	9 <u>10</u>
9. FRANCHISEE'S OBLIGATIONS.....	12 <u>13</u>
10. FINANCING.....	13
11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.....	13 <u>14</u>
12. TERRITORY.....	20
13. TRADEMARKS.....	21 <u>22</u>
14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	22 <u>23</u>
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	23 <u>24</u>
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	23 <u>24</u>
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	24 <u>25</u>
18. PUBLIC FIGURES.....	26 <u>27</u>
19. FINANCIAL PERFORMANCE REPRESENTATIONS.....	26 <u>27</u>
20. OUTLETS AND FRANCHISEE INFORMATION.....	33 <u>31</u>
21. FINANCIAL STATEMENTS.....	34 <u>33</u>
22. CONTRACTS.....	35 <u>33</u>
23. RECEIPTS.....	35 <u>33</u>

EXHIBITS

EXHIBIT A	Financial Statements
EXHIBIT B	Franchise Agreement (and exhibits)
EXHIBIT C	List of State Administrators; Agents for Service of Process
EXHIBIT D	State Addenda
EXHIBIT E	General Release Form
EXHIBIT F	List of Franchisees
EXHIBIT G	Disclosure Acknowledgment Agreement
EXHIBIT H	State Effective Dates and Receipt Pages

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we” means The Coven Franchising, LLC, the franchisor. “You” means the person who buys the franchise. If a corporation, partnership or limited liability company buys a franchise, “you” also may refer to the shareholders of the corporation, partners of the partnership or members of the limited liability company.

The Franchisor

We are a Delaware limited liability company formed on October 5, 2022. Our principal place of business is at 165 Western Avenue North, Suite 8, St. Paul, MN 55102 and our telephone number is (612) 259-7383. Our agents for service of process are disclosed in Exhibit C.

We grant franchises for the operation of The Coven™ Communities under the name “The Coven” offering an inclusive network of workspaces and other related services and products. We began offering franchises for The Coven™ Communities in October 2022. Although we have not directly operated the type of business you will operate, our affiliate currently operates The Coven™ Communities as described below. We have not offered franchises in any other line of business.

Our Predecessors, Parent, and Affiliates

Our predecessor and parent was originally formed as a Minnesota limited liability company on August 8, 2017, under the name The Coven LLC. On August 5, 2019, The Coven LLC converted from a Minnesota limited liability company to a Minnesota corporation, The Coven, Inc. The Coven, Inc. created the concept and began operating the first Community in October 2017. The Coven, Inc. currently operates two Communities in Minnesota.

Our parent or affiliate has not offered franchises in any line of business. Other than as described above, we have no affiliates, predecessors or parents required to be disclosed in this Item 1.

Franchise Offered

You will sign a “Franchise Agreement” to receive the right to own and operate a Community at a location to which we have consented, offering the “Products” and “Services” we approve, and using our formats, designs, methods, specifications, standards, operating and marketing procedures and the Marks (as defined in Item 13), including the Mark “The Coven” (collectively, the “System”).

Market and Competition

The Coven™ Communities offer an inclusive network of workspaces, including private and public workspaces, and other related services and products. The coworking space market continues to grow with hybrid work on the rise. Inclusive coworking is a relatively new concept, with the majority of coworking spaces catering to startups, tech giants, and men. There are very few coworking spaces open to all but centering women, non-binary, and trans folks, emphasizing the importance of belonging and diverse representation. Small private offices and small to mid-size team memberships are emerging in the market as organizations look to offload their large leases and offer a hybrid option for their employees.

Laws and Regulations

We are not aware of any laws or regulations applicable to a The Coven™ Community that would not apply generally to businesses. As a The Coven™ franchisee, you must ensure that you comply with all federal, state, county or local laws and regulations generally applicable to the coworking workspace industry, including health, smoking restrictions, non-discrimination, employment, sexual harassment and advertising laws. In addition, many states and municipalities have laws and regulations that apply to membership contracts, including requiring specific provisions in the contract, limiting the length of the contract, and termination rights. There may be other laws and regulations applicable to businesses generally with which you must comply. You should consult with your attorney or other professionals regarding these and other laws and regulations that may affect the operation of a The Coven™ Community before you sign a Franchise Agreement. You must obtain all applicable permits and licenses necessary to operate your Community. You must regularly investigate and satisfy all federal, state, and local laws and regulations as they vary from place to place and may change periodically.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer and Founder: Alex West Steinman

Alex West Steinman has been our Chief Executive Officer since our inception. Ms. West Steinman is also the Founder of The Coven, Inc. and currently serves as the Executive & Sales Lead of The Coven, Inc. in St. Paul, Minnesota, and has held this position since August 2017.

Treasurer and Founder: Bethany Iverson

Bethany Iverson has been our Treasurer since our inception. Ms. Iverson is also the Founder of The Coven, Inc. and currently serves as the Investment & Growth Lead of The Coven, Inc. in St. Paul, Minnesota, and has held this position since August 2017.

President and Founder: Erinn Farrell

Erinn Farrell has been our President since our inception. Ms. Farrell is also the Founder of The Coven, Inc. and currently serves as the Real Estate & Operations Lead of The Coven, Inc. in St. Paul, Minnesota, and has held this position since August 2017.

Secretary and Founder: Liz Giel

Liz Giel has been our Secretary since our inception. Ms. Giel is also the Founder of The Coven, Inc. and currently serves as the Marketing Lead of The Coven, Inc. in St. Paul, Minnesota, and has held this position since August 2017.

Director of Sales and Operations: Amy Siegel

Amy Siegel has been our and our parent's Sales and Operations Director since June 2019. Prior to that, Ms. Siegel was the Director of Marketing and Business Development for Simon Property Group in Edina, Minnesota from December 2016 to June 2019.

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

The “Initial Franchise Fee” for a single The Coven™ Community is \$50,000. The Initial Franchise Fee is paid to us when you sign the Franchise Agreement and is not refundable under any circumstances.

At least 30 days before you open the Community and for 60 days after you open the Community for business, you ~~must~~will spend a minimum of \$10,000 on a Community grand opening marketing campaign that we have approved in advance. ~~We~~Marketing campaign guidance and coaching will be covered in both the Operations Manual and synchronous and asynchronous training we provide for all Principal Owners. In the event a Principal Owner needs additional coaching and support with launch marketing spend, we reserve the right to collect the \$10,000 directly from you and spend it on your behalf in connection with the Community opening marketing campaign.

Beginning ~~3 to 6~~4 months before you open the Community, you will pay us a technology and content fee of \$850 per month to reimburse ~~us~~ for expenses we and our affiliates incur for ~~certain~~ technology-related services, including website or email hosting, software or website development (“The Technology and Content Fee”). The Technology and Content Fee is not refundable.

In addition, two site visits are included with the Initial Franchise Fee: one visit to assist in selecting a site for the Community and one visit to assist with opening the Community. If you request any additional site visits, you must pay us our then-current hourly rate (currently \$300 per hour) plus all out-of-pocket expenses. These fees are not refundable.

As part of your Initial Franchise Fee, we will provide you with basic brand guidelines/toolkit, floor plan layout, and a mood board. In addition, ~~at your option, you can~~must engage us to provide ~~full~~ design services. ~~If you engage us to provide full design services, you~~ (the “Design Services”). You can ~~choose~~choose from the following non-refundable design packages:

Fill the Room Package. This package includes:

- Layout options tailored to optimize your space for revenue, productivity and collaboration.
- Three Personalized Moodboards meant to capture the spirit and opportunities of your specific space, community, and offerings.
- Three Rounds of Revisions to Moodboards and Design Selections (Including Furniture, Hardware, Lighting, Wallcoverings).

- A styling package to add personality and charm to your space, creating a warm and inviting atmosphere.
- Selection and placement of all furniture, ensuring optimal flow and comfort for your members.
- Collaboration with local muralists and signage vendors to incorporate unique and eye-catching elements that reflect your brand and community.
- Onsite Install week prior to opening.
- Investment: \$15,000

Interior Design Package. This package includes everything from the Fill the Room Package as well as:

- Collaboration with an experienced architect to refine all aspects of your space, from hardware, cabinetry/carpentry, lighting, electrical placement, plumbing, flooring, and appliance selection and furniture selection to art, signage, and flooring.
- Review of all Architectural Drawings and proposed Construction costs.
- Project Management of artists, makers and sub-contractors to ensure seamless execution of the design vision.
- Comprehensive Pricing/Ordering Document detailing amount of items, sourcing information, dimensions, etc.
- A holistic approach to design that considers every aspect of your space, resulting in a cohesive and visually stunning environment that reflects your brand identity and values.
- Investment: \$25,000

<u>Styling Package (includes the selection of all art / paint colors / ceramics / textiles / decorative lighting /finishing touches)</u>	<u>\$8,000</u>
<u>Fill the Room Package (includes the Styling Package, plus the selection and placement of all furniture, and working with local muralists and signage vendors)</u>	<u>\$15,000</u>
<u>Interior Design Package (includes working with an architect on all Community details, including hardware, furniture, art, signage, flooring and layout, management of artist and sub-contractors)</u>	<u>\$25,000</u>

ITEM 6

OTHER FEES

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Royalty Fee	Greater of 8% of “Gross Sales” or \$800 per month (See Note 2)	Payable monthly on 15 th of each month for the prior month by electronic funds transfer (“EFT”).	Royalty Fees are based on the Gross Sales for the preceding month, or as described in the Operations Manual.
Reciprocity Fee	Currently, \$0	As incurred	You also must make Members of any applicable reciprocity payments to other The Coven™ Communities when a member of your Community receives Services at anotherCommunity are able to access all Community open spaces.
Marketing Fund Fee	2% of Gross Sales	Due and payable by EFT monthly with the Royalty Fee	See Item 11 for further description.
Local Marketing	1.5% of Gross Sales	Minimum amount must	We may increase your required minimum

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Spend		be spent on approved marketing and promotional activities in your local geographic area each month	local marketing expenditures upon 60 days' written notice to you, although the minimum required amount will not exceed 3% of Gross Sales. If you fail to spend this amount, we may collect the difference between what you should have spent and what you actually spent for deposit into the Marketing Fund.
Advertising Cooperative	Currently not collected; up to 1.5% of Gross Sales	Established by us.	We may require you to participate in local or regional advertising cooperatives in the future. Your contributions to any regional or local advertising cooperatives will be credited toward your local marketing obligations and will not exceed your Local Marketing Spend of 1.5% of Gross Sales.
The Coven Digital Community and Technology and Content Fee	Currently, \$850 per month	Payable monthly on 15 th of each month for the prior month by electronic funds transfer ("EFT").	You must pay this fee beginning 3 to 6 months before opening. We may increase the <u>The Coven Digital Community and Technology and Content</u> Fee no more than once every 12 months, and will not increase more than 10% in any 12 month period. (See Note 3)
Booking Software Fees	Currently, you must pay us \$365 to \$465 per month for the booking software.	Payable monthly on 15 th of each month for the prior month by electronic funds transfer ("EFT").	In the future we may charge you an initial or recurring license fee related to your use of any Designated Software.
Community Opening Campaign	You must spend a minimum of \$10,000 on the Community Opening Campaign.	Minimum amount must be spent during the period beginning 30 days before and ending 60 days after the Community opens	If you fail to spend this amount, we may collect the difference between what you should have spent and what you actually spent for deposit into the Marketing Fund. We reserve the right to collect this amount and spend it on your behalf.
Additional Training Program	Not to exceed \$500 per day plus other costs and expenses we incur	When incurred	If you appoint a new General Manager, such individual must attend our initial training program. In addition to our fees, you also must pay any related travel, room and board expenses incurred during training.
Additional Site Visit	\$300 per hour plus out-of-pocket expenses	When incurred	
Supplemental or Refresher Training	Our then-current fee (currently \$1,000) plus other costs and expenses we incur	When incurred	We may require your General Manager to attend all supplemental and refresher training programs that we designate for up to 5 days each calendar year. In addition to our fees, you also must pay any related travel, room and board expenses incurred during training.
Relocation Fee	\$25,000	Payable before we review the proposed	Payable if you must relocate the Community because the Community was

Type of Fee	Amount (See Note 1)	Due Date	Remarks
		new Community site	destroyed, condemned or became untenable by fire, flood or other casualty or otherwise.
Transfer Fee	50% of then-current standard initial franchise fee	Before completion of transfer	You pay this fee upon the transfer of the Community, substantially all or all of the assets of the Community, the Franchise Agreement, or a controlling interest in you. If you transfer less than a controlling interest, the transfer fee is \$2,000
Renewal Fee	25% of then-current standard initial franchise fee	When you provide notice of your intent to renew	
Remodeling Expenses	Will vary under circumstances	When incurred	See Note 4
Non-Compliance Fee	Currently, up to \$500 per violation, plus third party expenses	As incurred	If you default under your Franchise Agreement, you must pay us a fee in consideration of expenses we incur in addressing the default.
Costs and Attorneys' Fees	Costs and expenses	When incurred	We may recover costs and reasonable attorneys' fees if you lose in a dispute with us.
Audit	Cost of audit plus interest from due date	15 days after receipt of report	Payable only if audit shows an understatement of at least 3% of Gross Sales for any three month period.
Interest Expenses	Lesser of 5% per year or the maximum rate permitted by law	When due	Payable if you do not timely pay all Royalty Fees, Marketing Fund Fees, The Technology and Content Fees or other amounts owed to us or our affiliates
Insufficient Fund Fee	Up to \$250 for each delinquent payment	When due	In addition to interest charges on late fee payments, you must pay to us a service charge of up to \$250 for each payment that we do not receive on or before the date due, or if there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the date due.
Insurance	Cost of insurance	Payable before opening	If you fail to obtain and maintain required insurance, we may immediately obtain insurance and you must promptly reimburse us for the cost of the insurance, together with late charges and an administrative fee equal to 5% of the insurance premium.
Franchise Convention Fee	Up to \$500 per attendee	When incurred	You must pay the convention fee even if you do not attend.

Notes:

- (1) Except where otherwise noted, all fees are payable to us, are non-refundable, and are uniformly imposed.
- (2) "Gross Sales" means the aggregate amount of all sales of all Services and Products, and other goods and services, whether for cash, on credit or otherwise, made or provided at or in

connection with the Community, including off-premises sales and monies derived at or away from the Community. Gross Sales includes reciprocity revenue received when a member at another The Coven™ Community receives Services at your Community. The term “Gross Sales” does not include: (1) any federal, state, municipal or other sales, value added or retailer’s excise taxes paid or accrued by you; or (2) adjustments for net returns on salable goods and discounts allowed to customers on sales. Gross Sales will not be adjusted for uncollected accounts. For purposes of the Royalty Fee, the sale is made at the earlier of delivery of the service or product, or receipt of payment.

- (3) We require you to pay us a “Technology and Content Fee” to reimburse us for expenses we and our affiliates incur for certain technology-related services, including website or email hosting, software or website development. The components included under the Technology and Content Fee are: (1) access to a digital community for members; (2) a dedicated web page for your Community and local events; (3) a hub and resources for local community; and (4) marketing software. As further described in Item 11, you will incur other expenses related to certain other components of The Coven Digital Platform Community provided by third parties.
- (4) You must make expenditures necessary to remodel, modernize and redecorate the Community premises and to replace and modernize the supplies, fixtures, signs, and equipment used in your Community so that your Community reflects the then-current physical appearance of new The Coven™ businesses. We may require you to take such action: (1) 3 and 6 years after the date of the Franchise Agreement; (2) as a condition of transfer; (3) as a condition of renewal; and (4) otherwise during the term of the Franchise Agreement as further described in the Operations Manual. We cannot estimate the current cost for a remodeling project because remodeling requirements will vary. You may make these payments in whole or in part to various third parties.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (See Note 1)	Amount (See Note 2)	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee See Note 3	\$50,000	Lump Sum	When you sign the Franchise Agreement	Us
Site Selection Assistance	\$0 to \$2,000	Lump Sum	When invoiced	Us
Rent (3 months) See Note 4	\$45,000 to \$84,000	As agreed upon	As incurred	Landlord
Lease, Utility and Security Deposits	\$2,000 to \$10,000	As agreed upon	As incurred	Landlord, various third parties
Design and Architectural Fees	\$5,000 to \$35,000	As agreed upon	As incurred	Various third parties
Optional Design Services	\$0 \$15,000 to \$25,000	Lump Sum	When Invoices	Us
Leasehold Improvements See Note 5	\$50,000 to \$100,000	As agreed upon	As incurred	Landlord, various third parties
Equipment See Note 6	\$2,500 to \$5,000	As agreed upon	Before opening	Our Predecessor
Fixtures & Furniture See Note 7	\$15,000 to \$100,000	As agreed upon	Before opening	Various suppliers
Inventory See Note 8	\$1,000 to \$5,000	As agreed upon	As ordered	Various suppliers

Type of Expenditure (See Note 1)	Amount (See Note 2)	Method of Payment	When Due	To Whom Payment Is To Be Made
The Coven Digital Platform Community, Booking Software, and Designated Software (Including 3 months of fees) See Note 9	\$4,400 to \$9,200	Lump sum	Before opening	Various suppliers, us
Signage See Note 10	\$2,500 to \$5,000	As incurred	As incurred	Third party vendors
Training Expenses See Note 11	\$2,000 to \$8,000	As incurred	Before opening	Various third parties
Community Grand Opening Advertising and Promotion Marketing Campaign See Note 12	\$10,000 to \$15,000	As incurred	As ordered incurred	Third party advertising service vendors
Licenses, Permits and Professional Fees See Note 13	\$3,000 to \$5,000	As incurred	Before opening	Local government agencies; various third parties
Insurance See Note 14	\$1,000 to \$2,000	As incurred	Before opening	Various third parties
Additional Funds - 3 months See Note 15	\$5,000 to \$10,000	As incurred	As incurred	Employees, suppliers
TOTAL See Note 16	\$198,400 \$213,400 to \$470,200 \$465,200			

Notes:

- (1) Type of Expenditure. The typical size of a The Coven™ Community is approximately 5,000 to 7,000 square feet. For several items discussed below, your cost will increase as the number of square feet increases. A variety of factors may impact the size of your Community such as landlord, municipality or zoning board requirements or restrictions and availability and cost of leased or purchased space. This Table reflects your estimated initial investment for a single Community operated under a Franchise Agreement and assumes that you will lease the premises for your Community. We do not offer direct or indirect financing to you for any items.
- (2) Amount. Except where otherwise noted, all fees that you pay to us are non-refundable. Third-party lessors, contractors and suppliers will decide if payments to them are refundable.
- (3) Initial Franchise Fee. You will pay us the Initial Franchise Fee as more fully described in Item 5.
- (4) Rent. Depending on the market conditions and other factors in your geographic area, the rental expense associated with the Community premises may vary from the estimates provided in this Item 7. Our estimates (for 3 months) assume that you will lease the Community premises. Your rental expense will depend on several factors, including the size of the premises, the condition of the premises, whether you elect to do more than the minimum required renovations, the landlord's agreement to reimburse you for certain improvements, the size and location of the premises for your Community and other economic factors. If you purchase the land and building for your Community, you will incur significantly greater costs in developing your Community.
- (5) Leasehold Improvements. You will need to make certain leasehold improvements to the leased premises to comply with our approved plans and specifications. Leasehold improvements

include all internal and installed elements of the building. The estimate also includes the expense of a general contractor and a qualified construction project manager (if those services are not handled by the general contractor). We anticipate that you likely will negotiate the cost of leasehold improvements as part of your rental expense. The impact of leasehold improvement on your rental expense will depend on several factors, including the size of the premises, condition of the premises, whether you elect to do more than the minimum required renovations, the landlord's agreement to reimburse you for certain improvements, the size and location of the premises for your Community and other economic factors. You will incur greater start-up costs if you cannot negotiate the cost of leasehold improvements as part of your rental expense.

- (6) Equipment. This amount includes televisions, monitors, computers for staff, coffee maker, printer and other office equipment.
- (7) Fixtures and Furniture. This amount includes estimated expenses for furniture and fixtures required at your Community.
- (8) Inventory. We require you to purchase certain branded items for resale to your members, including mugs, cups, T-Shirts, caps and other branded merchandise that we may designate from time to time.
- (9) The Coven Digital Platform and Designated Software Community. This estimate includes the hardware for the Coven Digital Platform Community, 3 to 6 months of Technology and Content Fees, 3 months of third-party booking fees, and onboarding cost for software platforms.
- (10) Signage. We require you to purchase and install exterior and interior signage that we design and that meets our specifications. Local sign codes will dictate the type of signage permitted on certain properties and in certain areas.
- (11) Training Expenses. Estimated training expenses include salaries, benefits, lodging, meals and travel expenses for up to 3 people to attend the initial training program.
- (12) Community Grand Opening Advertising and Promotion Marketing Campaign. This amount includes estimated expenses for additional print media, neighborhood marketing, and other initial marketing efforts beginning at least 30 days before and for 60 days after you open the Community for business.
- (13) Licenses, Permits, and Professional Fees. This amount includes expenses related to legal and financial advisor fees, and local license and permit fees.
- (14) Insurance. This amount estimates the expenses you will incur for insurance premiums during the first 3 months of Community operations.
- (15) Additional Funds – Three Months. This amount estimates the expenses you will incur during the first 3 months of Community operations, including initial wages and fringe benefits (for staff only), taxes, repairs, utilities, interest payments on any business loans as well as on any interim financing or construction loans, the cost to complete a site report (if any) and other miscellaneous expenses. These amounts are estimates based upon our predecessor's experience in developing and operating company-owned Communities since 2017 and our management team's experience operating Communities, and we cannot guarantee that you will not incur additional expenses in starting the business. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, local

economic conditions, the local market for the The Coven™ concept and services, the prevailing wage rate, competition, the amount of the initial investment you decide to finance, and the sales level reached during the initial period.

- (16) Total. The total above is an estimate of your pre-opening initial investment and the expenses you will incur during the first 3 months of Community operations. This total is based on our estimate of regional (Midwest) average costs and prevailing market conditions, our predecessor's experience in developing and operating company-owned Communities since 2017 and our management team's experience operating Communities. You should review this amount carefully with a business advisor before deciding to purchase the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of Products and Services throughout the System, you must maintain and comply with our quality standards. We will issue and modify such standards and specifications through the Operations Manual.

Designated Products and Services

You must purchase for use or sale at your Community those products used in or sold at your Community and other services or products we designate from us, our designees or from other suppliers we approve. Currently, you must purchase the majority of soft-seating and hard surface furniture from ~~Blu-Dot and phone booths from ROOM~~ our preferred vendors. In addition, we or our designees may be the designated or sole source of supply for certain other products and services. You can reference our Operations Manual for more details.

Location of your Community

You must locate your Community at a site that we consent to, and you may not sign a lease or enter into a purchase agreement to acquire any land or building for the site until we have given our consent in writing. We approve locations on a case-by-case basis.

Building Construction; Fixtures, Equipment, Furniture & Signs

You must satisfy our specifications and standards in constructing and developing your Community. We recommend that you use a site location specialist to assist you in finding potential sites for your Community, and we offer optional site selection services that you may use when searching for a potential site. We will furnish to you prototypical drawings and specifications for your Community, including requirements for overall dimensions, interior and exterior materials, decor, fixtures, equipment, furniture and signs. You also must submit all revised plans and specifications to us during the course of construction. You will contract with a qualified, licensed, insured and bonded general contractor and a qualified construction project manager (if those services are not handled by the general contractor), each of which we approve, to supervise the planning, permitting and construction of the Community. You must ensure that the plans and specifications comply with the Americans with Disabilities Act and all other applicable federal, state and local laws, ordinances, building code and permit requirements and lease requirements and restrictions. In developing and operating your Community, you may purchase only the types of construction and decorating materials, fixtures, equipment, furniture and signs that we require and have approved as meeting our specifications and standards for quality, design, appearance,

function and performance. We or our affiliate(s) may be an approved supplier of one or more of these items.

Computer Hardware and Software

We currently require you to use The Coven Digital ~~Platform~~Community and Designated Software. You must have, install and use a desktop and/or laptop Mac computer at your Community. A basic, recent model Mac computer is typically sufficient to support the functions of The Coven Digital ~~Platform~~Community and Designated Software. You may purchase a Mac computer from a supplier of your choosing.

Insurance

You must purchase and maintain in force, at your expense, insurance at a minimum in the types of coverage and amounts we specify in the Operations Manual or otherwise in writing. Currently, we require the following coverage: (a) commercial general liability insurance in the amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; (b) personal and advertising injury insurance in the amount of \$1,000,000 per occurrence; (c) damage to premises rented by you and/or fire damage legal liability in the amount of \$300,000; (d) medical expense coverage in the amount of \$5,000; (e) umbrella liability insurance in the amount of \$1,000,000 per occurrence and \$1,000,000 in the aggregate for 1 to 4 Community locations; (f) umbrella liability insurance in the amount of \$2,000,000 per occurrence and \$2,000,000 in the aggregate for 5 to 9 Community locations; (g) all insurance required by law, including workers' compensation; (h) employer's liability insurance with limits of at least \$500,000; (i) hired and non-owned auto liability insurance in the amount of \$1,000,000; (j) combined single liability coverage in owned auto limits of at least \$1,000,000 (if you will have any vehicles licensed in the name of your business); (k) business personal property coverage for the full replacement cost of leasehold improvements and other property at the location; and (l) business interruption coverage with a limit representing a loss of at least 12 months of income. All insurance policies will: (1) be issued by an insurance carrier(s) acceptable to us and having an A.M. Best rating of A or higher; (2) name us and our affiliates, and their respective officers, directors and employees, as additional insured parties; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the above-mentioned insurance coverage for each Community that you operate; and (5) provide that we will receive 30 days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as the insurance carrier may require and as we may approve). We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If you fail to maintain any insurance coverage we require, or to provide satisfactory evidence of such coverage, we may obtain insurance coverage for you and require you to reimburse us for all premiums and other costs we incur, together with an administrative fee of 5% of the insurance premium. You must provide us with copies of the certificate of insurance and other evidence of compliance with these requirements as we periodically require at least 2 weeks before you take possession and commence development of the Community premises and at such other times as we may require.

Advertising and Promotional Approval

We may develop, and make available to you, local media planning assistance. If we do so, you must use our recommended media plan in promoting the Community or otherwise develop, and obtain our advance written approval for, an alternative media/promotion plan. In addition, you will use only our approved advertising and promotional materials in promoting the Community.

Supplier and Product Approval

We will provide you with lists of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved products and services, other inventory items, fixtures, furniture, equipment, signs, supplies and other items or services necessary to operate your Community (“Approved Supplies List”). The Approved Suppliers List may specify the specific manufacturer of a specific product or piece of equipment, in which case you can purchase those products only from a source identified on the Approved Suppliers List. The lists specify the suppliers and the products and services that we have approved for use in the System. We may revise these lists and provide you with a copy of approved lists as we deem advisable. If you propose to use any product, material, fixture, equipment, sign or other item that we have not approved, or purchase any items from any supplier that we have not approved, you must first notify us in writing and must provide us with sufficient information, specifications, samples photographs, drawings or other information to permit us to determine whether the product, service, material, fixture, equipment, sign or other item (or brand of such item) complies with our specifications, or the supplier meets our approved supplier criteria. We will make available our approved supplier criteria upon written request. We will notify you of our decision within a reasonable time following our receipt of all information requested. You will not pay a fee, but you must pay the cost of the inspection and evaluation and the actual cost of the test we conduct. We may re-inspect the facilities and products of any supplier or approved item and revoke our approval of any item or supplier failing to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or supply within 60 days. As part of the approval process, we may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark use, and indemnification. We, an affiliate of ours or a third-party vendor or supplier periodically may be the only approved or designated supplier for certain products as described elsewhere in this Item 8 and will not entertain proposals for additional suppliers or products; otherwise, you may acquire products for any supplier we approve. We do not provide material benefits to you based on your use of designated or approved sources of supply.

We apply certain general criteria in approving a proposed supplier, including the supplier’s quality and pricing of products, ability to provide products/services that meet our specifications, responsiveness, quickness to market with new items, financial stability, credit program for franchisees, freight costs, and the ability to provide support to the System (merchandising, field assistance, education and training respecting sales and use of products and services).

We will notify you in writing if we revoke our approval of a supplier. If we do so, you will have 30 days to stop offering, selling or using those suppliers, products or other items or services in your Community.

During our last fiscal year, neither we nor our affiliates have received any revenue as a result of franchisee purchases of products and services.

One or more of our officers have an interest in us and our affiliates, and we and our affiliates may be a supplier of certain products and services, including the ~~optional~~ design package. No officer owns a material interest in any other supplier.

Miscellaneous

We may negotiate prices for numerous products for the benefit of the System, but not for any individual franchisee. We are not aware of any purchasing or distribution cooperative in the System. We may, however, attempt to negotiate and enter into purchasing agreements for the System.

We (directly or through an affiliate) may derive revenue directly or in the form of rebates or other payments from suppliers, based directly or indirectly on sales of products, advertising materials and other items to franchisees, and from other service providers. These payments may range from less than 1% up to 10% or more of the total purchase price of those items.

We estimate that the purchase or lease of products, equipment, software, signs, fixtures, furnishings, supplies, advertising and sales promotions materials and other items meeting our specifications will represent approximately 70% to 90% of the cost to develop the Community and 20% to 40% of the cost to operate your Community.

ITEM 9

FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2 and 6(A)	Items 7, 8, 11, and 12
b. Pre-opening purchases/leases	Section 6	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 6, 7(A) and 7(B)	Item 5, 7, and 11
d. Initial and ongoing training	Sections 3(B)(4), 7(B), and 7(F)	Items 7 and 11
e. Opening	Sections 6(F)-6(G), and 7(C)	Items 5 and 11
f. Fees	Sections 3(B), 4, 5, 6(D), 6(G)-(H), 7(B), 7(D), 7(F), 9(G), 9(M), 9(N), 11(C), 14(C), and 19(D)	Items 5, 6 and 7
g. Compliance with standards and policies/ Operations Manual	Sections 3(B), 4(E), 5(B)-(C), 6(C)-(H), 7(B), 7(D)-(F), 8(A)-(C), 9 and 15(A)	Items 11 and 16
h. Trademarks and proprietary information	Sections 1(A)-(B), 1(F), 2, 6(D)-(E), 7(E), 8, 12, 13(C)-(D) and 17(A)-(C)	Items 13 and 14
i. Restriction on products/services offered	Sections 2, 9(E) and 9(G)	Items 8 and 16
j. Warranty and customer service requirements	Sections 9(G)-(J)	Items 11 and 16
k. Territorial development and sales quotas	Sections 2(B)-(D)	Items 11 and 12
l. Ongoing product/service purchases	Sections 6(C)-(D), 9(A)-(D), 9(G), 9(J)-(K) and 9(N)	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 9(A)-(D) and (K)	Items 6 and 11
n. Insurance	Section 9(N)	Items 6, 7 and 8
o. Advertising	Sections 5, 6(G), 9(K)	Items 6, 7 and 11
p. Indemnification	Sections 4(J) and 18	None
q. Owner’s participation/management/ staffing	Sections 9(F) and (M)	Items 11 and 15
r. Records and reports	Section 10	Item 6
s. Inspections and audits	Section 11	Item 6
t. Transfer	Section 14	Items 6 and 17
u. Renewal	Section 3(B)	Items 6 and 17
v. Post-termination obligations	Sections 13(B), 13(D) and 17	Item 17
w. Non-competition covenants	Sections 13(B)-(E)	Item 17

Obligation	Section in Agreement	Disclosure Document Item
x. Dispute resolution	Section 19	Item 17
y. Personal Guaranty	Sections 13(A) and 14(G); Exhibit D	Item 15

ITEM 10

FINANCING

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

ITEM 11

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

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

Pre-Opening Assistance. Before you open your Community, we will:

- (1) Provide consulting services in your evaluation and selection of a site for the Community and consent to the Community site if it meets our minimum standards, including one site visit (Franchise Agreement – Sections 6(A) and 7(A) and Exhibit B).
- (2) Provide you with prototype drawings and specifications for your Community, reflecting our requirements for dimensions, interior design and layout, building materials, fixtures, equipment, furniture, signage design and décor (Franchise Agreement – Section 7(A)).
- (3) Provide you with a list of approved and designated suppliers (Franchise Agreement – Section 7(A)).
- (4) Provide you the initial training program described below (Franchise Agreement – Section 7(B)).
- (5) Provide you with access to the confidential Operations Manual. You must keep the Operations Manual confidential and discontinue using it when the Franchise Agreement terminates (Franchise Agreement – Section 7(E)).
- (6) Provide you with marketing strategy and materials including webpage, creative asset library, signage design, etc. (Franchise Agreement – Section 7(A)).
- (7) To the extent allowed by law and in connection with our programs for advertising and promotion, we may occasionally provide guidance on pricing and discounts to be applied to the sale of your Products and Services (Franchise Agreement – Section 7(C)).

We are not required to provide you any assistance with conforming your Community to any ordinances or codes, or hiring any employees.

Ongoing Assistance. During the operation of your Community, we will:

- (1) Assist with the opening of the Community (Franchise Agreement – Section 6(A)).
- (2) Provide advisory services relating to Community operations, including Products and Services offered for sale, selecting, purchasing and marketing other approved materials and items,

marketing assistance and sales promotion programs, and general administrative and operating procedures (Franchise Agreement – Section 7(C)).

- (3) Periodically provide you with updated and revised materials for the Operations Manual (Franchise Agreement – Section 7(D)).
- (4) Determine the content and use of a The Coven™ website and intranet system, and establish rules under which you may or will participate (Franchise Agreement – Section 9(O)).
- (5) Operate the Marketing Fund (Franchise Agreement – Section 5(A)).
- (6) Provide access to The Coven Digital Community (Franchise Agreement – Section 6(D)).
- (7) Provide you with marketing strategy and materials including webpage, creative asset library, signage design, etc. (Franchise Agreement – Section 7(A)).
- (8) To the extent allowed by law and in connection with our programs for advertising and promotion, we may occasionally provide guidance on pricing and discounts to be applied to the sale of your Products and Services (Franchise Agreement – Section 7(C)).

We are not required to provide you any assistance with hiring of any employees.

Advertising Programs. We establish and conduct certain advertising programs as follows:

We intend to establish and operate a production and marketing fund (the “Marketing Fund”) to promote The Coven™ Communities in the System and conduct other promotional and marketing activities. This includes paid and earned media spend intended to drive tours and membership sales as well as the retention of those members. You will pay us a monthly marketing fee equal to 2% of Gross Sales during the previous calendar month (the “Marketing Fund Fee”). We will deposit the Marketing Fund Fee in the Marketing Fund that we manage.

Disbursements from the Marketing Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System, including the cost of formulating, developing and implementing advertising, marketing, promotional and public relations campaigns; the cost of market research and analytics; and the costs of administering the Marketing Fund, including the cost of employing advertising, public relations and other third-party agencies to assist us and providing promotional brochures and advertising materials to The Coven™ Communities and to regional and local advertising cooperatives, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Marketing Fund. We will determine the methods of advertising, media employed and the geographic scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Marketing Fund.

We are not required to spend any particular amount on marketing, advertising or production in the area in which your Community is located. Marketing Fund Fees not spent in any fiscal year will be carried over for future use. Marketing Fund Fees will not be used for advertising principally directed at the sale of franchises. At your request, we will provide you with an annual unaudited statement of the receipts and disbursements of the Marketing Fund for the most recently completed calendar year.

The Coven™ Communities that we operate will contribute to the Marketing Fund at the same percentage rate as a majority of The Coven™ Communities must pay to the Marketing Fund. During our fiscal year ending ~~July~~December 31, 2023, we did not collect or use any Marketing Fund Fees.

During the period beginning 30 days before and ending 60 days after you open your Community, you must spend a minimum of \$10,000 on a Community Opening Campaign that we have approved in advance. You will use our designated media vendor (if any) and must implement our recommended media plan (if any) in conducting the Community opening campaign. ~~We~~In the event you need additional support, we reserve the right to collect the \$10,000 directly from you and spend it on your behalf in connection with the Community Opening Campaign. On or before the last day of each month during the first 4 months of Community operations, you must provide us with an accurate accounting of the Community opening campaign (advertising and marketing) expenses. If you fail to spend the minimum required amount for the Community Opening Campaign as we may direct, you must deposit with us the difference of what you actually spent and the minimum required amount, and we will deposit that amount in the Marketing Fund.

In addition to the Marketing Fund Fee and beginning the first full calendar quarter following completion of the Community Opening Campaign, each calendar quarter you will spend at least 1.5% of the previous month's Gross Sales on "approved" Community marketing and promotional activities in your local geographic area ("Local Marketing Spend"). This may include social media spend, email marketing, out of home campaigns, etc. Within 15 days following the end of each month, you will provide us with an accounting of the funds that you have spent on local marketing for the preceding month. If you fail to spend the minimum amount on approved local marketing, you must deposit with us the difference between what you should have spent on approved marketing during the month and what you actually spent on approved marketing during the month. We will deposit that amount in the Marketing Fund. Community marketing and promotional activities are "approved" if they comply with the Franchise Agreement and Operations Manual. We reserve the right to increase your required Local Marketing Spend upon 60 days' written notice to you, provided that your required minimum local marketing expenditures will not exceed 3% of Gross Sales.

We may in the future require you to participate in, support and contribute a proportionate share of the cost of any regional or other geographic cooperative marketing programs we designate. Each The Coven™ Community located within the designated area of a cooperative will be a member of the cooperative. We or members of the cooperative and their designated officials may be responsible for administering the cooperative. The Coven™ Communities that we or our affiliates own and operate are not obligated to participate in any cooperative we form or approve. Each cooperative must adopt written governing documents, which must reflect any form documents that we provide to franchisees or are otherwise approved by us. A copy of the governing documents of the cooperative (if one has been established) for your market area will be available upon request. The cooperative will determine the amount of your contribution; provided that if the cooperative is unable or unwilling to designate the amount of the contribution, we may designate the contribution amount. In addition, we reserve the right to establish minimum and maximum contribution amounts. We reserve the right to designate regional and other geographic marketing or advertising markets, to establish marketing cooperatives and to establish the bylaws and other rules under which such cooperatives will operate. Your contributions to marketing cooperatives will be credited toward your Local Marketing Spend described above. As of the issuance date of this disclosure document, we have not established any advertising cooperatives.

We may develop, and make available to you, local media planning assistance. If we do so, you must use our recommended media plan in promoting the Community or otherwise develop, and obtain our advance written approval to, an alternative media/promotion plan. In addition, you will use only our approved advertising and promotional materials in promoting the Community. If you desire to use any advertising or promotional materials in promoting the Community which we previously have not approved, you must submit all materials to us for our approval 4 weeks before using any such materials, which approval will not be unreasonably withheld. If we do not approve those advertising or promotional materials within 15 days after you submit those materials to us, then the materials are

considered disapproved. If you use any advertising or promotional materials without submitting those materials to us or if you use materials we disapprove, in addition to any separate remedies we may have, any amounts spent on those materials will not be credited toward your local marketing obligations.

As of the issuance date of this disclosure document, we do not have an advertising council composed of franchisees.

The Coven Digital PlatformCommunity. You will use in the Community the membership management and reporting system, including all existing or future communication or data storage systems, components thereof and associated service, which we have developed or selected for the System (“The Coven Digital PlatformCommunity”). The Coven Digital PlatformCommunity may include one or more proprietary or other software programs developed or customized for us (the “Designated Software”). You must use the Designated Software, and the Designated Software will remain the confidential property of us or our third-party supplier. You must enter into our or our designee’s standard form software license agreement in connection with your use of any Designated Software. We reserve the right to charge you initial or recurring license fees related to your use of the Designated Software. You will pay the then-current Booking Software Fee (if any) for the Designated Software at or before the Designated Software is delivered to you.

A basic, recent model Mac computer is typically sufficient to support the functions of The Coven Digital PlatformCommunity and Designated Software. As of the date of this Disclosure Document, we estimate that the cost for the hardware will range from \$1,000 to \$2,000 and you will pay us a Technology and Content Fee (currently \$850 per month). We may increase Technology and Content Fee no more than once every 12 months, and will not increase the Technology and Content Fee by more than 10% in any 12 month period.

As of the issuance date of this disclosure document, the required The Coven Digital PlatformCommunity also includes Stripe and a designated booking software. In addition to the \$850 per month Technology and Content Fee, you currently must pay \$365 to \$465 per month for a designated booking software and 2.9% plus \$0.30 per charge for Stripe. These expenses may periodically change as third-party fees increase. We estimate that the cost for any optional ongoing maintenance, updating, upgrading, or support contracts will range from \$0 to \$500 per year.

You must maintain a secure technology infrastructure that meets our then-current requirements. All technology used to support The Coven Digital PlatformCommunity must comply with the then-current regulations of the Payment Card Industry Data Security Standards (PCI-DSS) council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including the Fair and Accurate Credit Transaction Act (FACTA). You will use an e-mail address we designate for communication with us. We have the right to designate a single source from which you must purchase The Coven Digital PlatformCommunity, any software or hardware components thereof or associated service, and we or our affiliates may be that single source. You will be required to use and, at our discretion, pay for all future updates, supplements and modifications to The Coven Digital PlatformCommunity, including any additions or modifications to any Designated Software.

We may independently access financial information and customer data produced by or otherwise located on your The Coven Digital PlatformCommunity (collectively the “Customer Data”). During the term of the Franchise Agreement, we reserve the right to own and control the use of the Customer Data that is stored on The Coven Digital PlatformCommunity, although you will be responsible for obtaining all customer consents necessary to transfer to us or otherwise allow us to use the Customer Data for various purposes as we may identify. We will periodically establish policies respecting the Customer Data. There are no contractual limitations on our right to access the information and data.

You may be required to obtain ongoing maintenance and repairs respecting The Coven Digital Platform Community, as well as upgrades or updates respecting the Designated Software. We estimate the cost of optional or required maintenance, updates and upgrades will be \$0 to \$500 per year. There are no contractual limitations on the frequency and cost of additional maintenance or repair. You must incorporate these upgrades and updates to The Coven Digital Platform Community. We, our affiliates, and third-party suppliers are not currently required to provide any ongoing maintenance, repairs, upgrades or updates to you.

Site Selection. If you already have a potential site for the Community, you may propose the location to us. We may approve the site after we have independently evaluated it. The site for the Community will be identified in Exhibit A to the Franchise Agreement. If you do not have a proposed site, you will sign Exhibit B to the Franchise Agreement and will have 6 months following the date of the Franchise Agreement to identify a Community site that we approve. We will provide you with our general site selection and evaluation criteria. You are solely responsible, however, for locating and obtaining a site which meets our standards and criteria for our approval. We recommend that you use a site location specialist to assist you in finding potential sites for your Community, and we have a preferred broker that you may use when searching for a potential site.

You must complete and submit to us a complete site report (containing information that we may require) for the proposed Community site. The general site and evaluation criteria which you should consider include demographic characteristics of the proposed location, traffic patterns, parking, the predominant character of the neighborhood, the proximity to other businesses (including other The Coven™ Communities), and other commercial characteristics, and the proposed location, size of premises, appearance and other physical characteristics. We will notify you in writing within 30 days after we receive your complete site report and other materials we request whether the proposed site satisfies our site selection criteria. If you and we are unable to agree on a site for the operation of the Community, the opening of your Community may be delayed. If you do not open your Community within 12 months following the date of the Franchise Agreement, we may terminate the Franchise Agreement if you fail to cure this default.

Development Time. We estimate that the typical length of time between our acceptance of the Franchise Agreement and the opening of your Community is expected to vary from 3 to 6 months.

Training. Before you open your Community, you must attend and complete to our satisfaction the initial training program. Our initial training program is conducted virtually and in St. Paul, Minnesota, or another location we designate. We may provide the initial training program over the period of 3 consecutive days, or we may provide the initial training program during two or more separate training sessions, as we determine. We currently plan to offer the initial training program once or more each calendar quarter, or as we determine is necessary during the upcoming year. The initial training program may include online classroom and on-the-job modules. The initial training program includes instruction relating to Community operations, understanding the equipment and product use, costs and cash control, customer service, comprehensive marketing and sales programs, accountability for sales and marketing, and methods of controlling operating costs.

You may not open your Community unless you complete the initial training program to our satisfaction and within one month of signing the Franchise Agreement.

The initial training program consists of the following:

TRAINING PROGRAM

Subject	Training Hours	Hours of On-the-Job Training	Location
Introduction to The Coven Brand	2	0	Virtually or a location we designate
Path to Open: Legal & Financial	1	0	Virtually or a location we designate
Path to Open: Real Estate	2	0	Virtually or a location we designate
Path to Open: Personnel	3	0	Virtually or a location we designate
Path to Open: Marketing	4	0	Virtually or a location we designate
Inclusive Design: Philosophy	2	0	Virtually or a location we designate
Inclusive Design: In Practice	2	0	Virtually or a location we designate
Sales + Marketing: Planning	4	0	Virtually or a location we designate
Sales + Marketing: Pipeline	4	0	Virtually or a location we designate
Sales + Marketing: Events for Lead Generation	4	0	Virtually or a location we designate
Sales + Marketing: Tools and Resources	4	0	Virtually or a location we designate
Programming + Events	2	0	Virtually or a location we designate
The Coven Digital Community: Orientation	3	0	Virtually or a location we designate
The Coven Digital Platform Community: Workshop	3	0	Virtually or a location we designate
Operations and Space Management	1	0	Virtually or a location we designate
Operations and Space Management: Partners	1	0	Virtually or a location we designate
Booking + Member Management Tools	3	0	Virtually or a location we designate
Hospitality: Introduction	4	0	Virtually or a location we designate
Hospitality: Issue Resolution	1	0	Virtually or a location we designate
<u>Shadow Day</u>	<u>8</u>	<u>8</u>	<u>On location at a Community we designate</u>
TOTAL	<u>5058</u>	<u>08</u>	

The instructional materials for all training programs include the Operations Manual, handouts and visual aids, and will include lecture, classroom discussion, hands-on demonstration and/or practice training at a The Coven™ business.

Alex West Steinman will oversee the initial training program, and our other founders, Bethany Iverson, Erinn Farrell and Liz Giel, will also be involved in training. All of the founders have been operating The Coven, Inc.'s Communities since August 2017 and have been with franchisor since its formation.

A designated owner and a General Manager must attend our initial training program. The designated owner and General Manager may be the same person. We do not charge a fee for the designated owner and General Manager to attend the initial training program. You are, however, responsible for travel and living expenses that the designated owner and General Manager incur while attending the initial training program. See Item 7 for additional information on travel and living expenses.

In addition, all new management personnel must complete our designated initial training program. We may charge you a reasonable fee (up to \$500 per day) for those new or additional individuals who attend the initial training program.

We may require that your key owners and General Manager attend all supplemental and refresher training programs that we designate for up to 5 days each calendar year. We may decide the time and place of training and may charge you a reasonable fee (up to \$500 per day) for these supplemental and refresher training programs.

We periodically may hold or sponsor franchise conventions and meetings relating to new Services or Products, new operational procedures or programs, training, business management, sales and sales promotion, or similar topics. These franchise conventions and meetings may be optional or mandatory, as we designate. You must attend, at your expense, all mandatory franchise conventions and meetings we may hold. If you cannot attend a convention or meeting, he or she must notify us before the convention or meeting and must have a substitute person acceptable to us attend the event. We reserve the right to charge you a fee for any annual franchise convention or meeting that we sponsor or designate, regardless of your attendance.

You are solely responsible for the compensation, travel, lodging and living expenses you and your employees incur in attending the initial training program, supplemental or refresher training programs, and any franchise conventions or meetings. You also are solely responsible for paying your employees and providing all necessary insurance, including worker's compensation insurance, for you and your employees, while you and your employees attend training or any franchise conventions or meetings.

Operations Manual. During the term of the Franchise Agreement, we will allow you to access our Operations Manual (the "Operations Manual"). The current table of contents of the Operations Manual and the number of pages as of the date of this disclosure document is as follows:

Subject	Estimated Number of Pages
Table of Contents	8
Company Overview	4
Establishing the Business	2
Real Estate and Build Out	8
Products and Services	5

Subject	Estimated Number of Pages
Member Experience	5
Space Operations	5
Daily Procedures	1
Technology	2
Space and Member Management Technology	3
Marketing	28
Personnel and Training	6
The Community Ownership Journey	1
Forms	1
Total	79

ITEM 12

TERRITORY

You operate your Community from a specific location. You will receive a “Protected Territory,” which generally will consist of a population containing approximately 100,000 to 300,000 people, as we determine (with a minimum population of 100,000 people). Your Protected Territory is exclusive. During the term of the Franchise Agreement, if you are complying with the provisions of the Franchise Agreement, we will not establish any other franchised or company-owned The Coven™ businesses in the Protected Territory.

You may only relocate the Community if it is destroyed, condemned or otherwise becomes untenable by fire, flood or other casualty, and only with our written consent. If we permit you to relocate your Community, you will pay us a relocation fee equal to \$25,000 for services we will provide in assisting you in relocating your Community. In addition, you will need to build out the Community consistent with our then-current standards for new The Coven™ Communities.

We do not grant to you any options, rights of first refusal or similar rights to acquire additional franchises.

The continuation or your territorial exclusivity during the initial term of the Franchise Agreement does not depend on your achievement of a particular sales volume, market penetration or other contingency, and we cannot unilaterally modify your Protected Territory.

We (for ourselves and our affiliates) reserve the right, without compensation to you:

1. To directly operate, or to grant other persons the right to operate, The Coven™ Communities at locations outside the Protected Territory;
2. To promote, sell and distribute anywhere the Services and the Products authorized for sale at The Coven™ Communities under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution, including any national account program;
3. To promote, sell, distribute and license the Services and the Products authorized for sale at The Coven™ Communities as well as ancillary services and products under the Marks through dissimilar channels of distribution (*i.e.*, other than the operation of The Coven™ Communities), including direct mail, wholesale activities, and by electronic means such as the Internet, and pursuant to conditions we deem appropriate within and outside the Protected Territory;

4. To acquire businesses that are the same as or similar to the Community or other The Coven™ Communities and operate such businesses regardless of whether such businesses are located within or outside the Protected Territory, and to be acquired by any third party operating businesses that are the same as or similar to the Community or other The Coven™ Communities regardless of whether such businesses are located within or outside the Protected Territory; and

5. To promote the System and The Coven™ businesses generally, including on the Internet and to create, operate, maintain and modify, or discontinue the use of websites using the Marks.

We reserve the right to develop a corporate accounts program for the benefit of the System, franchisees, and operators of The Coven™ Communities. The corporate accounts program designed to address the needs of certain multi-state, multiple location or specialized service customers. You must participate in the corporate accounts program and comply with the terms of such program as described in the Operations Manual or as we otherwise describe in writing. You understand that we will establish the rules under which you will participate, and be compensated for participation, in the corporate accounts program and that we may terminate, modify, or replace the corporate accounts program at any time. There are no fees associated with the corporate accounts program, but you will accept the rates we negotiate.

You will concentrate your marketing and advertising efforts within your Protected Territory and will not conduct any advertising or marketing or otherwise solicit potential customers located within the protected territory of any other The Coven™ Community. In addition, you must comply with our then-current member reciprocity policy. This policy may prohibit you from selling a membership that does not provide full reciprocity benefits to all your members, restrict or provide guidelines regarding membership transfers, require you to accept memberships sponsored by corporate accounts, and address other requirements or suggestions for member reciprocity. You may not offer, promote or sell any Products or Services through any other channels of distribution, including the Internet.

Except as disclosed, neither we nor any affiliate operates, franchises, or has any current plans to operate or franchise any business selling the Products and Services authorized for sale at a The Coven™ Community under any other trademark or service mark.

ITEM 13

TRADEMARKS

We grant you the right under the Franchise Agreement to operate your Community under the name “The Coven,” and other trademarks or service marks (the “Marks”).

The following schedule list only the principal Marks that you are licensed to use.

Principal Trademarks	U.S. Registration Or Serial No.	Application or Registration Date	Principal/ Supplemental Register
THE COVEN*	Serial No: 97333366	Application Date: March 28, 2022	Principal
THE COVEN*	Serial No: 97333352	Application Date: March 28, 2022	Principal

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

Our predecessor, The Coven, Inc. owns the Marks and has licensed us the right to use the Marks and to sublicense the use of the Marks to operate The Coven™ Communities under a trademark license agreement dated October 17, 2022 (the “License Agreement”). The License Agreement has an initial 10 year term, which will renew automatically unless one of the parties elects not to renew the License Agreement. The Coven, Inc. or we may terminate the License Agreement if the other party fails or refuses to perform any duty under the License Agreement. In addition, The Coven Inc. may terminate the License Agreement if our misuse of the Marks materially impairs the goodwill associated with the Marks or if we do not comply with The Coven Inc. instructions concerning the quality of the Marks. If the License Agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the sublicenses provided that the franchisees comply with all other terms of their Franchise Agreements. The License Agreement contains no other material limitations. The Coven Inc. has filed all required affidavits respecting the Marks.

We have the right to periodically change the list of Marks. You must make any changes at your expense. You are not permitted to make any changes or substitutions respecting the Marks unless we direct in writing.

On October 11, 2023, the U.S. Patent and Trademark Office, ~~the Trademark Trial and Appeal Board~~ (USPTO) issued ~~an~~ Final Office Action refusing to accept our trademark application for ~~The Coven mark~~ THE COVEN (Serial No. 97333352) mark based on a likelihood of confusion with another registered trademark. We ~~intend to respond to the Office Action~~ filed a Request for Reconsideration with arguments and/or evidence as to why the refusal should be withdrawn and the mark should be registered. On October 18, 2023, the USPTO issued ~~an~~ Final Office Action refusing to accept our trademark application for ~~The Coven mark~~ THE COVEN (Serial No. 97333366) mark based on a likelihood of confusion with another registered trademark. ~~We intend to respond~~ The Trademark Examiner assigned to this application agreed to Suspend the Office Action with arguments and/or evidence as to why the refusal should be withdrawn and the mark should be registered application pending the disposition of another trademark registration. Other than the foregoing, there are currently no effective material determinations by the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the principal Marks that are relevant to your use in any state. There are currently no agreements in effect that significantly limit our rights to use or license the use of any principal Marks in any manner material to the franchise.

⋮

You must immediately notify us of any apparent infringement of or challenge to your use of any Marks, and we have sole discretion to take any action we deem appropriate. We otherwise are unaware of any infringing uses or superior rights that could materially affect your use of the principal Marks.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation relating to the Marks and we will have the sole right to decide to pursue or settle any infringement actions relating to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you will make these changes or substitutions at your own expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered that are material to the franchise. We do claim copyright ownership and protection for the Operations Manual as well as our advertising copy and design, written training materials and for certain other written materials we provide to assist you in operating your Community. In addition, we treat certain portions of our training curriculum as trade secrets.

We own certain proprietary or confidential information relating to the operation of The Coven™ Communities, including information in the Operations Manual (“Confidential Information”). You must keep confidential during and after the term of the Franchise Agreement the Confidential Information. When your Franchise Agreement expires or terminates, you must return to us all Confidential Information and all other copyright material. You must notify us immediately if you learn of an unauthorized use of the Confidential Information. We are not obligated to take any action and we will have the sole right to decide the appropriate response to any unauthorized use of the Confidential Information. You must comply with all changes to the Operations Manual at your cost. We reserve the right to own and control the Customer Data stored on your The Coven Digital Platform Community and grant you a license to use the Customer Data during the term of your Franchise Agreement. As the Customer Data is Confidential Information, you must cease to use it when your Franchise Agreement expires or terminates. We will periodically establish policies respecting the Customer Data.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Under the Franchise Agreement, your Principal Owners (defined below) are not required to manage and operate the Community personally. However, one of your Principal Owners, and a person you designate (“General Manager”), must successfully complete our mandatory initial training program for franchisees. A Principal Owner is not required to serve as the on-premises manager. The General Manager is responsible for day-to-day Community operations, must at all times faithfully, honestly and diligently perform his/her obligations, and must continuously use his/her best efforts to promote and enhance the business of the Community. The General Manager assumes his/her responsibilities on a full-time basis and may not engage in any other business or other activity that requires any significant management responsibility or time commitments, or that otherwise may conflict with his/her obligations. Other than the above, we make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

Each individual who owns a 10% or greater interest in the franchisee entity is considered a “Principal Owner” and must sign the Guaranty and Assumption of Obligations attached to the Franchise Agreement. These people agree to discharge all obligations of the franchisee entity to us under the Franchise Agreement and are bound by all of its provisions, including maintaining the confidentiality of Confidential Information described in Item 14 and complying with the non-compete covenants described in Item 17.

If at any time the General Manager is not managing the Community or no longer serves as the General Manager, we immediately may appoint a General Manager to maintain Community operations on your behalf until you have appointed a successor General Manager who has attended and successfully completed our Initial Training Program.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell in your Community all, and only, those products and services that we have approved. You must at all times maintain an inventory of approved Products and other items in such quantities and variety that we direct. We may add new Products or Services that you must offer at or use in your Community. Our right to modify the Products and Services to be offered at a Community is not limited.

You also must comply with our then-current reciprocity policy described in the Operations Manual. This policy may prohibit you from selling a membership that does not provide full reciprocity benefits to all your members, restrict or provide guidelines regarding membership transfers, and address other requirements or suggestions for member reciprocity.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement or Other Agreement	Summary
a. Length of the franchise term	Section 3	10 years.
b. Renewal or extension of the term	Section 3	If you are in good standing, you can renew the Franchise Agreement for one additional 10-year term.
c. Requirements for you to renew or extend	Section 3	Provide advance notice, have complied with current franchise agreement, your General Manager and a Principal Owner satisfactorily complete any new/refresher training programs, sign new agreement (which may contain materially different provisions than your current Franchise Agreement), remodel, provide proof you will maintain possession of the Community premises, pay a renewal fee, and sign a general release of claims.
d. Termination by you	Section 16	If you comply with the Franchise Agreement, and we fail to cure a material provision within 60 days after written notice or such additional time as we may reasonably need.
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	Section 15	We may terminate the Franchise Agreement only if you default.
g. "Cause" defined – curable defaults	Sections 15(A) and (B)	Curable defaults include the following: (i) General Manager or Principal Owner (if applicable) fails to meet our then-current requirements or satisfactorily complete the Initial Training Program; (ii) you fail to open and commence full operations of the Community at such time as provided in the Franchise Agreement; (iii) material violations of the Franchise Agreement; (iv) failure to comply with the material requirements of the System, or material standards of uniformity or quality for the Services and Products; (v) failure to timely pay Royalty Fees, Marketing Fund Fees, the Technology and Content Fees or any other amounts owed to us, our affiliates, or approved suppliers; (vi) you violate any federal, state or local government health code in the operation of the Community; or (vii) an audit discloses an

Provision	Section in Franchise Agreement or Other Agreement	Summary
		<p>understatement of Gross Sales of 3% or more.</p> <p>The cure period is generally 30 days, except you have only 10 days to cure a failure to pay amounts due, and you have only 72 hours to cure a health code violation (except as described in paragraph h below).</p>
h. “Cause” defined – non-curable defaults	Sections 15(A) and (B)	<p>Non-curable defaults include: (i) failure to comply with one or more material requirement on 3 occasions within 12 months; (ii) non-curable default; (iii) willful and repeated deception of customers; (iv) material misrepresentation or omission in the application for the Franchise; (v) you or any manager, director, officer or Principal Owner is convicted of, or pleads guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Marks or associated goodwill, or if we have proof that such person has committed such a felony, crime or offense; (vi) insolvency; (vii) assignment for the benefit of creditors; (viii) abandonment; (ix) any act that materially impairs or is prejudicial to the goodwill associated with the Marks or System; (x) unauthorized assignment or transfer; (xi) operation, maintenance or construction of the Community results in a threat or danger to the public health or safety; (xii) the lease for the Community premises expires or is terminated for any reason (unless, through no fault of you, the lessor of the Community premises refuses to renew your lease and you relocate within the Protected Territory to a site we approve within 90 days); or (xiii) you willfully and materially falsify any report, statement, or other written data furnished to us either during the franchise application process or after you are awarded a franchise.</p>
i. Your obligations on termination/nonrenewal	Section 17 and 13(B)	<p>Cease operating the Community and use of the Marks; (ii) pay all amounts due us; (iii) stop using and return Operations Manual and other materials; (iv) assign to us the Community telephone number and telephone listing or (at our option) disconnect the telephone number, (v) remove all signs and other materials containing any Marks; (vi) comply with all obligations under any proprietary software license/access agreements; (vii) cancel all fictitious or assumed name filings; (viii) cease using Confidential Information; (ix) sell back to us or return all Products; and (x) agree not to divert Community customers to any competing business for 2 years (also see paragraphs o and r below).</p>
j. Assignment of contract by us	Section 14(A)	Assignee must fulfill our obligations under the Franchise Agreement.
k. “Transfer” by you-defined	Sections 14(B) and (C)	Includes transfer of the Franchise Agreement to a wholly-owned corporation or limited liability company, of the Community or its assets, or your interest in the Franchise Agreement or any ownership change.
l. Our approval of transfer by franchisee	Sections 14(B) and (C)	We have the right to approve all transfers, but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Sections 14(B) and (C)	<p>Transfer to wholly-owned entity – owners maintain the same proportionate ownership interest in the entity as held before transfer, Community is actively managed by the General Manager, all Principal Owners of the assignee entity sign the Guaranty Agreement, you provide us 15 days’ written notice before the proposed assignment, provide us with all entity-related organizational documents, stock or membership certificates include legend as to transfer restrictions, and only occurs once.</p> <p>Transfer of controlling interest - all amounts due to us and our affiliates are paid and you are in good standing under the Franchise Agreement, transferee is approved by us and the new General Manager meets our standards, transferee signs our then-current Franchise Agreement and completes our Initial Training Program, landlord consents to transfer of the lease (if applicable), you pay the applicable transfer fee, you and each Principal Owner signs a general release, we approve the</p>

Provision	Section in Franchise Agreement or Other Agreement	Summary
		<p>sale documents, you agree to comply with all post-termination obligations.</p> <p>Transfer of non-controlling interest – provide 30 days prior written notice, any new Principal Owner signs a personal guaranty, pay applicable transfer fee, and provide us with information we request.</p>
n. Our right of first refusal to acquire your business	Section 14(F)	We can match any offer for your Community.
o. Our option to purchase your business	Section 17(D)	When the Franchise Agreement expires or terminates, we may purchase assets at the lesser of the fair market value or the book value of the purchased assets, less the value of any goodwill associated with our Marks and other intangible assets.
p. Your death or disability	Section 14(D)	Franchise must be assigned by estate to an approved buyer within reasonable time not exceeding 12 months.
q. Non-competition covenants during the term of the franchise	Sections 13(B), 13(C) and 13(E)	No involvement in any business that offers coworking spaces, or any other offerings or items similar to the Services and Products, including any other business that may be confusingly similar to a The Coven™ Community.
r. Non-competition covenants after the franchise is terminated or expires	Sections 13(B), 13(D), 13(E) and 17(A)	No involvement in any business that offers coworking spaces, or any other offerings or items similar to the Services and Products, including any other business that may be confusingly similar to a The Coven™ Community within a 25-mile radius of the former site of the Community or any other then-existing The Coven™ Community, for 2 years following the termination or expiration of the Franchise Agreement or you cease operating the Community (whichever is later).
s. Modification of the agreement	Section 20(F)	No modifications generally, except in writing. We may modify Operations Manual, Marks, System and goods/services to be offered to your Community.
t. Integration/merger clause	Section 20(N)	Only the terms of the Franchise Agreement (including exhibits) are binding (subject to federal and state law). Any other promises 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	Section 19	Except for actions we bring for monies owed, injunctive relief, or actions involving real estate, all disputes first will be subject to non-binding mediation in Hennepin County, Minnesota, then (if not resolved) to binding arbitration in Hennepin County, Minnesota (subject to applicable law).
v. Choice of forum	Section 20(D)	Subject to applicable state law, litigation (to the extent permitted) must be in state or federal court in the in the county where our headquarters is located at the time the suit is commenced, which is currently Hennepin County, Minnesota (subject to applicable law). We also have the right to file suit where the Community is located (subject to applicable law).
w. Choice of law	Section 20(E)	Subject to applicable state law, laws of the state of Minnesota.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The information below is based on historical financial performance information from the ~~2~~ ~~Communities~~ Minneapolis Community operated by our predecessor, The Coven, Inc. The Minneapolis Community opened in 2018 ~~and the St. Paul Community opened in 2019~~. ~~The first table below include~~ includes total Gross Sales and certain expenses for the Minneapolis Community for the 2019 ~~calendar year and the second and third tables include total Gross Sales and certain expenses for the Minneapolis Community and St. Paul Community for the, 2020 and, 2021, 2022, and 2023~~ calendar years. From 2019 through 2022, only the Minneapolis Community and the first quarter of 2024. This Item 19 does not include the St. Paul Community were in operation which is materially larger in size than the Community that a franchisee will operate. The typical size of a The Coven™ Community is approximately 5,000 to 7,000 square feet, while the St. Paul Community has approximately 10,000 square feet of space.

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Minneapolis Community for Calendar Year Ended December 31, 2019

Corporate Sponsorship ⁽²⁾	\$30,000
Event Income ⁽³⁾	\$18,485
Membership Fee Income ⁽⁴⁾	\$283,050
Merchandise	\$3,188
Total Gross Sales⁽⁴⁾	\$334,723
Payroll ⁽⁵⁾	\$127,697
Rent ⁽⁶⁾	\$71,650
Supplies, Maintenance, Cleaning, Software ⁽⁷⁾	\$29,547
Advertising ⁽⁸⁾	\$5,364
Royalties and Marketing Fund ⁽⁹⁾	\$33,472
Other Expenses ⁽¹⁰⁾	\$24,898
Total Expenses	\$292,628
Net Income	\$42,095

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Minneapolis Community and St. Paul Community for Calendar Year Ended December 31, 2020, 2021, 2022, 2023, and the First Quarter of 2024

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		<u>2024 Q1</u>
		Minneapolis Community	St. Paul Community				
Corporate Sponsorship ⁽²⁾	<u>\$30,000</u>	\$84,950	<u>\$62,950</u> <u>4,853</u>	<u>\$26,856</u>	<u>\$21,596</u>		<u>\$9,375</u>
<u>Coworking Membership</u> ⁽⁴⁾	<u>\$283,050</u>	<u>\$84,390</u>	<u>\$191,814</u>	<u>\$102,407</u>	<u>\$105,649</u>		<u>\$36,233</u>
<u>Private Office Membership</u> ⁽⁴⁾	<u>\$0</u>	<u>\$0</u>	<u>\$10,340</u>	<u>\$102,277</u>	<u>\$96,855</u>		<u>\$29,400</u>
<u>Team Membership</u> ⁽⁴⁾	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$59,033</u>	<u>\$79,021</u>		<u>\$14,600</u>
Event Income ⁽³⁾	<u>\$18,485</u>	\$19,634	<u>\$2,200</u>	<u>\$5,000</u> <u>3,000</u>	<u>\$27,783</u>		<u>\$16,350</u>
Membership Fee Income ⁽⁴⁾	<u>\$84,390</u>	<u>\$261,296</u>					
<u>Merchandise</u> <u>Other Income</u>	<u>\$3,188</u>	\$106	<u>\$0</u>	<u>\$17,448</u>	<u>\$40,668</u>		<u>\$16,640</u>
<u>Corporate Donations and Grants</u>		<u>\$31,500</u>					
<u>Total Gross Sales</u> ⁽¹⁾	<u>\$334,723</u>	<u>\$189,080</u>	<u>\$360,828</u> <u>269,207</u>	<u>\$311,022</u>	<u>\$371,545</u>		<u>\$122,598</u>
Payroll ⁽⁵⁾	<u>\$67,780</u> <u>49,058</u>	<u>\$63,865</u> <u>33,668</u>	<u>\$23,901</u>	<u>\$51,304</u>	<u>\$55,888</u>		<u>\$25,596</u>
Rent ⁽⁶⁾	<u>\$71,650</u>	\$158,705	<u>\$77,753</u> <u>150,919</u>	<u>\$182,380</u>	<u>\$197,118</u>		<u>\$50,319</u>
Supplies, Maintenance, Cleaning, Software ⁽⁷⁾	<u>\$29,547</u>	\$32,483	<u>\$32,760</u> <u>52,624</u>	<u>\$64,284</u>	<u>\$62,103</u>		<u>\$6,604</u>
<u>Advertising & Marketing</u> ⁽⁸⁾	<u>\$5,021</u>	<u>\$2,836</u>	<u>\$4,038</u>	<u>\$4,974</u> <u>665</u>	<u>\$4,974</u> <u>5,573</u>		<u>\$1,839</u>
Royalties and	<u>\$33,472</u>	\$18,908	<u>\$36,083</u> <u>2</u>	<u>\$31,102</u>	<u>\$37,154</u>		<u>\$12,260</u>

Marketing Fund ⁽⁹⁾			<u>6,921</u>				
Other Expenses ⁽¹⁰⁾	<u>\$24,898</u>	\$19,798	\$34,910 <u>23,816</u>	<u>\$22,709</u>	<u>\$18,242</u>		<u>\$7,974</u>
Total Expenses	<u>\$302,648</u> <u>213,646</u>	<u>\$250,345</u> <u>266,398</u>	<u>\$282,219</u>	<u>\$356,445</u>	<u>\$376,079</u>		<u>\$104,592</u>
Net Income	<u>(\$113,568)</u> <u>)121,077</u>	<u>(\$110,483)</u> <u>77,318)</u>	<u>(\$13,012)</u>	<u>(\$45,423)</u>	<u>(\$4,534)</u>		<u>\$18,006</u>

*The ~~St. Paul Community~~ opened in January 2020. Both the Minneapolis Community and ~~St. Paul Community~~ were was closed for 4 months in 2020 in response to the Covid-19 pandemic.

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Minneapolis Community and St. Paul Community for Calendar Year Ended December 31, 2021

	Minneapolis Community	St. Paul Community
Corporate Sponsorship ⁽²⁾	\$64,853	\$64,853
Event Income ⁽³⁾	\$2,200	\$10,590
Membership Fee Income ⁽⁴⁾	\$202,154	\$317,963
Merchandise	\$0	\$0
Gross Sales⁽⁴⁾	\$269,207	\$393,406
Payroll ⁽⁵⁾	\$94,749	\$95,737
Rent ⁽⁶⁾	\$150,919	\$283,977
Supplies, Maintenance, Cleaning, Software ⁽⁷⁾	\$52,624	\$54,913
Advertising ⁽⁸⁾	\$2,982	\$3,783
Royalties and Marketing Fund ⁽⁹⁾	\$26,921	\$39,341
Other Expenses ⁽¹⁰⁾	\$23,816	\$30,096
Total Expenses	\$352,011	\$507,847
Net Income	(\$82,804)	(\$114,441)

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Minneapolis Community and St. Paul Community for Calendar Year Ended December 31, 2022

	Minneapolis Community	St. Paul Community
Corporate Sponsorship ⁽²⁾	\$26,856	\$26,856
Event Income ⁽³⁾	\$3,000	\$8,950
Membership Fee Income ⁽⁴⁾	\$263,717	\$401,192
Merchandise	\$0	\$0
Gross Sales⁽¹⁾	\$293,573	\$436,998
Payroll ⁽⁶⁾	\$139,352	\$110,873
Rent ⁽⁷⁾	\$164,932	\$379,249
Supplies, Maintenance, Cleaning, Software ⁽⁸⁾	\$64,284	\$60,725
Advertising ⁽⁹⁾	\$10,898	\$10,898
Royalties and Marketing Fund ⁽¹⁰⁾	\$29,357	\$43,700
Other Expenses	\$22,709	\$20,903
Total Expenses⁽⁵⁾	\$431,532	\$626,348
Net Income	(\$137,959)	(\$189,350)

1. “Gross Sales” means the aggregate amount of all sales of all Services and Products, and other goods and services, whether for cash, on credit or otherwise, made or provided at or in connection with the Community, including off-premises sales and monies derived at or away from the Community. Gross Sales includes reciprocity revenue received when a member at another The Coven Community receives Services at your Community. The term “Gross Sales” does not include: (1) any federal, state, municipal or other sales, value added or retailer’s excise taxes paid or accrued by you; or (2) adjustments for net returns on salable goods and discounts allowed to customers on sales.

2. “Corporate Sponsorship” include any revenue generated from corporate entities sponsoring events and programming as well as grant funding from the public, private, or non-profit sector. In addition the amounts listed above, our predecessor received revenue from grants and corporate sponsorships that were not attributable to a particular location. I

3. “Event Income” means any revenue generated from space rental sales or ticket sales of owned Coven owned programming and events.

4. ~~Membership Fee Income~~“Coworking Membership,” “Private Office Membership,” and “Team Membership” means the Gross Sales attributable to the purchase of memberships for the Community(s), less applicable customer refunds.

5. “Payroll” expenses include wages, workers’ compensation insurance, payroll taxes, bonuses, and 401(k) profit sharing, and health benefits for full-time employees. Franchisees may experience similar wage expenses but will be impacted by staffing model decisions determined solely by franchisees, pay rates in the market, and individual Community performance. This amount does not include payroll processing. This amount also does not include any expenses for a manager or assistant manager of the Community. We assume that you will act as the manager of your own Community.

6. “Rent” expenses include the Communities’ costs of rent, taxes and common area maintenance charges. The Minneapolis Community has approximately 6,000 ~~square feet of space and the St. Paul Community has approximately 10,000~~ square feet of space. The Minneapolis Community rent ranged from \$14,000 to \$15,000 per month. ~~Our rent in 2022 was \$182,380, but we received a credit of \$17,448 for performing certain management services for the landlord, such as garbage, cleaning and tenant questions. The St. Paul Community rent ranged from \$29,000 to \$35,000 per month.~~ The exact amount of rental expense will vary greatly depending on the location of the Community premises, the portion of rent representing the value of leasehold improvements at the Community premises, local market conditions and other factors.

7. “Supplies, Maintenance, Cleaning, Software” expenses include office supplies, cleaning and other maintenance costs, and the digital ~~platform~~community and software.

8. “Advertising & Marketing” includes paid media expenses including social and event sponsorships to drive awareness to the business as well as freelance marketing team members.

9. “Royalty and Marketing Fund” expenses include the 8% royalty and 2% Marketing Fund Contribution that ~~these Communities~~this Community would have incurred if ~~they~~it were a franchised Community, although ~~these Communities~~this Community did not pay these fees.

10. “Other Expenses” include cost-of-goods sold; credit card fees, bank service charges, licenses and permits, uniforms, insurance, and utilities.

We prepared this financial performance representation based on information provided by The Coven, Inc., and it has not been audited or reviewed by a certified public accountant. Other than the Royalty and Marketing Fund expenses, we do not anticipate that any material financial and operational characteristics of the Minneapolis ~~Community or St. Paul~~ Community will differ materially from franchised Communities.

Written substantiation for all information illustrated in this Item 19 will be made available to you upon reasonable request.

Some Communities have earned this amount. Your individual results may differ. There is no assurance you will do as well.

Other than the financial performance representations set forth above, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet,

however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Alex West Steinman, 165 Western Avenue North, St. Paul, MN 55102, (651) 207-6979, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**TABLE NUMBER 1
Systemwide Business Summary
For Years 2021 to 2023**

Business Type	Year(1)	Businesses at the Start of the Year	Businesses at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	<u>1</u> ₂	<u>+1</u> ₂
Company-Owned	2021	2	2	0
	2022	2	2	0
	2023	2	<u>0</u> ₂	0
Total Businesses	2021	2	2	0
	2022	2	2	0
	2023	2	<u>3</u> ₄	<u>+1</u> ₂

(1) Dates are as of our fiscal year end on July 31, 2021, July 31, 2022, and December 31, 2023. Our fiscal yearend was July 31st, but in August 2023, we changed our fiscal yearend to December 31st.

**TABLE NUMBER 2
Transfers of Businesses from Franchisee to New Owners (Other than the Franchisor)
For Years 2021 to 2023**

State	Year(1)	Number of Transfers
TOTAL	2021	0
	2022	0
	2023	0

(1) Dates are as of our fiscal year end on July 31, 2021, July 31, 2022, and December 31, 2023. Our fiscal yearend was July 31, but in August 2023, we changed our fiscal yearend to December 31.

**TABLE NUMBER 3
Status of Franchised Businesses
For Years 2021 to 2023**

State	Year(1)	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Required by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
Minnesota	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

State	Year(1)	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Required by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
	2023	0	1	0	0	0	0	1
Wisconsin	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
TOTAL	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

(1) Dates are as of our fiscal year end on July 31, 2021, July 31, 2022, and December 31, 2023. Our fiscal yearend was July 31, but in August 2023, we changed our fiscal yearend to December 31.

TABLE NUMBER 4
Status of Company-Owned Businesses
For Years 2021 to 2023

State	Year(1)	Businesses at the Start of the Year	Businesses Opened	Businesses Reacquired From Franchisees	Businesses Closed	Businesses Sold to Franchisees	Businesses at the End of the Year
Minnesota	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
TOTAL	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2

(1) Dates are as of our fiscal year end on July 31, 2021, July 31, 2022, and December 31, 2023. Our fiscal yearend was July 31, but in August 2023, we changed our fiscal yearend to December 31.

TABLE NUMBER 5
Projected Openings
As of JulyDecember 31, 2023

State	Franchise Agreements Signed But Business Not Opened	Projected New Franchised Businesses in the Next Fiscal Year	Projected New Company-Owned Businesses in the Next Fiscal Year
Colorado	0	1	0
Wisconsin	1*	1	0
Illinois	0	1	0
North Carolina	0	1	0
Denver	0	1	0
Minnesota	1*	1	0
Wisconsin	0	1	0
TOTAL	2	5	0

*Franchise Agreement was signed in September 2023.

The names, addresses and phone numbers of The Coven™ franchisees in operation, as well as former franchisees, or franchisees who have not communicated with us in the previous 10-week period, are listed in Exhibit F. If you buy a The Coven™ franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have no trademark-specific franchisee association.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit A are our audited financial statements as of August 31, 2023 and December 31, 2023. In addition, attached as Exhibit A are our unaudited financial statements as of March 31, 2024. Because we began franchising in 2022 and we have not been in business for three years or more years, we cannot include all the financial statements required by the FTC Rule. Our fiscal yearend was July 31st, but in August 2023, we changed our fiscal yearend to December 31st. ~~Also attached as Exhibit A are our unaudited financial statements as of October 31, 2023.~~

ITEM 22

CONTRACTS

The Franchise Agreement (including the Personal Guaranty) is attached as Exhibit B. The State Addenda are attached as Exhibit D. The General Release Form is attached as Exhibit E. The Disclosure Acknowledgment Agreement is attached as Exhibit G.

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this disclosure document are included at the end of this disclosure document (Exhibit H). You should keep one copy as your file copy and return the second copy to us.

EXHIBIT A
FINANCIAL STATEMENTS

NEW

Financial statements of:

THE COVEN FRANCHISING, LLC

Year ended
December 31, 2023

	Page
Independent auditor's report	1
Financial statements:	
Balance sheet	2
Statement of operations and member's deficit	3
Statement of cash flows	4
Notes to the financial statements	5-7

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Coven Franchising, LLC
St. Paul, Minnesota

Opinion

We have audited the balance sheet of The Coven Franchising, LLC (The Coven) as of December 31, 2023, the related statements of operations and member's deficit and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the balance sheet of The Coven Franchising, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year 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 Coven 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Coven's ability to continue as a going concern for one year after the date that 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Coven'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 Coven'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.

*Schechter Dokken Kanter
Andrews & Silver Ltd.*

March 27, 2024
Minneapolis, MN

Assets:

Current Assets:

Cash	\$	112,237
Accounts receivable		<u>3,647</u>
Total assets	\$	<u><u>115,884</u></u>

Liabilities and member's equity:

Current Liabilities:

Deferred revenue	\$	94,167
Due to The Coven, Inc.		<u>37,460</u>
Total liabilities		131,627
Member's equity, 1,000 member units outstanding		<u>(15,743)</u>
Total liabilities and member's equity	\$	<u><u>115,884</u></u>

THE COVEN FRANCHISING, LLCSTATEMENT OF OPERATIONS AND MEMBER'S DEFICIT
YEAR ENDED DECEMBER 31, 2023

Revenue:		
Franchise revenue	\$	5,833
Royalty revenue		4,473
Sales		<u>1,974</u>
Total revenue		<u>12,280</u>
Expenses:		
Advertising and marketing		30,248
Licenses		1,675
Legal and professional		4,000
Travel		1,188
Other		<u>912</u>
Total expenses		<u>38,023</u>
Net loss		(25,743)
Member's equity contributions		<u>10,000</u>
Member's deficit	\$	<u><u>(15,743)</u></u>

THE COVEN FRANCHISING, LLCSTATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:	
Net loss	\$ (25,743)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Change in operating assets and liabilities:	
Accounts receivable	(3,647)
Deferred revenue	94,167
Due to The Coven, Inc.	<u>37,460</u>
Net cash provided by operating activities	<u>102,237</u>
Cash flows provided by financing activities, member's equity contributed	<u>10,000</u>
Net change in cash	112,237
Cash, beginning of year	<u>-</u>
Cash, end of year	<u><u>\$ 112,237</u></u>

THE COVEN FRANCHISING, LLC

1. Nature of business and significant accounting policies:

Nature of operations:

The Coven, Inc. is the sole member of The Coven Franchising, LLC. The Coven Franchising, LLC offers individual unit franchises for the development and operation of a The Coven™ business (each a “Community”) offering a network of workspaces for radical changemakers, and other related services and products.

Advertising costs:

Advertising and promotion costs are expensed when incurred and were \$30,248 for the year ended December 31, 2023.

Cash and cash equivalent:

The Company considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts receivable:

The Company provides an allowance for credit loss using the allowance method, which is based on management judgement considering historical information coupled with management’s review of the status of the existing receivables. An allowance is established for accounts outstanding for more than 90 days, and if collection efforts fail, the amount is written off. Interest is not charged on accounts receivable balances and they are uncollateralized. There was no allowance for credit loss at December 31, 2023.

Revenue recognition:

The Company franchises The Coven. The franchise arrangement is documented in the form of a franchise agreement and, or a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the concepts that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property or rights subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all the utility is derived from its association with the Company's ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) grand opening training fee; (c) continuing franchise fees(royalties); and (d) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

The Company recognizes the primary components of the transaction price as follows:

- Franchise fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing on date of signed agreement. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability (deferred revenue) until recognized as revenue over time. The Company receives an initial franchise fee of \$50,000.

1. Nature of business and significant accounting policies (continued):

Revenue recognition (continued):

- The Company is entitled to royalties and marketing fund fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and marketing revenue are recognized when the franchisee's reported sales occur. The royalty fee is the greater of eight percent of gross sales or \$800 per month and 2% of gross sales for advertising fees.

As of December 31, 2023, the Company collected two initial franchise fees of \$50,000 each. The Company has deferred revenue of \$94,167 as of December 31, 2023 and recognized \$5,833 into income for the year ended December 31, 2023.

Accounting estimates:

The presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Membership units:

The Company has one member, The Coven, Inc. who holds 1,000 units. Additional members may be admitted to the Company with the consent of the Member.

Income taxes:

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective ownership percentage. Therefore, no provision for income taxes has been included in the financial statements.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2023, the Company has not identified any uncertain tax positions.

Change in accounting principle:

In July 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The guidance creates a new "current expected credit loss" (CECL) model applicable to trade accounts receivable and allowance for credit losses. Under the CECL model, the allowance for expected credit losses reflects the entity's current estimate of the contractual cash flows not expected to be collected, based on its assessment of credit risk as of the reporting date.

Subsequent events:

In preparing this financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 27, 2024 the date the financial statements was available to be issued.

THE COVEN FRANCHISING, LLC

2. Related party transactions:

The Coven, Inc. paid for certain costs on behalf of the Company and there is a payable recorded for amounts owed in the amount of \$37,460 as of December 31, 2023.

3. Accounts receivable, deferred revenue and contract balances:

Opening and closing balances for contract assets, and accounts receivable arising from contracts with customers include:

	<u>December 31,</u> <u>2023</u>	<u>January 1,</u> <u>2023</u>
Accounts receivable	<u>\$ 3,647</u>	<u>\$ -</u>

Contract assets arise when the Organization transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. There were no contract assets at December 31, 2023 or January 1, 2023.

Upon receipt of a prepayment from a customer, the Organization recognizes deferred revenue in the amount of the prepayment for its performance obligation to transfer goods and services in the future. The following table provides information about significant changes in deferred revenue for the year ended December 31, 2023:

	<u>2023</u>
Deferred revenue, beginning of year	\$ -
Revenue recognized included in deferred revenue at the beginning of year	-
Increases in deferred revenue due to cash received during the year	<u>94,167</u>
Deferred revenue, end of year	<u>\$ 94,167</u>

Financial statements of:

THE COVEN FRANCHISING, LLC

Period from
October 5, 2022 to August 31, 2023

	Page
Independent auditor's report	1
Financial statements:	
Balance sheet	2
Statement of operations	3
Statement of cash flows	4
Notes to the financial statements	5-6

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Coven Franchising, LLC
St. Paul, Minnesota

Opinion

We have audited the balance sheet of The Coven Franchising, LLC (The Coven) as of August 31, 2023, the related statements of operations and cash flows for the period from October 5, 2022 (inception) to August 31, 2023 and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the balance sheet of The Coven Franchising, LLC as of August 31, 2023, and the results of its operations and its cash flows for the period from October 5, 2022 (inception) to August 31, 2023 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 Coven 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Coven's ability to continue as a going concern for one year after the date that 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Coven'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 Coven'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.

*Schechter Dokken Kanter
Andrews & Silver Ltd.*

November 21, 2023
Minneapolis, MN

THE COVEN FRANCHISING, LLCBALANCE SHEET
AUGUST 31, 2023**Assets:**

Current assets, cash	\$ 60,155
Total assets	<u>\$ 60,155</u>

Liabilities and member's equity:

Current Liabilities:	
Deferred revenue	\$ 47,500
Due to The Coven, Inc.	19,700
Total liabilities	<u>67,200</u>

Member's equity:

Member's equity, 1000 member units outstanding	<u>(7,045)</u>
Total liabilities and member's equity	<u>\$ 60,155</u>

THE COVEN FRANCHISING, LLC

STATEMENT OF OPERATIONS

PERIOD FROM OCTOBER 5, 2022 TO AUGUST 31, 2023

Franchise revenue	<u>\$ 2,655</u>
Expenses:	
Advertising and marketing	17,875
Licenses	1,675
Other	<u>150</u>
Total expenses	<u>19,700</u>
Net loss	(17,045)
Contributions	<u>10,000</u>
Member's deficit	<u><u>\$ (7,045)</u></u>

Cash flows from operating activities:	
Net loss	\$ (17,045)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Change in operating assets and liabilities:	
Deferred revenue	47,500
Due to The Coven, Inc.	19,700
	<hr/>
Net cash provided by operating activities	50,155
	<hr/>
Cash flows provided by financing activities, member's equity contributed	10,000
	<hr/>
Net change in cash	60,155
Cash, beginning of year	-
	<hr/>
Cash, end of year	\$ 60,155
	<hr/> <hr/>

1. Nature of business and significant accounting policies:**Nature of operations:**

The Coven, Inc. is the sole member of The Coven Franchising, LLC. The Coven Franchising, LLC offers individual unit franchises for the development and operation of a The Coven™ business (each a “Community”) offering a network of workspaces for radical changemakers, and other related services and products.

Advertising costs:

Advertising and promotion costs are expensed when incurred and were \$13,395 for the period from October 5, 2022 to August 31, 2023.

Cash and cash equivalent

The Company considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts receivable:

The Company evaluates the allowance for doubtful accounts using current year account activity, historical trend information and specific account identification. Accounts for which no payments have been received for 30 consecutive days beyond the stated payment terms are considered delinquent and customary collection efforts are initiated. Accounts for which extensive collection efforts have failed are deemed uncollectible and are written off. Collections on accounts previously written off are included in income as received.

Revenue recognition:

The Company franchises The Coven. The franchise arrangement is documented in the form of a franchise agreement and, or a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the concepts that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property or rights subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all the utility is derived from its association with the Company's ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) grand opening training fee; (c) continuing franchise fees (royalties); and (d) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

The Company recognizes the primary components of the transaction price as follows:

- Franchise fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing on date of signed agreement. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability (deferred revenue) until recognized as revenue over time. The Company receives an initial franchise fee of \$50,000.

1. Nature of business and significant accounting policies:

Revenue recognition (continued):

- The Company is entitled to royalties and marketing fund fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and marketing revenue are recognized when the franchisee's reported sales occur. The royalty fee is the greater of eight percent of gross sales or \$800 per month and 2% of gross sales for advertising fees.

As of August 31, 2023, the Company collected one initial franchise fee of \$50,000. The Company has deferred revenue of \$47,500 as of August 31, 2023 and recognized \$2,500 into income for the year ended August 31, 2023.

Accounting estimates:

The presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Membership units:

The Company has one member, The Coven, Inc. who holds 1000 units. Additional members may be admitted to the Company with the consent of the Member.

Income taxes:

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective ownership percentage. Therefore, no provision for income taxes has been included in the financial statements.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of August 31, 2023, the Company has not identified any uncertain tax positions.

Subsequent events:

In preparing this financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through November 21, 2023 the date the financial statements was available to be issued.

The Company had two additional franchisees sign initial franchise agreements in September 2023.

2. Related party transactions:

The Coven, Inc. paid for certain costs on behalf of the Company and there is a payable recorded for amounts owed in the amount of \$19,700 as of August 31, 2023.

~~Unaudited Balance Sheet
and Income Statement
as of October 31, 2023~~

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.

The Coven Franchising LLC

Balance Sheet

As of March 31, 2024

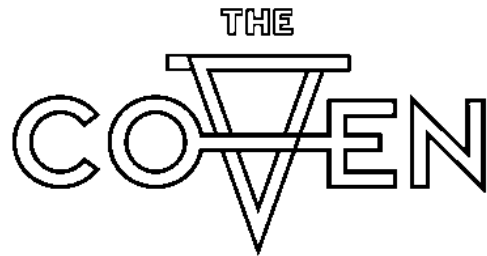
	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Bremer Checking 1251	122,132.67
Total Bank Accounts	\$122,132.67
Accounts Receivable	
Accounts Receivable (A/R)	729.90
Total Accounts Receivable	\$729.90
Other Current Assets	
Undeposited Funds	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$122,862.57
TOTAL ASSETS	\$122,862.57
LIABILITIES AND EQUITY	
Liabilities	
Long-Term Liabilities	
Due to/from Coven, Inc.	77,464.42
Total Long-Term Liabilities	\$77,464.42
Total Liabilities	\$77,464.42
Equity	
Retained Earnings	67,082.52
Net Income	-21,684.37
Total Equity	\$45,398.15
TOTAL LIABILITIES AND EQUITY	\$122,862.57

The Coven Franchising LLC

Profit and Loss
January - March, 2024

	TOTAL
Income	
Sales	8,446.88
Total Income	\$8,446.88
GROSS PROFIT	\$8,446.88
Expenses	
Advertising & Marketing	16,346.13
Computers & Small Equipment	1,202.46
Franchise Dues	2,625.00
Insurance	7,831.04
legal & Professional Fees	2,000.00
QuickBooks Payments Fees	126.62
Total Expenses	\$30,131.25
NET OPERATING INCOME	\$ -21,684.37
NET INCOME	\$ -21,684.37

EXHIBIT B
FRANCHISE AGREEMENT



**THE COVEN™
FRANCHISE AGREEMENT**

FRANCHISEE

DATE OF AGREEMENT

The Coven Franchising, LLC
FTC ~~2023~~2024 Franchise Agreement

TABLE OF CONTENTS

<u>Section</u>	<u>Description</u>	<u>Page</u>
1.	DEFINITIONS.....	1
2.	GRANT OF FRANCHISE.....	2
3.	TERM OF FRANCHISE; RENEWAL RIGHTS.....	3
4.	FRANCHISE AND OTHER FEES.....	4
5.	ADVERTISING.....	6
6.	DEVELOPMENT AND OPENING OF THE COMMUNITY.....	7
7.	TRAINING AND OPERATING ASSISTANCE.....	10 <u>11</u>
8.	MARKS.....	12
9.	COMMUNITY IMAGE AND OPERATING STANDARDS.....	13 <u>14</u>
11.	INSPECTION AND AUDITS.....	18
12.	CONFIDENTIAL INFORMATION AND IMPROVEMENTS.....	19
13.	COVENANTS.....	19 <u>20</u>
14.	ASSIGNMENT.....	21
15.	OUR TERMINATION RIGHTS.....	24 <u>25</u>
16.	YOUR TERMINATION RIGHTS.....	25 <u>26</u>
17.	YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION.....	26
18.	RELATIONSHIP OF THE PARTIES.....	28
19.	DISPUTE RESOLUTION.....	28 <u>29</u>
20.	ENFORCEMENT.....	30
21.	NOTICES.....	32
22.	ACKNOWLEDGEMENTS.....	32

EXHIBITS

A – STUDIO LOCATION AND PROTECTED TERRITORY

B – STUDIO LOCATION GENERAL AREA

C – STUDIO LEASE ADDENDUM

D – GUARANTY AND ASSUMPTION OF OBLIGATIONS

THE COVEN™ FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is made and entered into this _____ day of _____, 20_____, between The Coven Franchising, LLC, a Delaware limited liability company, with a principal place of business at 165 Western Avenue North, Suite 8, St. Paul, MN 55102 (“we” or “us”), and _____, a _____ formed and operating under the laws of the State of _____ (“you”).

INTRODUCTION

A. We developed, own, and continue to improve a “System” (as defined in Section 1(K) below) relating to the development and operation of The Coven™ businesses offering a network of workspaces for radical changemakers, and other related services and products.

B. Our affiliate owns The Coven™ trademark, and other trademarks and service marks (the “Marks”) used in operating the System, and has licensed us the right to use and sublicense the use of the Marks.

C. We grant qualified persons the right to develop, own and operate a The Coven™ business at a specific location.

D. You desire to obtain the right to develop and operate a The Coven™ business using the System at a specific location.

AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

1. DEFINITIONS

A. “Confidential Information” means the methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, Operations Manual (as defined in Section 7(D)), systems, and knowledge of and experience in the operation and franchising of The Coven™ businesses that we communicate to you or that you otherwise acquire in operating the Community (as defined in Section 1(J)) under the System. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you.

B. “Customer Data” means any name, address, email address, telephone number, date of birth, demographic data, behavioral data, customer service history, financial data, transaction data, correspondence, and other information about any potential, current or former customer whether stored in electronic, physical or other forms or formats.

C. “General Manager” means the individual that you designate as the Community’s general manager, has completed our Initial Training Program and all mandatory follow-up training programs, and meets our then-current requirements for general managers (as described in the Operations Manual). A Principal Owner is not required to serve as the General Manager.

D. “Gross Sales” means the aggregate amount of all sales of all Services and Products, and other goods and services, whether for cash, on credit or otherwise, made or provided at or in connection

with the Community, including off-premises sales and monies derived at or away from the Community. Gross Sales includes reciprocity revenue you receive when a member at another The Coven™ Community receives Services at your Community. The term “Gross Sales” does not include: (1) any federal, state, municipal or other sales, value added or retailer’s excise taxes you pay or accrue; or (2) adjustments for net returns on salable goods and discounts allowed to customers on sales. Gross Sales will not be adjusted for uncollected accounts. For purposes of the Royalty Fee described in Section 4(B) below, the sale is made at the earlier of delivery of the service or product, or receipt of payment.

E. “Marks” means the The Coven™ trademark and service mark, the related design logo, and other trademarks, service marks, domain names, logos, slogans, and commercial symbols that we have designated, or may in the future designate, for use in the System.

F. “Principal Owner” means any person or entity who directly or indirectly owns a ten percent (10%) or greater interest in you. If any corporation or other entity other than a partnership is a Principal Owner, a “Principal Owner” also will mean a shareholder or owner of a ten percent (10%) or greater interest in such corporation or other entity. If a partnership is a Principal Owner, a “Principal Owner” also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a ten percent (10%) or greater interest in such general partner.

G. “Products” means retail products, accessories, vending items and other products that we periodically may modify or otherwise approve for sale at the Community.

H. “Protected Territory” means the geographic area, identified in Exhibit A, which is an area surrounding the location of the Community that we designate.

I. “Services” means the offering of memberships for shared hybrid workspaces at the Community, virtual communities, and associated ongoing member assistance for The Coven™ businesses, as we periodically may modify or otherwise approve for sale at the Community.

J. “Community” means the The Coven™ business developed and operated under this Agreement, and which offers the Services and Products.

K. “System” means the The Coven™ system which includes the sale of Services and Products for the individual consumer under the Marks at The Coven™ businesses, using certain distinctive types of décor, products, equipment (including The Coven Digital ~~Platform~~ Community (as defined in Section 6(E) below)), supplies, Confidential Information, business techniques, methods and procedures, and sales promotion programs, as we periodically may modify and further improve.

2. GRANT OF FRANCHISE

A. Grant of Franchise, Authorized Location and Protected Territory. Subject to the provisions contained in this Agreement, we grant you a license (the “Franchise”) to own and operate a The Coven™ Community at a site we approve (the “Authorized Location”) and to use the Marks and other aspects of the System in operating the Community. The location of the Authorized Location and your Protected Territory are identified in Exhibit A. Alternatively, if you do not have an Authorized Location at the time you and we sign this Agreement, we and you will complete and sign Exhibit B, in which we and you agree on a geographic area in which the location of the Community will be established, subject to our written consent, within six (6) months after the date of this Agreement. You do not receive any territorial rights upon designation of the geographic area in Exhibit B, and we and our affiliates have the right to operate and franchise other The Coven™ businesses within the designated area. Once we consent to a location for the Community within the geographic area established in Exhibit B, however, we and you will sign Exhibit A and identify the Protected Territory.

B. Nature of Your Protected Territory. During the term of this Agreement (as described in Section 3), if you are in compliance with the terms of this Agreement, we will not directly operate or franchise other persons to operate any other The Coven™ business at a location within the Protected Territory. The license granted to you under this Agreement is personal in nature, may not be used at any location other than at the Community, and does not include the right to provide or sell any Services or Products identified by the Marks at any location other than at the Community. This Agreement does not include the right to provide or sell any Services or Products identified by the Marks through any other channels of distribution, including the Internet (or any other existing or future form of electronic commerce). You will not open any other The Coven™ business in the Protected Territory unless we permit you to do so under a separate franchise agreement. You will not have the right to subfranchise or sublicense any of your rights under this Agreement. You will not use the Community for any purposes other than the operation of a The Coven™ business. You will concentrate your marketing and advertising efforts within your Protected Territory and will not conduct any advertising or marketing or otherwise solicit potential customers located within the protected territory of any other The Coven™ business.

C. Rights Reserved to us. We (for us and our affiliates) retain the right:

1. To directly operate, or to grant other persons the right to operate, The Coven™ businesses at locations outside the Protected Territory;

2. To promote, sell and distribute anywhere the Services and the Products authorized for sale at The Coven™ businesses under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution, including any national account program;

3. To promote, sell, distribute and license the Services and the Products authorized for sale at The Coven™ businesses as well as ancillary services and products under the Marks through dissimilar channels of distribution (*i.e.*, other than the operation of The Coven™ businesses), including direct mail, wholesale activities, and by electronic means such as the Internet, and pursuant to conditions we deem appropriate within and outside the Protected Territory;

4. To acquire businesses that are the same as or similar to the Community or other The Coven™ businesses and operate such businesses regardless of whether such businesses are located within or outside the Protected Territory, and to be acquired by any third party operating businesses that are the same as or similar to the Community or other The Coven™ businesses regardless of whether such businesses are located within or outside the Protected Territory; and

5. To promote the System and The Coven™ businesses generally, including on the Internet (or any other existing or future form of one or more electronic commerce) and to create, operate, maintain and modify, or discontinue the use of websites using the Marks.

3. TERM OF FRANCHISE; RENEWAL RIGHTS

A. Term. The term of this Agreement will be for ten (10) years commencing on the date of this Agreement (the “Effective Date”).

B. Renewal Terms. You will have the right to enter into a successor agreement for the Franchise for one (1) additional renewal term of ten (10) years, provided you satisfy the following conditions respecting each renewal term:

1. You have given us written notice at least one hundred eighty (180) days but no more than three hundred sixty-five (365) days before the end of the term of this Agreement, or the end of the renewal term of this Agreement, of your intention to enter into a successor agreement;

2. You have complied with all of the material provisions of this Agreement and all other agreements between you and us or any of our respective affiliates, including the payment of all monetary obligations you owe to us or our affiliates, and have complied with our material operating and quality standards and procedures;

3. You provide documentation satisfactory to us that you (a) have the right to maintain possession of the Authorized Location during the renewal term described in our then-current franchise agreement and have, at your expense, made capital expenditures necessary to remodel, modernize and redecorate the Community premises and to replace and modernize the décor, supplies, fixtures, signs and equipment used in operating the Community so that the Community reflects the then-current physical appearance of new The Coven™ businesses, or (b) can secure a new location within the Protected Territory to which we have consented (and our consent will not be unreasonably withheld) and you agree to make all required improvements to the Community premises and install all required fixtures and equipment in compliance with our then-current standards and specifications for new The Coven™ businesses;

4. Both a Principal Owner and General Manager must complete, to our satisfaction, any new training and refresher programs as we may reasonably require. You are responsible for travel, living and compensation costs of attendees;

5. You pay to us a fee equal to twenty-five percent (25%) of then-current Initial Franchise Fee (the “Renewal Fee”) when you provide notice of your intent to renew the Franchise Agreement;

6. You sign our then-current standard franchise agreement which may differ materially from the provisions of this Agreement; provided that you will be required to pay the Renewal Fee in lieu of the Initial Franchise Fee stated in the then-current Franchise Agreement; and

7. You and each Principal Owner sign a general release, in form acceptable to us, of all claims against us and our affiliates, officers, directors, employees, and agents.

4. FRANCHISE AND OTHER FEES

A. Initial Franchise Fee. You will pay us the “Initial Franchise Fee” of Fifty Thousand Dollars (\$50,000). The Initial Franchise Fee is payable when you sign this Agreement, is fully earned by us upon receipt of the Initial Franchise Fee, and is not refundable.

B. Royalty Fee. You will pay us a non-refundable monthly fee equal to the greater of: eight percent (8%) of your Gross Sales or eight hundred dollars (\$800) per month (“Royalty Fee”). The Royalty Fee is due and payable on or before the fifteenth (15th) day of the month based on Gross Sales for the preceding month, or as we otherwise describe in the Operations Manual.

C. Marketing Fund Fee. As further described in Section 5(A) below, if we establish a Marketing Fund, then you will pay us a non-refundable monthly fee equal to two percent (2%) of your Gross Sales (“Marketing Fund Fee”). We will deposit the Marketing Fund Fee into the Marketing Fund described in Section 5(A) below. The Marketing Fund Fee is due and payable at the same time and in the same manner as the Royalty Fee.

D. Technology and Content Fee. Beginning ~~3 to 6~~ 4 months prior to opening of the Community, you will pay us our then-current non-refundable technology and content fee per calendar month (the “Technology and Content Fee”), including one or more proprietary software programs. As of the Effective Date, the Technology and Content Fee is Eight Hundred and Fifty Dollars (\$850) per month. We may increase the Technology and Content Fee no more than once every twelve (12) months and will not increase the Technology and Content Fee by more than ten percent (10%) in any twelve (12)

month period. The Technology and Content Fee is due and payable on or before the fifteenth (15th) day of each month, or as described in the Operations Manual.

E. Electronic Transfer of Funds. We will require you to sign electronic transfer of funds authorizations and other documents as we periodically designate to authorize your bank to transfer, either electronically or through some other method of payment we designate, directly to our account and to charge your account for all Royalty Fees, Marketing Fund Fees, Technology and Content Fees, and other amounts you owe us. Your authorization will permit us to designate the amount to be transferred from your account. You must maintain a balance in your accounts sufficient to allow us to collect the amounts owed to us when due. You will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein. We may change the frequency with which we collect fees under this Agreement, although we will not collect fees more frequently than once a week. You agree to comply with our payment instructions as we periodically may modify them.

F. Insufficient Funds. In addition to interest charges on late fee payments, you must pay to us a service charge of up to Two Hundred Fifty Dollars (\$250) (“Insufficient Fund Fee”) for each delinquent payment that you owe to us under this Agreement. A payment is delinquent if: (1) we do not receive the payment on or before the date due; or (2) there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the date due.

G. Interest on Late Payments. All Royalty Fees, Marketing Fund Fees, Technology and Content Fees and other amounts which you owe to us or our affiliates will bear interest after the due date at the lesser of: (1) five percent (5%) per year; or (2) the maximum contract rate of interest permitted by law in the state in which the Community is located.

H. Application of Payments. We have discretion to apply any payments received from you to any amounts due to us or any of our affiliates. Moreover, we have discretion to apply any amounts we pay you to any amounts that may be due to you.

I. Withholding Payments Unlawful. You agree that you will not withhold payment of any Royalty Fees, Marketing Fund Fees, Technology and Content Fees or any other amount due us, and that the alleged non-performance or breach of any of our obligations under this Agreement or any other agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees, Marketing Fund Fees, Technology and Content Fees or any other amounts due.

J. Tax Indemnification. You will indemnify us and reimburse us for all income, capital, gross receipts, sales and other taxes that the state in which the Community is located imposes on us as a result of your operation of the Community or the license of any of our intangible property in the jurisdiction in which the Community is located. If more than one The Coven™ business is located in such jurisdiction, then those businesses will share the liability in proportion to their Gross Sales from the Community, except in the case of sales taxes and gross receipts taxes, which will be divided in proportion to taxable sales to you. If applicable, this payment is in addition to the Royalty Fee payments described above.

5. ADVERTISING

A. Marketing and Promotional Fund. ~~During~~We reserve the term of this Agreement, you ~~will pay to us the Marketing Fund Fee for deposit in~~right to establish a marketing and promotional fund (the “Marketing Fund” or “Fund”). ~~We reserve the right to increase~~self established, you will pay to us for ~~deposit in the Marketing Fund~~ the Marketing Fund Fee ~~upon sixty (60) days’ notice to you.~~ We will place all Marketing Fund Fees we receive into the Marketing Fund and will manage the Fund on your behalf. We also will contribute to the Marketing Fund for each The Coven™ business that we or our affiliates operate in the United States at the same percentage rate as a majority of The Coven™ businesses located in the United States must pay to the Marketing Fund. Disbursements from the Marketing Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System, including the cost of formulating, developing and implementing advertising, marketing, promotional and public relations campaigns; the cost of market research and

analytics; and the costs of administering the Marketing Fund, including the cost of employing advertising, public relations and other third-party agencies to assist us and providing promotional brochures and advertising materials to The Coven™ businesses and to regional and local advertising cooperatives, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Marketing Fund. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Marketing Fund. We cannot ensure that you will benefit directly or on a pro rata basis from the future placement of any such advertising or marketing activities in your local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of The Coven™ businesses to the Marketing Fund in that year. We may, through the Marketing Fund, furnish you with approved local marketing plans and materials on the same terms and conditions as plans and materials we furnish to other The Coven™ businesses. We will determine the methods of advertising, media employed and the geographic scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Upon written request, we will provide you an annual unaudited statement of the receipts and disbursements of the Marketing Fund for the most recently completed calendar year.

B. Local Marketing and Community Promotion. In addition to the Marketing Fund Fee due under Section 5(A) above and beginning the first full calendar quarter following completion of the “Community Opening Campaign” described in 6(G) below, you must spend each month a total of one and one-half percent (1.5%) of Gross Sales for the previous month on “approved” Community marketing and promotional activities in your local geographic area. This may include social media spend, email marketing, out of home campaigns, etc. Within fifteen (15) days following the end of each month, you will provide us with an accounting of the funds that you have spent on local marketing for the preceding month. If you fail to spend the minimum amount required under this Section 5(B) on approved local marketing, you must deposit with us the difference between what you should have spent on approved marketing during the month and what you actually spent on approved marketing during the month. We will deposit that amount in the Marketing Fund. For purposes of this Agreement, Community marketing and promotional activities are “approved” if they comply with Sections 2(B) above and 5(D) below and the Operating Manual. We reserve the right to increase your required local marketing expenditures upon 60 days’ written notice to you, provided that your required minimum local marketing expenditures will not exceed 3% of Gross Sales.

C. Cooperative Advertising. In the future, we may require that you participate in, support and contribute to the cost of regional cooperative advertising programs we designate. We reserve the right to designate regional and local advertising markets, to establish regional advertising councils and to establish the bylaws and other rules under which such councils will operate. Your contributions to regional and local advertising cooperatives will be credited toward your local marketing obligations described in Section 5(B) above.

D. Approved Advertising, Media Plans and Community Promotion Materials. We may develop, and make available to you, local media planning assistance. If we do so, you must use our recommended media plan in promoting the Community or otherwise develop, and obtain our advance written approval to, an alternative media/promotion plan. In addition, you will use only our approved advertising and promotional materials in promoting the Community. If you desire to use any advertising or promotional materials in promoting the Community which we previously have not approved, you must submit all materials to us for our approval four (4) weeks before using any such materials, which approval will not be unreasonably withheld. If we do not approve those advertising or promotional materials within four (4) weeks after you submit those materials to us, then the materials will be deemed to have been rejected. If we approve the materials, we reserve the right to disapprove those materials at any later time and require you to remove any subsequently disapproved materials. If you use any advertising or promotional materials without submitting those materials to us or if you use materials we disapprove, in addition to any separate remedies we may have, any amounts spent on those materials will not be credited toward your local marketing obligations described in Section 5(B) above.

E. Participation in Certain Programs and Promotions. You must use your best efforts to promote and advertise your Community and must participate in all advertising and promotional programs we establish in the manner we direct. You must, at your expense, participate in, and honor all provisions of any gift card and/or loyalty program that we have established or may establish and as we may modify, as further described in the Operations Manual. You also must honor all coupons, discounts and gift certificates as we may reasonably specify in the Operations Manual or otherwise in writing. You must also participate in any mystery shopper program or compliance assessments we require.

6. DEVELOPMENT AND OPENING OF THE COMMUNITY

A. Site Selection; Lease for Community Premises. If you already have a potential site for the Community, you may propose the location to us. We may consent to the site after we have independently evaluated it. The site for the Community will be identified in Exhibit A to the Franchise Agreement. If you do not have a proposed site, you will sign Exhibit B to the Franchise Agreement and will have 6 months following the date of the Franchise Agreement to identify a Community site acceptable to us. We will provide you with our general site selection and evaluation criteria. You are solely responsible, however, for locating and obtaining a site which meets our standards and criteria and that is acceptable to us.

We will provide you with certain site selection assistance as we deem appropriate and we will also perform one market area visit to tour potential sites for your Community and one visit around the time you open your Community for business, at no cost to you. If more than one visit is needed to review your proposed sites or if more than one visit is needed to assist with opening, you must pay us an hourly rate (currently \$300) and you must pay or reimburse us the out-of-pocket expenses that we incur in providing the site selection assistance, including the cost of transportation, lodging, meals, and the costs of the concurrent assistance from our preferred tenant broker.

You must complete and submit to us a complete site evaluation form (containing any information that we may require) for the proposed Community location. We will notify you in writing within thirty (30) days after we receive your complete site evaluation form and other materials we request whether we accept or reject the proposed Community location. If you enter into a letter of intent and/or lease for the Community premises, you must provide the proposed lease and, if applicable, the proposed letter of intent to us and receive our prior written approval of the proposed lease and proposed letter of intent (which will not be unreasonably withheld) before you sign it. In addition, you and the landlord of the Community premises (“Landlord”) must sign a “Lease Addendum” in the form attached hereto as Exhibit C. You acknowledge that our assistance in site location and consent to the premises does not represent a representation or guaranty by us that the location will be a successful location for your Community.

B. Your Development of the Community. Promptly after you sign a lease or acquire the premises for the Community, and receive from us the prototype plans and specifications for the Community, you will:

1. prepare and submit to us for approval any proposed modifications to our basic plans and specifications, which you may modify only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;
2. obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;

3. construct all required improvements to the Community premises, purchase and install all required fixtures and equipment and decorate the premises in compliance with the plans and specifications we approve and in compliance with all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;

4. establish filing, accounting and inventory control systems complying with our requirements; and

5. follow our required inspection and approval timelines and procedures as established in the Operations Manual.

You will contract with a qualified, licensed, insured and bonded general contractor and a qualified construction project manager (if those services are not handled by the general contractor), each of which we approve, to supervise the planning, permitting and construction of the Community.

C. Fixtures, Equipment, Furniture and Signs. You will use in constructing and operating the Community only those types of construction and decorating materials, fixtures, equipment (including computer hardware and software and pump and filtration equipment), furniture, and signs that we have designed and approved for The Coven™ businesses as meeting our specifications and standards for appearance, function and performance. You may purchase approved types of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier we approve or designate (which may include us and/or our affiliates). If you propose to purchase any material, fixture, equipment, furniture or sign we have not then approved, or any items from any supplier we have not then approved, you must first notify us in writing and will provide to us (upon our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the material, fixture, equipment, furniture or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria, which determination we will make and communicate in writing to you within a reasonable time.

D. Design Services. ~~We offer optional~~You must purchase from us a design service package~~services package~~ to assist in designing and constructing the Community. ~~If you engage us to provide design services, you must pay us our then current non-refundable fee for the package you select. (the “Design Services Package”). The Design Services Package you have selected and the cost for such Design Services Package is included on Exhibit A. The fee for the Design Services Package is payable when you sign this Agreement, is fully earned by us upon receipt of such fee, and is not refundable~~

E. The Coven Digital Platform Community. In your Community, you will use the membership management and reporting system, including all existing or future communication or data storage systems, components thereof and associated service, which we have developed or selected for the System (“The Coven Digital Platform Community”). The Coven Digital Platform Community may include one or more proprietary or other software programs developed or customized by or for us (the “Designated Software”). You must use the Designated Software (if applicable) and the Designated Software will remain the confidential property of us or our third-party supplier. You must enter into our or our designee’s standard form software license agreement in connection with your use of any Designated Software. We reserve the right to charge you an initial license fee related to your use of the Designated Software. You will pay the then-current fee (if any) for the Designated Software at or before the Designated Software is delivered to you. In addition, you must pay us the Technology and Content Fee as described in Section 4(D). We reserve the right to assign our rights, title and interest in any Designated Software to a third-party we designate or to replace the Designated Software. In such event, you may be required to enter into a separate computer software license agreement specified by the third-party supplier of the Designated Software and pay any separate fees imposed under that agreement.

The Coven Digital ~~Platform~~Community will allow your members to access on-demand videos and national events. Your Community will have its own webpage to post information regarding local events and other resources available to members. This will serve as an information hub and resource for the local community. We will appoint a community manager to manage the main feed and network, but you will be responsible for managing your own Community space on The Coven Digital ~~Platform~~Community. There will be a minimum amount of activity required by each Community on The Coven Digital ~~Platform~~Community, as determined by us. This will include posting information about local events and resources that are available to members.

You must participate in our designated Payment Card Industry (“PCI”) compliance program if we establish such a program and pay the then-current fee associated with such program. If we do not designate a separate PCI compliance program, you must take all necessary steps to comply with all applicable PCI data security standards. You must maintain a secure technology infrastructure that meets our then-current requirements. All technology used to support The Coven Digital ~~Platform~~Community must comply with the then-current regulations of the Payment Card Industry Data Security Standards (PCI-DSS) council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including the Fair and Accurate Credit Transaction Act (FACTA). You will use an e-mail address we designate for communication with us. The computer hardware component of The Coven Digital ~~Platform~~Community must comply with specifications we develop. We have the right to designate a single source from which you must purchase The Coven Digital ~~Platform~~Community, including any software or hardware components or associated service, and we or our affiliates may be that single source. You will be required to use and, at our discretion, pay for all future updates, supplements and modifications to The Coven Digital ~~Platform~~Community. It is your responsibility to protect yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures and attacks.

F. Customer Data. You acknowledge and agree that we reserve the right to own and control the use of Customer Data, and we grant you a license to use the Customer Data during the term of this Agreement. You have no right to sell, transfer, sublicense or otherwise share Customer Data to or with any third party unless you obtain our prior written approval. You will only use Customer Data for approved uses related to your Community, unless you obtain our prior written approval. Upon reasonable request, you will transfer all Customer Data to us or our affiliate in accordance with the Operations Manual. You must provide to us usernames and passwords to access The Coven Digital ~~Platform~~Community, and we have the right to access Customer Data on The Coven Digital ~~Platform~~Community and at the Authorized Location. It is your sole responsibility to protect Customer Data from cyber-attacks or unauthorized intruders, and you waive any claim you may have against us as the direct or indirect result of such attacks and intrusions. You are solely responsible for complying with all federal, state, and local laws and regulations concerning the storage, handling, use and protection of Customer Data. In addition, you must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us immediately of any suspected data breach or cyber-attack at or in connection with the Community.

G. Generative AI. You will not, without our written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models (“Generative AI”) directly or indirectly in the operation of the Community, including without limitation, in advertising, promotion, or marketing of the Community, communications with active, prospective, or former members of the Community, business planning, analysis or optimization, or in any social media. You acknowledge and agree not to upload or share any Confidential Information (including any inputs of information containing trade secrets, sensitive confidential information or personal information) with any unapproved third party platforms, including Generative AI, except as authorized with our written consent. In addition, you shall prohibit your employees from using any Confidential Information in Generative AI. In the event you utilize any

Generative AI, with or without our prior approval, you shall comply with all laws applicable to such use, including without limitation, all trademark and copyright laws, and shall not infringe upon or use intellectual property of a third party without appropriate authorization and attribution.

H. ~~G.~~ Community Opening. You must comply with any Community opening requirements we periodically describe in the Operations Manual. You will not open the Community for business without our prior written approval. Additionally, you must sell one hundred (100) memberships before we will approve you to open the Community. You agree to complete the development and open the Community for business within twelve (12) months following the Effective Date.

I. ~~H.~~ Community Opening Campaign. During the period beginning at least thirty (30) days before the opening of your Community and ending sixty (60) days following such opening, you ~~must~~will spend a minimum of Ten Thousand Dollars (\$10,000) on a Community opening campaign (the “Community Opening Campaign”) that we have approved in advance. Marketing campaign guidance and coaching will be covered in both the Operations Manual and synchronous and asynchronous training we provide for all Principal Owners. You will use our designated media vendor (if any) and must implement our recommended media plan (if any) in conducting the Community opening campaign. ~~We~~In the event you need additional coaching and support with launch marketing spend, we reserve the right to collect the amount you otherwise must spend on the Community Opening Campaign directly from you and spend it on your behalf in connection with the Community Opening Campaign. On or before the last day of each month during the first four (4) months of Community operations, you must provide us with an accurate accounting of the Community Opening Campaign (advertising and marketing) expenses. If you fail to spend the minimum required amount for the Community Opening Campaign in accordance with the Community opening campaign plan (if any), you must deposit with us the difference of what you actually spent and the minimum required amount, and we will deposit that amount in the Marketing Fund (as defined below).

J. ~~I.~~ Relocation of Community. If you must relocate the Community because the Community was destroyed, condemned or otherwise became unusable due to fire, flood or other natural disaster or catastrophe, you must reopen the Community at a “new” franchised location of the Community for which you must obtain our prior written consent (the “New Authorized Location”) in the Protected Territory within three (3) months after you discontinue operation at the existing Authorized Location. If you relocate the Community under this Section 6(~~H~~), the New Authorized Location, including the real estate and building, must comply with all applicable provisions of this Agreement and with our then-current specifications and standards for The Coven™ businesses. In addition, we will require you to pay us a fee equal to Twenty-Five Thousand Dollars (\$25,000) for services we will provide in connection with any relocation of the Community before we will review a proposed New Authorized Location (“Relocation Fee”). There is no guarantee that an acceptable location will be available for relocation, and if you cannot relocate your Community within the Protected Territory and reopen your Community within the time period described in this Section 6(~~H~~), this Agreement will terminate. You otherwise cannot relocate the Community from the Authorized Location without our prior written consent.

7. TRAINING AND OPERATING ASSISTANCE

A. Development of Community. We will provide you with prototype drawings and specifications for the Community, reflecting our requirements for dimensions, interior design and layout, image, building materials, fixtures, equipment, furniture, signage design and décor, and we will provide to you the list of approved and designated suppliers. We will provide you with consulting services in connection with the selection and evaluation of the proposed Community site and development of the Community, and we will provide you with marketing strategy and materials including webpage and creative asset library. You acknowledge that our assistance in site location and consent to the premises does not represent a representation or guaranty by us that the location will be a successful location for your Community.

B. Training. No less than one (1) month before the opening of the Community, the General Manager must attend and successfully complete the initial training program (the “Initial Training Program”) on the operation of a The Coven™ business that we or our representative will provide at a place and time we designate. If the General Manager is not a Principal Owner, a Principal Owner must also attend and successfully complete the Initial Training Program. The Principal Owner and the General Manager may be the same person so long as the Principal Owner meets the then-current requirements for general managers (as described in the Operations Manual).

1. The Initial Training Program may include online tutorials, classroom instruction and on-site training relating to Community operations, understanding the equipment usage and maintenance, customer service, marketing and sales programs and methods of controlling operating costs. If, during the Initial Training Program, we determine that the Principal Owner and/or the General Manager are not qualified to manage the Community, or fail to meet our then-current requirements, we will notify you and you must select and enroll a substitute Principal Owner and/or General Manager in the Initial Training Program.

2. In addition, all new General Managers must complete the Initial Training Program. We may charge you a fee (not to exceed \$500 per day) plus any costs and expenses we incur, for those new or additional individuals who attend the Initial Training Program.

3. We may require that the General Manager and other employees we require attend all supplemental and refresher training programs that we designate. We may charge you a fee (not to exceed \$500 per day) plus any costs and expenses we incur, for these supplemental and refresher training programs, and you will reimburse us for any costs and expenses we incur.

4. You are solely responsible for the compensation, travel, lodging and living expenses you and your employees incur in attending the Initial Training Program, as well as any supplemental or refresher training programs. You also are solely responsible for paying your employees and providing all necessary insurance, including worker’s compensation insurance, for you and your employees, while you and your employees attend training.

5. The General Manager and any other personnel that we designate, must meet the minimum qualifications stated in the Operations Manual, and they must complete any training programs that we may require before they may work in a managerial role or train other personnel. If we learn or determine that a person is no longer complying with our minimum qualifications, standards or procedures, then we may require that person take the necessary steps to meet the minimum qualifications we set forth in the Operations Manual.

C. Operating Assistance. We will advise you on operational issues and provide assistance in operating the Community as we deem appropriate. Operating assistance may include advice regarding the following:

1. additional Services and Products authorized for sale at The Coven™ businesses;
2. selecting, purchasing and marketing products, equipment and other approved materials and supplies;
3. marketing assistance and sales promotion programs; and
4. establishing and operating administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for the proper operation of a The Coven™ business.

5. to the extent allowed by law and in connection with our programs for advertising and promotion, we may occasionally provide guidance on pricing and discounts to be applied to the sale of your Products and Services.

We will provide such guidance, in our discretion, through our Operations Manual, bulletins or other written materials, telephone conversations and/or meetings at our office or at the Community in conjunction with an inspection of the Community. We will provide additional assistance for our then-current fee, which is currently Three Hundred Dollars (\$300) per hour.

D. Operations Manual. We will provide on loan to you, during the term of this Agreement, electronic (Internet) access to an Operations Manual, which may include other handbooks, manuals and written materials (collectively, the “Operations Manual”) for The Coven™ businesses. The Operations Manual will contain mandatory and suggested specifications, standards and operating procedures that we develop for The Coven™ businesses and information relating to your other obligations. Any required specifications, standards and operating procedures exist to protect our interests in the System and the Marks and to create a uniform customer experience, and not to establish any control or duty to take control over those matters that are reserved to you. We may supplement, modify or remove information to or from the Operations Manual to reflect changes in the System, the authorized Services and Products, and specifications, standards and operating procedures of a The Coven™ business. You must implement any changes to your Community that we require in the Operations Manual in the specified time frames. The master copy of the Operations Manual that we maintain on our website, and make available to you by electronic access, will control if there is a dispute involving the contents of the Operations Manual.

E. Conventions and Meetings. We may periodically hold or sponsor, and you must attend, franchise conventions and meetings relating to new Services or Products, new operational procedures or programs, recognition of successful franchisees, training, business management, sales and sales promotion or similar topics. We may require your General Manager to attend the convention and pay our then-current registration fee. If you do not attend, you must attend additional training we require at a cost of Two-Hundred Fifty Dollars (\$250) per hour. You are responsible for all expenses you incur during the convention, including your and your employees’ transportation, lodging, meals and salaries. We may use the monies from the Fund for purposes related to the convention.

8. MARKS

A. Ownership and Goodwill of Marks. You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to your conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the term of this Agreement. You agree that the use of the Marks and any goodwill established exclusively benefits us, and that you receive no interest in any goodwill related to your use of the Marks or the System. You must not, at any time during the term of this Agreement or after your termination or expiration, contest or assist any other person in contesting the validity or ownership of any of the Marks.

B. Limitations on Your Use of Marks. You agree to use the Marks as the sole identification of the Community, but you must identify yourself as the independent owner in the manner we direct. You must not use any Mark as part of any corporate or trade name or in any modified form, nor may you use any Mark in selling any unauthorized product or service or in any other manner we do not expressly authorize in writing. You agree to display the Marks prominently and in the manner we direct on all signs and forms. Subject to our rights described in this Agreement, you agree to obtain fictitious or assumed name registrations as may be required under applicable law.

C. Restrictions on Internet and Website Use. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. You have the right to access and participate in our website as further described in

Section 9(O) below. Except as we may authorize in writing, however, you will not: (1) link or frame our website; (2) conduct any business or offer to sell or advertise any Products or similar products or services on the Internet (or any other existing or future form of electronic communication) including e-mail marketing or other digital marketing; (3) create or register any Internet domain name in any connection with the Community; (4) use any e-mail address which we have not authorized for use in operating the Community; and (5) conduct any activity on “social media” or related social networking website other than as we have expressly authorized in writing. You will not register, as Internet domain names, any of the Marks that we now or hereafter may own or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar.

D. Notification of Infringements and Claims. You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You must not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We may take any action we deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

E. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you respecting the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. Subject to our right of indemnification (as described in Section 18(C) below), we will pay the cost and expense of all litigation we incur, including attorneys’ fees, specifically relating to the Marks. We and our legal counsel will have the right to control and conduct any litigation relating to the Marks.

F. Changes. You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right, in our discretion, to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after notice by us.

9. COMMUNITY IMAGE AND OPERATING STANDARDS

A. Condition and Appearance of Community. You agree to maintain the condition and appearance of the Community (including adjacent parking areas and grounds), and refurbish and modify its layout, decor and general theme, as we may require to maintain the condition, appearance, efficient operation, ambience and overall image of The Coven™ businesses, as we may modify. You will replace worn out or obsolete fixtures, equipment, furniture, or signs, repair the interior and exterior of the Community, adjacent parking areas and grounds, and periodically update and redecorate the Community. If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Community premises (including parking areas and grounds) or its fixtures, equipment, furniture or signs do not meet our then-current standards, we will so notify you, specifying the action you must take to correct the deficiency. If, within ten (10) days after receipt of notice, you fail to commence action and continue in good faith and with due diligence to undertake and complete any required maintenance or refurbishing, we may enter the Community premises and correct the deficiencies on your behalf and at your expense, in addition to our rights under Section 15 below.

B. Remodeling of Community. You will, at your expense, make such reasonable capital expenditures necessary to remodel, modernize and redecorate the Community premises and to replace and modernize the supplies, fixtures, signs and equipment used in your Community so that your Community reflects the then-current physical appearance of new The Coven™ businesses. We may require you to take such action: (i) every three (3) to six (6) years, measured from the Effective Date; (ii)

as a condition to the transfer of any interest as further described in Section 14(C); (iii) as a condition of renewal; or (iv) otherwise during the term of the Agreement as further described in the Operations Manual. You acknowledge and agree that the requirements of this Section 9(B) are both reasonable and necessary to ensure continued public acceptance and patronage of The Coven™ businesses and to avoid deterioration or obsolescence in connection with the operation of the Community.

C. Repair and Reconstruction of the Community. If the Community is damaged or destroyed by fire or any other casualty, and we do not approve the relocation of the Community as described in Section 6(H), you will, within thirty (30) days, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) repairs or reconstruction, to restore the Community premises to its original condition before the casualty. If, in our reasonable judgment, the damage or destruction is of a nature or to an extent that you can repair or reconstruct the premises of the Community consistent with the then-current decor and specifications of a new The Coven™ business without incurring substantial additional costs, we may require, by giving written notice, that you repair or reconstruct the Community premises in compliance with the then-current decor and specifications.

D. Community Alterations. You cannot alter the premises or appearance of the Community, or make any unapproved replacements of or alterations to the fixtures, equipment, furniture or signs of the Community without our prior written approval. We may, in our discretion and at your sole expense, correct any alterations to the Community that we have not previously approved.

E. Restriction on Use of Premises. You agree that you will not, without our prior written approval, offer at the Community any services or products we have not then authorized for use or sale for The Coven™ businesses, nor will the Community or the premises which it occupies be used for any purpose other than the operation of a The Coven™ business in compliance with this Agreement.

F. Your Hiring and Training of Employees. You will hire all employees of the Community, and you will be exclusively responsible for the terms of their employment, scheduling, benefits, disciplining, compensation, and all other personnel decisions. You must complete a background check of all of your potential employees, by a vendor approved by us. You will implement a training program for Community employees in compliance with our requirements. You will maintain at all times a staff of trained employees sufficient to operate the Community in compliance with our standards. You must ensure that all Community employees comply with all licenses and certifications respecting the Community as we may require or as federal, state and/or local authorities may require. At all times, the Community must be under the supervision of the General Manager. Any employees you hire will be solely your employees and will not be deemed our employees or subject to our control.

G. Authorized Products, Supplies and Equipment. You agree to offer and sell at the Community all and only the Services and Products which we have approved as being suitable for sale and meeting the standards of quality and uniformity for the System. In addition, you agree to use in the operation of the Community only such products, supplies, equipment and brands that we have approved as being suitable for use and meeting the standards of quality and uniformity for the System and are purchased from suppliers we have approved (which may include us and/or our affiliates). We periodically may modify the lists of approved and designated products, supplies, equipment, brands and suppliers. If you propose to offer for sale, or use in operating the Community, any products, supplies, equipment or brand, or use any supplier that we have not approved, you must first notify us in writing and provide sufficient information, specifications and samples concerning the proposed item and/or supplier to permit us to determine whether the proposed item complies with our specifications and standards and/or the supplier meets our approved supplier criteria. You will not pay a fee, but you must pay the cost of the inspection and evaluation and the actual cost of the test we conduct. We will notify you within a reasonable time whether the proposed item and/or supplier is approved. We will make available our approved supplier criteria upon written request. We may develop procedures for the submission of a request for approved products, supplies, equipment, brands or suppliers and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by the approved supplier). We will send written notice of any revocation of an approved supplier or supply

within sixty (60) days. If we revoke our approval of a supplier or products, you will have thirty (30) days to stop offering, selling or using those suppliers, products or other items or services in your Community. We may impose limits on the number of suppliers and/or brands for any products, supplies or equipment sold or used in the Community or otherwise related to the Franchise, and we may require that you use only one designated supplier for any products, supplies or equipment. You agree that certain products, supplies, equipment, and other items may only be available from one source, and we or our affiliates may be that source. Specifically, we periodically will designate certain equipment, fixtures and furnishings that you must purchase from us or our designated supplier(s) for use in your Community. WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING PRODUCTS, EQUIPMENT (INCLUDING ANY REQUIRED PART OF THE COVEN DIGITAL ~~PLATFORM~~COMMUNITY), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER ITEMS THAT ARE MANUFACTURED OR DISTRIBUTED BY THIRD PARTIES AND THAT WE APPROVE FOR USE IN THE SYSTEM.

H. Health and Safety Standards. You must comply with all applicable governmental safety, health and sanitary standards in operating and maintaining your Community. You also must comply with any higher standards that we prescribe. In addition to complying with such standards, if the Community will be subject to any governmental safety, health or sanitary inspection under which it may be rated in one or more than one classification, the Community will be maintained and operated so as to be rated in the highest available health and sanitary classification respecting each such inspection. If you fail to be rated in the highest classification or receive any notice that you are not in compliance with all applicable safety, health and sanitary standards, you must immediately notify us of such failure or noncompliance, and we may take any action as permitted under this Agreement and pursuant to applicable law.

I. Community Operation. Once you commence operating the Community, you must operate your Community during the times we designate in the Operations Manual.

J. Standards of Service. You must at all times give prompt, courteous and efficient service to your customers. You must, in all dealings with your customers, suppliers and the public, satisfy the highest standards of honesty, integrity and fair dealing.

K. Specifications, Standards and Procedures. You acknowledge that each and every detail of the appearance and operation of the Community is important to us and other The Coven™ businesses. You agree to maintain the highest standards of quality and service and comply with all mandatory specifications, standards and operating procedures (whether contained in the Operations Manual or any other written or oral communication to you) relating to the appearance or operation of a The Coven™ business, including:

1. type and quality of Services and Products and Product procurement;
2. methods and procedures relating to marketing and customer service;
3. the safety, maintenance, cleanliness, function and appearance of the Community premises, including the fixtures, equipment, furniture, décor and signs;
4. qualifications, dress, general appearance and demeanor of Community employees. Each of your employees will wear only those uniforms which we have approved in writing;
5. the style, make and/or type of equipment (including computer equipment) used in operating the Community;
6. use and illumination of exterior and interior signs, posters, displays, standard formats and similar items; and

7. Community advertising and promotion.

L. Compliance with Laws and Good Business Practices. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Community, and must operate the Community in full compliance with all applicable laws, ordinances, and regulations, including all labor and employment laws. You must notify us in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, injunction, or award of decree, by any court, agency, or other governmental instrumentality that may adversely affect the operation or financial condition of you or the Community. You will not conduct any business or advertising practice which injures our business, the System or the goodwill associated with the Marks and other The Coven™ businesses.

M. Management of the Community/Conflicting Interests. You agree to ensure that a Principal Owner or General Manager be responsible for the management of the Community. The General Manager will be responsible for the day-to-day supervision of the Community, must at all times faithfully, honestly and diligently perform his or her obligations, and must continuously use their best efforts to promote and enhance the business of the Community. The General Manager must assume their responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with your obligations. If at any time the General Manager is not managing the Community or no longer serves as the General Manager, we immediately may appoint a manager to maintain Community operations on your behalf until you have appointed a successor General Manager who has attended and successfully completed our Initial Training Program. Our appointment of a manager of the Community does not relieve you of your obligations under this Agreement or constitute a waiver of our right to terminate the Franchise under Section 15 below. We are not liable for any debts, losses, costs or expenses you incur in operating the Community or to any of your creditors for any products, materials, supplies or services purchased by the Community while it is managed by our appointed manager. We may charge a reasonable fee for management services and cease to provide management services at any time.

N. Insurance. You agree to purchase and maintain in force, at your expense, insurance at a minimum in the types of coverage and amounts we specify in the Operations Manual or otherwise in writing. All insurance policies will: (1) be issued by an insurance carrier(s) acceptable to us and that have an A.M. Best rating of A or higher; (2) will name us and our affiliates, and their respective officers, directors and employees, as an additional insured; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the above-mentioned insurance coverage for each The Coven™ business that you operate; and (5) provide that we will receive thirty (30) days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as the insurance carrier may require and as we may approve). We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If at any time you fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur, together with an administrative fee equal to five percent (5%) of the insurance premium. You will provide us with copies of the certificate of insurance, insurance policy endorsements and other evidence of compliance with these requirements as we periodically require at least two (2) weeks before you take possession and commence development of the Community premises and at such other times as we may require. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require. Your obligation to obtain and maintain these insurance policies in the amounts specified will not be limited in any way by any insurance that we may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described in Section 18. Your insurance procurement obligations under this Section 9(N) are separate and

independent of your indemnity obligations. We do not represent or warrant that any insurance that we require you to purchase will provide you with adequate coverage. The insurance requirements specified in this Agreement are for our protection. You should consult with your own insurance agents, attorneys and other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits we require.

O. Participation in Internet Website. You will participate in a The Coven™ website listed on the Internet or other online communications and participate in any intranet system we control. We will, at our discretion, determine the content and use of a The Coven™ website and intranet system and will establish rules under which you may or will participate. We will retain all rights relating to The Coven™ website and intranet system and may alter or terminate the website or intranet system upon thirty (30) days' notice to you. Your general conduct on the Internet and The Coven™ intranet system, and specifically your use of the Marks or any advertising on the Internet (including the domain name and any other Marks we may develop as a result of participation in the Internet), will be subject to the provisions of this Agreement. You acknowledge that certain information obtained through your online participation in the website or intranet system is considered Confidential Information, including access codes and identification codes. Your right to participate in The Coven™ website or intranet system or otherwise use the Marks or the System on the Internet will terminate when this Agreement expires or terminates.

P. Member Reciprocity. You must comply with our then-current reciprocity policy, as described in the Operations Manual and as we periodically may modify (the "Reciprocity Policy"). The Reciprocity Policy may (i) prohibit you from selling a membership that does not provide full reciprocity benefits to all your members, (ii) restrict or provide guidelines regarding membership transfers, (iii) include form membership agreements that you must use or follow in the operation of your Community; (iv) require you to accept memberships sponsored by corporate accounts; and (v) address other requirements or suggestions for reciprocity of products and services between The Coven™ businesses.

Q. Corporate Accounts. We reserve the right to develop corporate accounts program designed to address the needs of certain multi-state, multiple location or specialized service customers. You must participate in the corporate accounts program and comply with the terms of such program as described in the Operations Manual or as we otherwise describe in writing. You understand that we will establish the rules under which you will participate, and be compensated for participation, in the corporate accounts program and that we may terminate, modify, or replace the corporate accounts program at any time. There are no fees associated with the corporate accounts program, but you will accept the rates we negotiate.

10. RECORDS AND REPORTS

A. Accounting and Records. During the term of this Agreement, you will, at your expense, establish and maintain at the Community premises and retain for a minimum of six (6) years from the date of their preparation, an accounting and record keeping system we designate that will generate complete and accurate books, records, and accounts relating to the Community (the "Records"). The accounting and record keeping system will include accounting and reporting software that we periodically direct. The Records must be prepared in the form and manner we direct in the Operations Manual or otherwise in writing, and must include the following: (1) daily cash reports; (2) cash receipts journal and general ledger; (3) cash disbursements journal and weekly payroll register; (4) chart of accounts; (5) monthly bank statements and daily deposit slips; (6) all tax returns relating to the Community and each of its Principal Owners; (7) suppliers' invoices (paid and unpaid); (8) dated The Coven Digital Platform Community reports (detailed and summary); (9) monthly balance sheets and profit and loss statements; (10) weekly inventories; and (11) such other records and information as we periodically may request. You must preserve the Records and submit reports electronically, consistent with our requirements described in the Operations Manual or otherwise in writing. You will ensure that we have electronic access at all times to the Records, accounting systems and other information and supporting documents as we designate. If at any time you fail to fully comply with your obligations

under this Section 10, we may require that you engage, at your expense, a third-party accounting firm or other service provider that we designate to satisfy the requirements of this Section 10.

B. Reports and Tax Returns. You will deliver or allow us access to the following: (1) all accounting software used in connection with the Community; (2) daily statements relating to Gross Sales accompanying your payment of weekly Royalty Fees; (3) monthly income statements in a format we require; (4) profit and loss statements for the Community at such intervals as we periodically may require; (5) an annual profit and loss statement and source and use of funds statement for the Community for the year and a balance sheet for the Community as of the end of the year, reviewed by an independent certified public accountant; and (6) at our request, all tax returns relating to the Community and each of its Principal Owners. All financial statements, reports and information must be in the form we approve and that you independently have verified.

11. INSPECTION AND AUDITS

A. Our Right to Inspect the Community. To determine whether you are complying with this Agreement, we may, at any time during business hours and upon twenty-four (24) hours prior notice to you, inspect the Community and observe the provision of the Services. You will fully cooperate with our representatives making any inspection and will permit our representatives to take photographs or videotapes of the Community and to interview employees and customers of the Community. If we establish a mystery shopper or compliance assessment program, we may require you to pay for the reasonable expense of mystery shopper visits or the completion of any compliance assessments at your Community.

B. Our Right to Examine Books and Records. We may, at all reasonable times and without prior notice to you, examine, audit, or request copies of the Records, including the books, records and state and/or federal income tax records and returns of any Principal Owner. You must maintain all Records and supporting documents at all times at the Community premises. You will make financial and other information available at a location we reasonably request, and will allow us (and our agents) full and free access to any such information at the Community. You otherwise will fully cooperate with our representative and independent accountants hired to conduct any examination or audit.

C. Result of Audit; Unreported Gross Sales. If any examination or audit discloses an understatement of Gross Sales, you will pay to us, within fifteen (15) days after receipt of the examination or audit report, the Royalty Fees and any Marketing Fund Fees due on the amount of the understatement, plus interest (at the rate provided in Section 4(G) above) from the date originally due until the date of payment. You must reimburse us for the cost of the audit or examination, including the charges of any independent accountants and the travel expenses, room and board and compensation of our employees, if: (1) we determine that an examination or audit is necessary because you failed to timely provide required information; or (2) any examination or audit results in a determination that Gross Sales for any three (3) month period are understated by greater than three percent (3%). The foregoing remedies are in addition to all of our other remedies and rights under applicable law.

12. CONFIDENTIAL INFORMATION AND IMPROVEMENTS

A. Confidential Information. You do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Community pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. The Confidential Information is proprietary and is our trade secret and is disclosed to you solely on the condition that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any Confidential Information disclosed in written form; (4) will adopt and implement reasonable procedures, including all such other reasonable procedures as we direct, to prevent

unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Community employees; and (5) will require the General Manager, and other managers, employees and agents with access to Confidential Information to sign a Confidentiality Agreement in a form we approve. The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information, and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

B. Improvements. You must fully and promptly disclose to us all ideas, concepts, products, process methods, techniques, improvements, additions and Customer Data relating to the development and/or operation of a The Coven™ business or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Community, or any advertising or promotion ideas related to the Community (collectively, the “Improvements”) that you, the Principal Owners or your employees or agents conceive or develop during the term of this Agreement. You and your Principal Owners, agents and employees acknowledge and agree that: (1) subject to the rights of Community customers, we own all Customer Data; and (2) any other Improvement immediately becomes our property. You and your Principal Owners, agents or employees must sign all documents necessary to evidence the assignment of each Improvement to us without any additional compensation. We may use the Improvement and disclose and/or license the Improvement for use by others. You must not introduce any Improvement or any additions or modifications of or to the System into the Community without our prior written consent.

13. COVENANTS

A. Organization. You and each Principal Owner covenants that:

1. You are organized and validly exist under the laws of the state where you were formed and are qualified and authorized to do business in the jurisdiction where the Protected Territory and Community is located;

2. Your articles of incorporation, bylaws, operating agreement or other organizational documents (collectively, “Authorizing Documents”) at all times will provide that your business activities will be limited exclusively to the ownership and operation of the Community, unless you otherwise obtain our written consent;

3. You have the power under the Authorizing Documents to sign this Agreement and comply with the provisions of this Agreement;

4. You will provide us copies of all Authorizing Documents and any other documents, agreements or resolutions we request in writing;

5. The names of all Principal Owners are accurately stated on the Guaranty attached hereto as Exhibit D; and

6. You will maintain a current schedule of the Principal Owners and their ownership interests (including the Principal Owners’ names, address and telephone numbers) at all times and will immediately provide us with an updated ownership schedule if there is any change in ownership.

B. Non-Solicitation of Customers. You covenant that, during the term of this Agreement, and for a period of twenty-four (24) months thereafter, you will not, directly or indirectly divert or attempt to divert any business, account or customer of the Community or any other The Coven™ businesses or the System to any “Competing Business” (as defined below).

C. Covenant Not to Compete During Term. You (and each Principal Owner) will not, during the term of this Agreement, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or business: (i) divert or attempt to divert any business or customers of the Community to any Competing Business or perform any act that would

damage the goodwill associated with the Marks or the System; or (ii) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any Competing Business (including any e-commerce or Internet-based business), except: (1) with our prior written consent; (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities; or (3) under a separate written agreement between you and us.

D. Post-Term Covenant Not to Compete. You (and the General Manager and each Principal Owner) will not, for a period of two (2) years after this Agreement expires or is terminated or the date on which you cease to operate the Community, whichever is later, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation: (1) divert or attempt to divert any business or customers of the Community to any Competing Business or perform any act that would damage the goodwill associated with the Marks or the System; (2) own, operate, lease, franchise, conduct, engage in, be connected with, having any interest in, or assist any person or entity engaged in any Competing Business which is located at the former site of the Community; or (3) own, operate, lease, franchise, conduct, engage in, be connected with, having any interest in, or assist any person or entity engaged in any Competing Business that is located within a twenty-five (25) mile radius of the former site of the Community or any other then-existing The Coven™ business; provided, however, that this Section 13(D) will not apply to: (i) other The Coven™ businesses that you operate under separate The Coven™ franchise agreements; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities.

E. Competing Business. “Competing Business” means any business that offers and sells memberships for coworking spaces, and other related services and products, or any other offerings or items similar to the Services and Products, including any other business that may be confusingly similar to a The Coven™ business.

F. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section 13, and that injunctive relief is essential for our protection. You therefore agree that, to the greatest extent permitted by applicable law, we may seek injunctive relief without posting any bond or security, and without the need to prove irreparable harm, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section 13. The covenants stated in this Section 13 will survive the termination or expiration of this Agreement.

14. ASSIGNMENT

A. By Us. You acknowledge, understand, and agree that we may assign this Agreement without providing to you any notice and without requiring any consent from you. Any such assignment will require the assignee to fulfill our obligations under this Agreement, and following the effective date of any such assignment, you will look solely to the transferee or assignee for the performance of all obligations under this Agreement. Separately, we may assign or delegate to an affiliate or other third party certain of our obligations under this Agreement without assigning our interest in this Agreement.

B. Transfer to a Wholly Owned Corporation or Limited Liability Company. You (as one or more individuals) may assign your interests herein to an entity that conducts no business other than the Community (or other The Coven™ businesses under franchise agreements with us), provided:

1. You own all of the voting stock or all of the membership interests, as applicable, in the entity or, if you comprise more than one individual, each such individual has the same proportionate ownership interest in the entity as he/she held in Franchise before the contemplated transfer;
2. the Community is actively managed by the General Manager;
3. all Principal Owners of the assignee entity sign the Guaranty Agreement attached hereto as Exhibit D;

4. you provide us fifteen (15) days' written notice before the proposed date of assignment of this Agreement to the entity;

5. you provide to us a certified copy of the articles of incorporation, operation agreement, organizational documents, a list of all shareholders or members having beneficial ownership, reflecting their respective interest in the assignee entity;

6. the organizational documents of the entity and all issued and outstanding stock or membership certificates will bear a legend, in form acceptable to us, reflecting or referring to the assignment restrictions stated in Section 14(C) below; and

7. A transfer under this Section 14(B) may only occur once and is not subject to our right of first refusal as described in Section 14(F) below. You will remain liable under this Agreement as if the transfer to the entity did not occur.

C. Your Assignment or Sale of Substantially all of Your Assets. You understand that we have granted the Franchise under this Agreement in reliance upon the individual or collective character, aptitude, attitude, business ability and financial capacity of your Principal Owners.

1. Controlling Interest Transfer. You (and your Principal Owners) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of (including by way of merger, consolidation or exchange), in one or more transactions, your business, the Community, substantially all or all of the assets of the Community, or this Agreement, and you will not permit the transfer of any controlling interest in you ("controlling interest" to include a proposed transfer, whether in one single transaction or a series of transactions occurring after the Effective Date, of fifty percent (50%) or more of the voting equity interests in a corporation, limited liability company or partnership) unless you obtain our prior written consent. We will not unreasonably withhold our consent to an assignment of this Agreement, provided you comply with any or all of the following conditions which we may, in our discretion, deem necessary:

(i) All of your accrued monetary obligations to us and our affiliates have been satisfied, and you otherwise are in good standing under this Agreement and all other agreements between you and us or our affiliates;

(ii) The transferee and Principal Owners (if applicable) are approved by us and the proposed General Manager demonstrates to our satisfaction that he/she meets our managerial, financial and business standards for new The Coven™ businesses, possesses a good business reputation and credit rating, and has the aptitude and ability to operate the Community. You understand that we may communicate directly with the transferee during the transfer process to respond to inquiries, as well as to ensure that the transferee and Principal Owners meet our qualifications;

(iii) The transferee enters into a written agreement, in form satisfactory to us, assuming and agreeing to discharge all of your obligations and covenants under this Agreement for the remainder of your term or, at our option, signs our then-current standard form of franchise agreement (which may contain materially different terms and conditions than this Agreement) and each new Principal Owner signs a personal guaranty in the form attached to the franchise agreement;

(iv) The transferee, a Principal Owner and the new General Manager (if not a Principal Owner) successfully complete the Initial Training Program required of new The Coven™ businesses;

(v) If required, the lessor of the Community premises consents to your assignment or sublease of the premises to the transferee;

(vi) You pay us a transfer fee equal to 50% of our then-current standard Initial Franchise Fee;

(vii) You (and each Principal Owner, if applicable) sign a general release, in a form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law;

(viii) We approve the material provisions of the assignment or sale of assets, which assignment or sale cannot permit you to retain a security interest in this Agreement or any other intangible asset; and

(ix) You (and each Principal Owner, if applicable) sign an agreement, in form satisfactory to us, in which you and each Principal Owner covenant to observe the post-termination non-solicitation covenant and covenant not to compete contained herein and all other applicable post-termination obligations.

2. Non-Controlling Interest Transfer. If the transfer involves less than a “controlling interest” in you (taking into account any prior changes of ownership or transfers), you are not required to obtain our prior written consent, provided you comply with any or all of the following conditions that we may deem necessary:

(i) You provide us with thirty (30) days advance written notice of the transfer;

(ii) Any new Principal Owner signs a personal guaranty in the form we designate;

(iii) You pay us an assignment fee equal to Two Thousand Dollars (\$2,000); and

(iv) You provide us with such other information relating to the transfer as we request.

3. Additional Conditions. We may expand upon and provide more details related to the conditions for transfer and our consent as described in this Section 14(C) in the Operations Manual or otherwise in writing.

D. Death or Disability. If a Principal Owner who also serves as the General Manager dies or is permanently disabled, the remaining Principal Owners must appoint (if necessary) a competent General Manager acceptable to us within a reasonable time, not to exceed thirty (30) days, from the date of death or permanent disability. The appointed General Manager must satisfactorily complete our Initial Training Program. If an approved General Manager is not appointed within thirty (30) days after the Principal Owner’s death or permanent disability, we may, but are not required to, immediately appoint a General Manager to maintain Community operations on your behalf until an approved assignee can assume the management and operation of the Community. Our appointment of a General Manager does not relieve you of your obligations, and we will not be liable for any debts, losses, costs or expenses you incur in operating the Community or to any creditor of yours for any products, materials, supplies or services purchased by the Community while it is managed by our appointed manager. We may charge a reasonable fee for management services and may cease to provide management services at any time.

If the Principal Owner who also serves as the General Manager dies or is permanently disabled, his/her executor, administrator, or other personal representative must transfer his/her interest within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, to a person we approve. Such transfers, including transfers by devise or inheritance, will be subject to conditions contained in Section 14(C) above.

E. Public or Private Offerings. Subject to Section 14(C) above, if you (or any of your Principal Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in you or any affiliate of you, you agree to submit any written information to us before you include that information in any registration statement, prospectus or similar offering circular or memorandum and must obtain our written consent to the method of financing before any offering or sale of securities. Our written consent will not imply or represent our approval respecting the method of financing, the offering literature submitted to us or any other aspect of the offering. No information respecting us or any of our affiliates will be included in any securities disclosure document, unless we furnish the information in writing in response to your written request, which request will state the specific purpose for which the information is to be used. Should we,

in our discretion, object to any reference to us or any of our affiliates in the offering literature or prospectus, the literature or prospectus will not be used unless and until our objections are withdrawn. We assume no responsibility for the offering.

The prospectus or other literature used in any offering must contain the following language in boldface type on the first textual page:

“NEITHER THE COVEN FRANCHISING, LLC. NOR ANY OF ITS AFFILIATES: (A) IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED, (B) ASSUMES ANY RESPONSIBILITY RESPECTING THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED HEREIN, OR (C) ENDORSES OR MAKES ANY RECOMMENDATION RESPECTING THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”

F. Our Right of First Refusal. If you or your Principal Owners at any time desire to sell or assign for consideration the Franchise, the Community, an ownership interest representing (in the aggregate) fifty percent (50%) or more of the ownership in you, or all or substantially all of your assets, you or your Principal Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must deliver a copy of the offer to us. We have the right, exercisable by written notice delivered to you or your Principal Owners within seven (7) days following receipt of the proposed offer, to purchase the interest in the Community or ownership interest in you for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of sixty (60) days to prepare for closing. If we do not exercise our right of first refusal, you or your Principal Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Principal Owners otherwise comply with this Section 14. If the sale to the proposed purchaser is not completed within one hundred twenty (120) days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again will have the right of first refusal.

G. Guaranty. All of your Principal Owners will sign the Guaranty and Assumption Agreement substantially in the form attached to this Agreement as Exhibit D (the “Guaranty Agreement”). We may also require the spouse of any Principal Owner to sign the Guaranty Agreement. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of yours under the provisions of this Section 14 or otherwise will, as a condition to becoming a Principal Owner, sign the Guaranty Agreement, and you must ensure that any proposed new Principal Owner signs the Guaranty Agreement.

15. OUR TERMINATION RIGHTS

A. Termination of Franchise Agreement - Grounds. You will be in default, and we may, at our option, terminate this Agreement, as provided herein, if: (1) the General Manager or Principal Owner (if applicable) fails to meet our then-current requirements or satisfactorily complete the Initial Training Program or you fail to open and commence full operations of the Community at such time as provided in this Agreement; (2) you violate any material provision or obligation of this Agreement; (3) you or any of your managers, directors, officers or any Principal Owner makes a material misrepresentation or omission in the application for the Franchise; (4) any of your General Manager, directors, officers or any Principal Owner is convicted of, or pleads guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Marks or the goodwill associated therewith, or if we reasonably believe that such person has committed such a felony, crime or offense; (5) you do not comply with the material requirements of the System or the material standards of uniformity and quality for the Services and Products as described in the

Operations Manual or as we have established under the System; (6) you fail to timely pay Royalty Fees, Marketing Fund Fees, Technology and Content Fees or any other obligations or liabilities due and owing to us or our affiliates, or other suppliers we approve as a source for required items; (7) you are insolvent within the meaning of any applicable state or federal law; (8) you make an assignment for the benefit of creditors or enter into any similar arrangement to dispose of your assets for the benefit of creditors; (9) you voluntarily or otherwise “abandon” (as defined below) the Community; (10) you are involved in any act or conduct that materially impairs or otherwise is prejudicial to the goodwill associated with the name “The Coven Community” or any of the Marks or the System or you otherwise fail to maintain a safe, inclusive environment at the Community for any of your members; (11) you or a Principal Owner makes an unauthorized assignment or transfer of this Agreement, the Community or an ownership interest in you; (12) the operation, maintenance or construction of the Community results in a threat or danger to the public health or safety; (13) you violate any federal, state or local government health code in connection with the operation of the Community; (14) your lease for the Community premises expires or is terminated for any reason (unless, through no fault of you, the lessor of the premises in which the Community is located refuses to renew your lease and you relocate within the Protected Territory to a site we approve within ninety (90) days thereafter); (15) the result of an audit discloses an understatement of Gross Sales of three percent (3%) or more; or (16) you willfully and materially falsify any report, statement, or other written data furnished to us either during the franchise application process or after you are awarded a franchise. Any report submitted under Section 10(A) will be conclusively deemed to be materially false if it understates Gross Sales by more than five percent (5%). The term “abandon” means your failure to operate the Community during regular business hours for a period of three (3) consecutive days or ten (10) or more days in a (twelve) 12-month period without our prior written consent unless such failure is due to an event of “*force majeure*” as further described in Section 20(K) below.

B. Procedure. Except as described below, you will have ten (10) days, or such longer period as applicable law may require, after your receipt from us of a written Notice of Termination within which to remedy any default hereunder, and to provide evidence thereof to us. You will have ten (10) days after your receipt from us of a written Notice of Termination, or such longer period as applicable law may require, to remedy any default under item (6) in Section 15(A) above and to provide evidence thereof to us. You will have seventy-two (72) hours, or such longer period as applicable law may require, after you receive from us a written Notice of Termination to remedy any default under item (13) in Section 15(A) above and to provide evidence thereof to us. If you fail to correct an alleged default within the applicable cure time stated above, this Agreement will terminate without further notice to you, effective immediately when the applicable cure period expires, or such longer period as applicable law may require. We may terminate this Agreement immediately upon delivery of written notice to you, with no opportunity to cure, if the termination results from any of the following: (1) you fail to comply with one or more material requirements of this Agreement on three (3) separate occasions within any twelve (12) month period; (2) the nature of your breach makes it not curable; (3) you willfully and repeatedly deceive customers relative to the source, nature or quality of goods or services sold; or (4) any default under items (3), (4), (7), (8), (9), (10), (11), (12), (14), or (16) in Section 15(A) above.

C. Suspension of Rights Upon Default. If you default under this Agreement, in addition to any other rights or remedies we may have hereunder, we may suspend performing our obligations under this Agreement.

D. Non-Compliance Fee. In addition to our rights to terminate this Agreement, as described in this Section 15, you must pay us a “Non-Compliance Fee” if you fail to comply on a timely basis with certain obligations under this Agreement or the Operations Manual as consideration for the expenses we incur in addressing your failure to comply with the terms of this Agreement, including third party expenses. All Non-Compliance Fees shall be imposed according to the schedule stated in the Operations Manual.

E. Applicable Law. If the provisions of this Section 15 are inconsistent with applicable law, the applicable law will apply.

16. YOUR TERMINATION RIGHTS

You may terminate this Agreement if we violate any material obligation of us to you and fail to cure such violation within sixty (60) days after our receipt of written notice from you; provided, however, that you are in substantial compliance with the Agreement at the time of giving such notice of termination. Your written notice will identify the violation and demand that it be cured.

17. YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Post-Term Duties. If this Agreement expires or is terminated for any reason, you will:

1. immediately cease operating the Community and using the Marks as well as any confusingly similar trademarks or service marks;
2. within ten (10) days after termination, pay all amounts due and owing to us or our affiliates, including all Royalty Fees, Marketing Fund Fees, Technology and Content Fees, any other amounts, and accrued interest due under this Agreement;
3. discontinue using, and return to us by priority United States mail with a tracking number, any hard copies of, the Operations Manual and any other manuals, advertising materials, and all other printed materials relating to the operation of the Franchise;
4. assign to us or, at our discretion, disconnect the telephone number for the Community. You acknowledge that we have the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and you authorize us, and appoint us as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer such numbers and listings to us;
5. remove from the Community premises all signs, posters, fixtures, decals, wall coverings and other materials that are distinctive of a The Coven™ business or bear the name “The Coven Community” or other Marks;
6. comply with all post-termination obligations under any software license agreement, including the return of all materials relating to any Designated Software;
7. take all necessary action to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks;
8. immediately cease using Confidential Information (including all Customer Data) and return to us all documents in your possession that contain Confidential Information; and
9. comply with all other applicable provisions of this Agreement, including the non-compete provisions.

B. Cease Using the Marks. Upon termination or expiration of this Agreement for any reason, your right to use the name “The Coven” and the other Marks and the System will immediately terminate, and you (and the Principal Owners) will not in any way associate yourself/themselves as being associated with us. If you fail to immediately remove all signs and other materials bearing the Marks, we may do so at your expense.

C. Redecoration. If this Agreement expires or is terminated for any reason, and you either remain in possession of the premises of the former Community to operate a separate business not in violation of Section 13 above or enter into an agreement with a third party to allow such third party to directly operate a business at the premises of the former Community, you will, at your expense, modify both the exterior and interior appearance of the business premises so that they will be easily distinguished from the standard appearance of The Coven™ businesses. At a minimum, such changes and modifications to the premises will include: (1) repainting the premises with totally different colors; (2) removing all signs and other materials bearing the name “The Coven” and other Marks; (3) removing from the premises all fixtures which are indicative of The Coven™ businesses; (4) discontinuing use of the approved employee uniforms and refraining from using any uniforms that are confusingly similar; (5) discontinuing use of all packaging and Confidential Information regarding the operation of the Community; and (6) taking such other action, at your expense, as we may reasonably require. If you fail to immediately initiate modifications to the premises of the former Community or complete such modifications with any period of time we deem appropriate, you agree that we or our designated agents may enter the premises of the former Community to

make such modifications, at your risk and expense, without responsibility for any actual or consequential damages to your property or others, and without liability for trespass or other tort or criminal act.

D. Our Option to Purchase. If this Agreement expires or is terminated for any reason (other than our fault), we have the option, upon sixty (60) days' written notice from the date of expiration or termination, to purchase from you all the tangible and intangible assets relating to the Community, including the Community premises if you own the Community premises (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the "Purchased Assets") and to an assignment of your lease for (1) the Community premises (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (2) any other tangible leased assets used in operating the Community. If the landlord respecting the lease for the Community premises is an affiliate of yours (i.e., controlling, controlled by or under common control with you), we will have the right to assume the lease on terms generally consistent with then-current market rates for space in the immediate area surrounding the Community location. We may assign to a third party this option to purchase and assignment of lease separate and apart from the remainder of this Agreement.

The purchase price for the Community will be the lesser of the fair market value or the book value of the Purchased Assets; provided that: (1) we may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (2) we may exclude from fair market or book value any provision for goodwill or similar value attributable to intangible property (such as the Marks, any Designated Software and Confidential Information). If the parties cannot agree on fair market or book value within a reasonable time, the parties will designate an independent appraiser to determine the fair market or book value of the Purchased Assets. If the parties cannot agree upon the selection of an appraiser, one will be appointed by a Judge of the United States District Court for the District in which the Franchise Location is located upon petition of either party. The determination of such appraiser will be binding on you and us, and the costs of such appraisal will be divided equally between you and us. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur within a reasonable time, not to exceed sixty (60) days, after the book value is determined. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate the Community without interruption. At the closing, we may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates, and we may remit portions of the purchase price to third parties to whom you owe obligations to secure the release of liens on, and thereby obtain free and clear title to, the assets we are purchasing. If we exercise our option to purchase the Community, we may, pending the closing, appoint a manager to maintain Community operations. If we assume the lease for the Community, you will pay, remove, or satisfy any liens or other encumbrances on your leasehold interest and will pay in full all amounts due the lessor under the lease existing at or before assumption. We are not liable for any obligation you incur before the date we assume the lease.

E. Continuing Obligations. All obligations of us and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire.

18. RELATIONSHIP OF THE PARTIES

A. Relationship of the Parties. We and you are independent contractors. Neither you nor we are the agent, legal representative, partner, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any reason. Neither party will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself at the premises of the Community and in all dealings with customers, lessors, contractors, suppliers, public

officials and others as an independent contractor, and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as we require.

B. Control Over Operations. You agree that you alone are to exercise day-to-day control over all operations, activities and elements of your Community, and that we will not do so or be deemed to do so. You further acknowledge and agree that the various restrictions, prohibitions, specifications and procedures of the System which you must comply with under this Agreement, whether stated in our Operations Manual or otherwise, do not directly or indirectly represent or suggest that we control any aspect or element of the day-to-day operations of your Community, but only represent standards you must comply with when exercising your control of the day-to-day operations of your Community.

C. Your Indemnification Obligations. You agree to indemnify and hold us and our subsidiaries, affiliates, stockholders, members, directors, officers, employees and agents harmless against, and to reimburse us or them for, any loss, liability or damages arising out of or relating to your ownership or operation of the Community, and all reasonable costs of defending any claim brought against us or any of them or any action in which us or any of them is named as a party (including reasonable attorneys' fees) unless the loss, liability, damage or cost is solely due to our breach of this Agreement, gross negligence or willful misconduct. You must pay all losses, liability or damages we incur pursuant to your obligations of indemnity under this Section 18(C) regardless of any settlement, actions or defense we undertake or the subsequent success or failure of any settlement, actions or defense. Further, you agree to give us immediate notice of any such action, proceeding, demand or investigation brought against you or the Community. We may, at our option, designate counsel, at your expense, to defend or settle such action, proceeding, demand or investigation brought against you or the Community. This obligation does not diminish your indemnification obligations under this Section 18(C).

D. Our Indemnification Obligations. We agree to indemnify and hold you and your officers, directors and agents harmless against, and to reimburse you and them for, any loss, liability or damage solely arising from or relating to our breach of this Agreement, gross negligence or willful misconduct, and all reasonable costs of defending any third party claim brought against you or them or any action in which you or they are named as a party (including reasonable attorneys' fees).

E. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

19. DISPUTE RESOLUTION

A. Mediation. Except as otherwise stated in this Section 19(A), the parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to non-binding mediation before bringing such claim, controversy or dispute to arbitration or to a court. The mediation will be conducted either through an individual mediator or a mediator appointed by a mediation services organization, experienced in the mediation of disputes between you and us, agreed upon by the parties. If the parties do not agree on a mediator or mediation services organization within fifteen (15) days after either party has notified the other of its desire to seek mediation, the dispute will be mediated by the American Arbitration Association pursuant to its rules governing mediation, in Hennepin County, Minnesota. The costs and expenses of mediation, including compensation of the mediator, will be borne equally by the parties. If the parties cannot resolve the claim, controversy or dispute within sixty (60) days after conferring with the mediator, either party may submit such claim, controversy for binding arbitration as described in Section 19(B) below. We may bring an action under the applicable provisions of this Section 19, without first submitting the action to mediation under this Section 19(A), for injunctive relief or for monies you owe us.

B. Arbitration. Except to the extent we elect to enforce the provisions of this Agreement by injunction as provided in Section 19(C) below, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including validity or enforceability of this Agreement or any provisions hereof, claims of fraud in the

inducement, and other claims of fraud in the arbitrability of any matter) that have not been settled by or are not otherwise subject to mediation as described in Section 19(A) above will be resolved by arbitration on an individual basis under the authority of the Federal Arbitration Act in Hennepin County, Minnesota. The proceedings will be conducted by a single arbitrator under the Commercial Arbitration Rules of the American Arbitration Association, or the rules of such other arbitration services organization as the parties otherwise may agree upon in writing, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Federal Arbitration Act. The arbitrator will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. The decision of the arbitrator will be final and binding on all parties; provided, however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award that extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance we establish. Any arbitration proceeding will be limited to controversies between you and us, and will not be expanded to include any other The Coven™ franchisee or include any class action claims. This Section 19 will survive termination or nonrenewal of this Agreement. Judgment upon the award of an arbitrator may be entered in any court having jurisdiction thereof. During any arbitration proceeding, we and you will fully perform our respective obligations under this Agreement. The parties agree that all arbitration proceedings, including any arbitration award or ruling, will be confidential in nature, except as otherwise required by law or court order or as necessary to confirm, vacate or enforce the award and for disclosure in confidence to the parties' respective attorneys and tax advisors.

C. Injunctive Relief. Notwithstanding Sections 19(A) and (B) above, you recognize that a single franchisee's failure to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all other The Coven™ businesses. Therefore, if you breach or threaten to breach any of the terms of this Agreement, then, to the greatest extent permitted by applicable law, we will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual or irreparable damage and without the need to post bond for security, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrator.

D. Attorneys' Fees. The non-prevailing party will pay all costs, expenses, and interest including reasonable attorneys' fees, the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

20. ENFORCEMENT

A. Severability. All 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 valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us are invalid or unenforceable, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Waiver of Obligations. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach. No waiver by us of any rights under this Agreement will be valid or binding upon us unless we provide that waiver in writing and sign it.

C. Rights of Parties are Cumulative. The rights of us and you are cumulative and no exercise or enforcement by either party of any right or remedy precludes the exercise or enforcement by such party of any other right or remedy to which such party is entitled by law or equity to enforce.

D. Venue. Subject to the provisions of Sections 19(A) and 19(B) above, any cause of action, claim, suit or demand allegedly arising from or related to this Agreement or the relationship of the parties must be brought exclusively in any state or federal court of competent jurisdiction in the county where our headquarters is located, which is currently Hennepin County, Minnesota. We also have the right to file any such suit against you in the federal or state court where the Community is located. Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action, and you and your Principal Owners waive any and all rights to proceed on a consolidated, common, or class basis. Each of us and you irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue.

E. Governing Law. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act, this Agreement will be governed by and construed under the laws of the state of Minnesota, without regard to any conflict of laws principles of such state. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state in which the Community is located.

F. Binding Effect. This Agreement is binding on us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and permitted successors in interest. Subject to our right to modify the Operations Manual and the System, this Agreement may not be modified except by a written agreement signed by both our and your authorized officers. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

G. References. If you consist of two or more individuals, such individuals will be jointly and severally liable, and references to you in this Agreement will include all such individuals.

H. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

1. Our Rights. Whenever this Agreement provides that we have or reserve (retain) a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise reasonable business judgment in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of ours. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact), will substitute their judgment for our reasonable business judgment.

I. **WAIVER OF PUNITIVE DAMAGES. YOU AND WE AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN US, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY US.**

J. WAIVER OF JURY TRIAL. YOU AND WE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

K. Force Majeure. If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include strikes, wars, riots, civil commotion, and acts of government, except as may be specifically provided for elsewhere in this Agreement.

L. Notice of Potential Profit. We advise you that we and/or our affiliates periodically may make available to you goods, products and/or services for use in the Community on the sale of which we and/or our affiliates may make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for services provided or rights licensed to such persons. You agree that we and our affiliates will be entitled to such profits and consideration.

M. Limitation of Actions. Subject to any applicable statute of limitations, you and we agree that neither party will have the right to bring any claim or action against the other party unless the action or claim is commenced within one (1) year after the offended party has knowledge of the facts giving rise to the action or claim.

N. Entire Agreement. The Introduction, exhibit(s) to this Agreement, and Disclosure Acknowledgment Agreement signed contemporaneously with this Agreement are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

21. NOTICES

A. All written notices and reports permitted or required to be delivered by the provisions of this Agreement are deemed so delivered at the time delivered by hand one (1) business day after having been sent by a recognized overnight delivery service requiring a written receipt, three (3) business days after having been placed in the U.S. Mail by registered or certified mail, return receipt requested, or by such other means which provides the sender with evidence of delivery, or of rejected delivery, and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other party. Any notice by a means which provides the sender with evidence of delivery, or rejected delivery, will be deemed to have been given at the date and time of receipt or rejected delivery.

22. ACKNOWLEDGEMENTS

A. Success of the Community. The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or the Principal Owners') ability as an independent businessperson, and your active participation in the daily affairs of the Community as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the business venture.

B. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross sales, volume, potential earnings or profits which you might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein, to induce you to accept this Franchise and sign this Agreement.

C. **Receipt of Documents.** Except for filling in the blank provisions and changes made as a result of negotiations that you initiated, you acknowledge that you received a copy of the complete Franchise Agreement, and exhibits attached hereto, at least seven (7) calendar days before the date on which this Agreement was signed. You further acknowledge that you received the disclosure document required by the trade regulation rule of the Federal Trade Commission entitled “Franchise Disclosure Document” at least fourteen (14) calendar days prior to the date on which this Agreement was signed. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor. You further represent that you understand the provisions of this Agreement and agree to be bound.

D. **Other Franchises.** You acknowledge that other The Coven™ businesses have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

The parties have signed this Agreement on the date stated in the first paragraph.

WE:

YOU:

THE COVEN FRANCHISING, LLC

Name of corporation or limited liability
company

By _____
Its _____

By _____
Its _____

**EXHIBIT A
TO FRANCHISE AGREEMENT**

COMMUNITY LOCATION AND PROTECTED TERRITORY

This Exhibit is attached to and is an integral part of the The Coven™ Franchise Agreement dated _____, 20____ (the "Franchise Agreement"), between us and you.

1. Community Location. We and you agree that the Community will be located at the following premises: _____. You acknowledge that our consent to a proposed location does not represent a warranty or representation of any kind as to the suitability of the proposed location for a The Coven™ business.

2. Protected Territory. The Protected Territory will be the following:

3. General Manager. The General Manager of the Community is _____.

4. Design Services Package. You have elected the following Design Services Package (mark one):

_____ Fill the Room Package for \$15,000

_____ Interior Design Package for \$25,000

5. 4-Defined Terms. All capitalized terms contained in this Exhibit and not defined herein will have the same meaning as provided in the Franchise Agreement.

WE:

YOU:

THE COVEN FRANCHISING, LLC

By _____
Its _____

By _____
Its _____

**EXHIBIT B
TO FRANCHISE AGREEMENT**

COMMUNITY LOCATION GENERAL AREA

This Exhibit is attached to and is an integral part of the The Coven™ Franchise Agreement dated _____, 20____ (the “Franchise Agreement”), between us and you.

1. Area for Community Location. Within six (6) months following the date of the Franchise Agreement, you will select and obtain our consent to a location in accordance with the provisions of this Exhibit within the following described geographical area (the “Area”): _____

2. Consent to Location and Community Opening. To obtain our consent to the proposed Community premises, you must deliver to us within ninety (90) days following the date of the Franchise Agreement a complete site report (containing information we require) for the location at which you propose to establish and operate the Community and which you reasonably believe will satisfy the standardized site selection criteria we have established. The proposed location must be centrally located within the Area and is subject to our prior written consent, which will not be unreasonably withheld. In evaluating the proposed location, we will consider matters we deem material, including demographic characteristics of the proposed location, traffic patterns, parking, the predominant character of the neighborhood, the proximity to other businesses, including other The Coven™ businesses, and other commercial characteristics, the purchase price or rental obligations and other lease terms for the proposed location, and the size of premises, appearance, and other physical characteristics. Within thirty (30) days following our receipt of the complete site report and other materials we request, we will consent to or reject (in writing) the location you propose for the Community. Following our consent to a proposed location for the Community, we will identify the Protected Territory for the Community, which generally will include a minimum population of 250,000, and we and you will complete and sign Exhibit A to the Franchise Agreement.

YOU ACKNOWLEDGE AND AGREE THAT OUR CONSENT TO A PROPOSED LOCATION DOES NOT REPRESENT A WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, AS TO THE SUITABILITY OF THE PROPOSED LOCATION FOR A THE COVEN™ BUSINESS.

3. Termination of Franchise Agreement. We have the right to terminate the Franchise Agreement, effective upon delivery of notice of termination to you, if you fail to obtain our consent to a location for the Community within seven (7) months after the date of the Franchise Agreement.

4. Defined Terms. All capitalized terms contained in this Exhibit and not defined in this Exhibit will have the same meaning as provided in the Franchise Agreement.

WE:
THE COVEN FRANCHISING, LLC

YOU:

By _____
Its _____

By _____
Its _____

EXHIBIT C
TO FRANCHISE AGREEMENT
COMMUNITY LEASE ADDENDUM

This Lease Addendum is entered into as of the date of the Lease Agreement by and between _____ (“Landlord”) and _____ (“Tenant”).

Landlord and Tenant are parties to that certain Lease of even date (the “Lease”) covering the premises located at _____ (the “Leased Premises”), which Tenant will use to operate a The Coven™ business under a franchise agreement (the “Franchise Agreement”) between Tenant and The Coven Franchising, LLC. (“Franchisor”). Landlord and Tenant desire to amend the Lease to protect the various interests of Franchisor.

In consideration of the foregoing and the promises contained in the Lease, the parties agree as follows:

1. Permitted Use. Landlord and Tenant agree that so long as the Franchise Agreement remains in effect, Tenant may use the Leased Premises only for a The Coven™ business and Tenant may offer for sale and sell at the Leased Premises only those services and products which Franchisor approves. Landlord further agrees that so long as the Lease is in effect, it will not permit any tenant within the same multi-tenant mall or building to operate any business that is primarily offering a network of coworking spaces, and other related services and products, or any other business that is competitive with a The Coven™ business, other than businesses in existence in the building as of the effective date of the Lease or upon the written consent of Franchisor and Tenant.

2. Notice of Default. Landlord will provide Franchisor, by certified US mail or a recognized overnight delivery service at the address provided in Section 8 below, a minimum thirty (30) day notice of any default under the Lease before Landlord initiates any action to terminate the Lease or exercise any remedy for such default.

3. Cure. Either Tenant or Franchisor may cure defaults under the Lease and Landlord will accept performance of obligations due under the Lease, as specified in the Lease, by either Franchisor or Tenant. Franchisor will not, however, be under any obligation to cure any default and nothing herein will require Franchisor at any time to comply with or take any action under the provisions of the Lease.

4. Rights of Franchisor After Cure. If Franchisor commences cure of any default under the Lease within the thirty (30) day notice period described in Section 2 above, and if Franchisor thereafter diligently completes cure, Franchisor may, but will not be obligated to, give notice to Landlord and become Tenant under the Lease, in which event Landlord will not be entitled to terminate the Lease.

5. Assignment and Renewal. Landlord consents to an assignment or transfer of Tenant’s rights under the Lease to Franchisor at any time during the term of the Lease; provided that such assignment or transfer is subject to Franchisor’s written agreement to accept such assignment or transfer. Landlord will give Franchisor notice of expiration of the term of the Lease at least three (3) months in advance thereof and grant Franchisor the right, but not the obligation, to exercise any then-existing renewal rights under the Lease.

6. Right of Entry and Subordination. Landlord will give Franchisor access to the Leased Premises at reasonable times on not less than twenty-four (24) hours' notice (or such shorter notice as may be reasonable when circumstances dictate) either to inspect the Leased Premises for compliance with Franchisor's requirements, to remove from the Leased Premises any items bearing Franchisor's marks or logos or to take other action permissible under the agreements between Tenant and Franchisor. Landlord specifically subordinates any lien it may have in such items to Franchisor's rights as licensor of the marks or logos displayed on items.

7. Vacating Premises. Upon vacating the Leased Premises, or termination of the Franchise Agreement or Lease (whichever occurs first), Tenant must remove all signs and materials bearing any of Franchisor's marks or logos.

8. Notices. Any notices to Franchisor hereunder will be sent (unless Franchisor provides in writing a different address to which notices will be given) to:

The Coven Franchising, LLC
165 Western Avenue North, Suite 8
St. Paul, MN 55102

9. Benefit. Landlord and Tenant acknowledge that they enter into this Agreement for the express benefit of Franchisor and that Franchisor is an intended beneficiary hereof.

10. Supremacy. This Addendum shall control and supersede any inconsistent provision of the Lease.

The parties have signed this Agreement the day and year first above written.

LANDLORD:

TENANT:

By: _____
Title:

By: _____
Title:

**EXHIBIT D
TO FRANCHISE AGREEMENT**

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of that certain franchise agreement of even date herewith (the “Franchise Agreement”) by The Coven Franchising, LLC. (“we” or “us”), each of the undersigned (a “Guarantor”), each of whom has a significant economic stake in _____ (the “franchisee”) by virtue of holding equity interests in the franchisee, hereby personally, irrevocably and unconditionally guarantees to us, and our successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that the franchisee will timely pay and perform each and every undertaking, agreement and covenant stated in the Franchise Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every such undertaking, agreement and covenant, and other provision in the Franchise Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any obligation or indebtedness hereunder; (3) protest, demand, presentment, notice of protest, default, notice of intent to accelerate, and notice of acceleration, to any party respecting the obligation or indebtedness hereunder; and (4) any right he or she may have to require that an action be brought against the franchisee or any other person as a condition of liability hereunder.

Each Guarantor consents and agrees that:

(1) Guarantor’s liability under this guaranty will be direct and independent of the liability of, and will be joint and several with, the franchisee and the other Guarantors of the franchisee.

(2) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon our demand if the franchisee fails to do so.

(3) Guarantor’s liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of the franchisee or any assignee or successor of the franchisee.

(4) Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time or credit that we may grant to the franchisee, including the acceptance of any partial payment or performance, any delay on our part in enforcing our rights under the Franchise Agreement, or any waiver, compromise or release of any claims.

(5) We may proceed against Guarantor and the franchisee jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against the franchisee or any other Guarantor.

(6) Guarantor’s liability hereunder will be an open and continuing guarantee and will continue in force notwithstanding any subsequent amendment to the Franchise Agreement or any renewal, expiration or termination of the Franchise Agreement. Our rights hereunder are transferable without the Guarantor’s consent, and will benefit our successors and assigns.

(7) Guarantor will pay all reasonable attorneys’ fees and all costs and other expenses we incur in enforcing this guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

(8) The dispute resolution provisions contained in Section 19 of the Franchise Agreement and related enforcement provisions contained in Section 20 of the Franchise Agreement are incorporated herein by reference. Guarantor irrevocably consents to the jurisdictional requirements outlined in such Sections and waives all rights to challenge personal jurisdiction and venue.

(9) If any provision of this Guaranty and Assumption of Obligations is construed by a court of competent jurisdiction to be unenforceable, then the offending provision will be severed from this undertaking and the remainder of this undertaking will be unaffected thereby.

The undersigned Guarantor has signed this Guaranty and Assumption of Obligations as of the following date: _____.

GUARANTOR(S)

PERCENTAGE OWNERSHIP IN YOU

| 63450481v1

| 63450481v2

EXHIBIT C

LIST OF STATE ADMINISTRATORS; AGENTS FOR SERVICE OF PROCESS

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

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Georgia	Secretary of State of Georgia Corporations Division	2 Martin Luther King, Jr. Dr., SE Suite 315, West Tower Atlanta, GA 30334 404-656-2817
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
North Carolina	Secretary of State of North Carolina	2 South Salisbury Street Raleigh, North Carolina 27601
South Carolina (Agent)	CT Corporation System	2 Office Park Court, Suite 103 Columbia, SC 29223
South Carolina (State Administrator)	South Carolina Secretary of State	1205 Pendleton Street, Suite 525 Columbia, SC 29201
<u>Wisconsin</u>	<u>Commissioner of Securities</u>	<u>Department of Financial Institutions</u> <u>Division of Securities</u> <u>4822 Madison Yards Way, North Tower</u> <u>Madison, WI 53705</u>

EXHIBIT D
STATE ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

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.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPL.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 5, Additional Disclosure:

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

Item 6, Additional Disclosure:

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

Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of Minnesota. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

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

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

The franchise agreement requires binding arbitration. The arbitration will occur in Hennepin County, Minnesota, with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

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

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

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

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

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

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 Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations.

The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its:

Its:

Date: _____

Date: _____

DISCLOSURES REQUIRED BY GEORGIA LAW

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

GEORGIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

This Addendum will pertain to franchises sold in the State of Georgia and will be for the purpose of complying with Georgia statutes and regulations. Item numbers correspond to those in the main body.

Items 5 and 7, Additional Disclosure

Notwithstanding anything in Items 5 and 7 to the contrary, for Georgia franchisees, the Initial Franchise Fee is payable as follows: (1) 15% payable to us when you sign the Franchise Agreement; and (2) 85% payable into an escrow account that will be opened with an independent escrow agent, upon your execution of the Franchise Agreement. The Initial Franchise Fee is fully earned and nonrefundable. The escrowed amount, which will equal 85% of the Initial Franchise Fee, will be paid from the escrow account to us 60 days after the Opening Date. If the Franchise Agreement terminates before you open the Business due to your breach of the Franchise Agreement, the entire escrowed amount, 85% of the Initial Franchise Fee, will be paid to us.

Item 17, Additional Disclosure:

If the company fails to deliver the product, equipment, or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the company in writing and demand that the contract be cancelled.

GEORGIA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum will pertain to franchises sold in the State of Georgia and will be for the purpose of complying with Georgia statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement will be amended to include the following:

1. Section 3.1 of the Franchise Agreement is amended to provide that we will retain fifteen percent (15%) of the total Initial Franchise Fee. The remaining balance of eighty-five percent (85%) of the total Initial Franchise Fee, will be placed in escrow with the following independent escrow agent (the "Escrowed Amount"):

acct #: _____

The entire Escrowed Amount will be due and payable to us 60 days after the date the Store is opened. The Initial Franchise Fee is fully earned and nonrefundable. If the Franchise Agreement terminates before the date the Store is open due to your breach of the Franchise Agreement, the entire escrowed amount, 85% of the Initial Franchise Fee, will be paid to us.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its:

Its:

Date: _____

Date: _____

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 5.

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

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

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

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

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.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

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

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

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

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.

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its:

Its:

Date: _____

Date: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 5.

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business.

Item 6, Additional Disclosure:

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

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

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.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its:

Its:

Date: _____

Date: _____

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

NORTH CAROLINA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

This Addendum pertains to franchises/business opportunities sold in the State of North Carolina and will be for the purpose of complying with certain provisions of North Carolina Law:

Item 8. To the extent applicable, Item 8 of the disclosure document is amended to add the following:

If the seller (franchisor) fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller (franchisor) in writing and demand that the contract be cancelled.

NORTH CAROLINA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum relates to franchises sold in North Carolina and is intended to comply with North Carolina statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Service of Process. The name and address of our agent in North Carolina authorized to receive service of process is:

Secretary of State of North Carolina
2 South Salisbury Street
Raleigh, North Carolina 27601

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its:

Its:

Date: _____

Date: _____

DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW

The State of South Carolina has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

SOUTH CAROLINA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

This Addendum pertains to franchises/business opportunities sold in the State of South Carolina and will be for the purpose of complying with certain provisions of South Carolina Law:

Item 17, Additional Disclosure:

If the seller (franchisor) fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller (franchisor) in writing and demand that the contract be canceled.

SOUTH CAROLINA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum pertains to franchises/business opportunities sold in the State of South Carolina and will be for the purpose of complying with certain provisions of South Carolina Law:

1. CT Corporation System is hereby authorized to receive service of process. CT Corporation System is located at 2 Office Park Court, Suite 103, Columbia, SC 29223.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its:

Its:

Date: _____

Date: _____

EXHIBIT E
GENERAL RELEASE FORM

FORM RELEASE OF CLAIMS

**THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL
BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT.
THIS FORM IS SUBJECT TO CHANGE OVER TIME.**

For and in consideration of the Agreements and covenants described below, The Coven Franchising, LLC (“we” or “us”), _____ (“you”) and _____ (“Guarantors”) enter into this Release of Claims (“Agreement”).

RECITALS

- A. We and you entered into a The Coven™ Franchise Agreement dated _____, _____ (the “Franchise Agreement”).
- B. [NOTE: Describe the circumstances relating to the release.]

AGREEMENTS

- 1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
- 4. **Release of Claims.**

- A. Definitions.

- 1. Franchisor Parties: We and each of our subsidiaries, corporate parents and affiliates, and their respective officers, directors, owners, stockholders, members, employees, insurers, attorneys, agents, successors, predecessors, assigns, heirs and personal representatives.

- 2. Franchisee Parties: You and each of the Guarantors and all persons or entities acting on their behalf or claiming under them including each of their respective past and present corporate parents, subsidiaries, affiliates, owners, heirs, executors, administrators, managers, directors, officers, employees, trustees, agents, partners, business entities, attorneys, insurers, successors and assigns.

- B. The Franchisee Parties irrevocably and unconditionally waive, release and forever discharge, and covenant not to sue, the Franchisor Parties of and from any and all claims, suits, debts, liabilities, causes of action, demands, contracts, promises, obligations, losses, rights, controversies, damages, costs, expenses (including actual attorneys’ fees and costs incurred), actions and causes of action of every nature, whether known or unknown, direct or indirect, vested or contingent, at law or in equity, whether arising by statute, common law, or otherwise, including claims for negligence (collectively, “Claims”), that they may now have, or at any time heretofore had, or hereafter may have, against each or any of the Franchisor Parties arising out of or relating to any conduct, transaction, occurrence, act or omission at any time before the [Effective Date] relating to the Franchise Agreement(s), the development or operation of the Community, the franchise relationship between the parties, the offer or sale of any franchise, or any agreement between any of the Franchisee Parties and any of the Franchisor Parties.

C. The Franchisee Parties specifically and expressly acknowledge and agree that the consideration accepted under this Agreement is accepted in full satisfaction of any and all injuries and/or damages that have previously arisen and which may hereafter arise respecting any of the claims being released.

D. The Franchisee Parties acknowledge that they have had a reasonable opportunity to consult with an attorney prior to signing this release and they have executed this release voluntarily. Also, the Franchisee Parties represent that they have not assigned or transferred to anyone any claims released by them under Section 4(B) above.

5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of _____ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

YOU:

WE:

THE COVEN FRANCHISING, LLC

BY: _____

BY: _____

ITS: _____

ITS: _____

DATE: _____

DATE: _____

PERSONAL GUARANTORS:

EXHIBIT F

LIST OF CURRENT FRANCHISEES
as of ~~July~~December 31, 2023

Owner Name	Address	City	State	Zip	Phone Number
Dan Anderson	4009 E Lake St.	Minneapolis	MN	55406	(612) 699-0850
Elaine Coughlin*	131 S Barstow St. Suite 202	Eau Claire	WI	54701	(715) 514-2275
Andrew Dibble*	6726 Walker St.	St. Louis Park	MN	55426	TBD

*Indicates a franchisee which has signed a Franchise Agreement in September 2023, but has not yet opened their Community, as reflected in Item 20, Table 5.

LIST OF FORMER FRANCHISEES
as of ~~July~~December 31, 2023

None.

EXHIBIT G
DISCLOSURE ACKNOWLEDGMENT AGREEMENT

DISCLOSURE ACKNOWLEDGMENT AGREEMENT

Applicant _____

(If corporation) State of Incorporation _____

Address of Applicant _____

Location (Territory) Applied For _____

1. I have received all appropriate disclosure documents for the State(s) of _____ at least fourteen (14) calendar days, exclusive of the day I received them and the day I signed them, before signing the Franchise Agreement and/or payment of any monies.

2. I have signed and returned to The Coven Franchising, LLC (you or your) the acknowledgment of receipt for each disclosure document given me.

3. I have had an opportunity to read the Franchise Agreement thoroughly and understand all of your covenants and obligations and my obligations as a franchisee of the The Coven™ system. I understand that the Franchise Agreement contains all obligations of the parties and that you do not grant to me under either agreement any right of first refusal.

4. I understand that this franchised business may be impacted by risks largely outside your or our control such as local, national or global economic, political or social disruption.

5. I understand that this franchised business, as in all business ventures, involves other risks and, despite assistance and support programs, the success of my business will depend largely upon me and my ability.

6. Except for fill in the blank provisions or for negotiated changes that I initiated, I received a copy of the revised Franchise Agreement or related agreement at least seven (7) calendar days before the date on which the Franchise Agreement or related agreement was signed.

7. I understand that you have established a marketing fund (the Marketing Fund) which is not directed towards any specific franchise territory but is intended to benefit the entire The Coven™ system nationwide. I further understand that amounts from the Marketing Fund (if established) will be used to offset any in-house expenses you incur in providing marketing services, production art and other activities.

8. I have had no promises, guarantees or assurances made to me and no information provided to me relative to earnings, revenues, profits, expenses or projected revenues for this franchise, except as disclosed in the disclosure document. If I believe that I have received any such promises, guarantees, assurances or information, I agree to describe it below (otherwise write "None").

The representations under this Franchise Acknowledgment/Compliance Certification are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

Applicants' Acknowledgment:

Name: _____

Name: _____

Date: _____

Date: _____

EXHIBIT H
STATE EFFECTIVE DATES AND RECEIPT PAGES

State Effective Dates

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

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

State	Effective Date
California	Pending
Illinois	January 9, 2024 Pending
Indiana	Pending
Michigan	December 11, 2023 May 2, 2024
Minnesota	January 4, 2024Pending
Wisconsin	December 18, 2023 Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If The Coven Franchising, LLC offers you a franchise, The Coven Franchising, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, The Coven Franchising, LLC or its affiliate in connection with the proposed franchise sale.

If The Coven 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 those state administrators listed on Exhibit C.

Issuance Date: ~~December 11~~ May 2, 20232024.

The franchisor is The Coven Franchising, LLC, located at 165 Western Avenue North, Suite 8, St. Paul, MN 554102. Its telephone number is (612) 259-7383.

The Coven Franchising, LLC’s franchise sellers involved in offering and selling the franchise are Alex West Steinman, Bethany Iverson, Erinn Farrell or Liz Giel, or are listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement:

The Coven Franchising, LLC authorizes the respective state agencies identified on Exhibit C to receive service of process for The Coven Franchising, LLC in the particular state.

I have received a disclosure document with an issuance date of ~~December 11~~ May 2, 20232024, that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement (and Exhibits)
- C. List of State Administrators, Agents for Service of Process
- D. State Addenda
- E. General Release Form
- F. List of Franchisees
- G. Disclosure Acknowledgment Agreement
- H. State Effective Dates and Receipt Pages

Date: _____
(Do not leave blank)

(Print Name of Prospective Franchisee (For Entity))

By: _____
Its: _____

Signature _____

(Print Name of Prospective Franchisee (For Individuals))
Signature _____

Copy for Franchisee

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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- H. State Effective Dates and Receipt Pages

Date: _____
(Do not leave blank)

(Print Name of Prospective Franchisee (For Entity))

Its: _____

Signature _____

(Print Name of Prospective Franchisee (For Individuals))

Signature _____

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send to Amy Siegel at franchise@thecoven.com.

Copy for The Coven Franchising, LLC