



**FRANCHISE DISCLOSURE DOCUMENT
SAMBAZON USA FRANCHISING LLC**

a Nevada limited liability company
209 Avenida Fabricante, Suite 200, San Clemente, CA 92672
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www.sambazon.com
Franchise@sambazon.com

The franchise offered is for the operation of a quick-service SAMBAZON retail store that offers and sells to the general public açai and other fruit-based food and beverage products, including açai and other fruit-based smoothies, bowls, energy drinks, frozen desserts, frozen sorbets, superfruit packs and accessories and other healthy food options.

The total investment necessary to begin operation of a single SAMBAZON store is \$380,000 - \$630,000. This includes \$30,000 that must be paid to the franchisor or its affiliate(s).

If you enter into an Area Development Agreement, you are typically required to develop at least three SAMBAZON Stores. The total investment necessary to begin operation under an Area Development Agreement is \$410,000 to \$665,000 for the development of three SAMBAZON Stores. This includes \$60,000 that must be paid to the franchisor or its affiliate(s), which amount represents 100% of the initial franchise fee and amounts that must be paid to the franchisor or its affiliates for the first Store and 50% of the initial franchise fee paid for each additional Store to be developed under the Area Development Agreement.

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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Franchise Support Team at 209 Avenida Fabricante, Suite 200, San Clemente, CA 92672, Tel: 949-498-8618.

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, DC 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: October 15, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B 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 SAMBAZON® 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 SAMBAZON® franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in Orange County, California (or the county where our principal place of business is then located). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with franchisor in California than in your own state.
2. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
3. **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.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel that 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 that have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision that permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

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

**SAMBAZON USA FRANCHISING LLC
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EXHIBITS

- A. LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS
- B. FINANCIAL STATEMENTS
- C. FRANCHISE AGREEMENT (INCLUDING PERSONAL GUARANTY, OWNERSHIP AND
MANAGEMENT ADDENDUM, APPENDIX A (AUTHORIZED LOCATION; DESIGNATED AREA;
TECHNOLOGY SYSTEM); APPENDIX B (ADDENDUM TO LEASE; APPENDIX C (ELECTRONIC
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- D. AREA DEVELOPMENT AGREEMENT (INCLUDING APPENDIX A (DATA SHEET),
APPENDIX B (DEVELOPMENT TERRITORY), APPENDIX C (DEVELOPMENT SCHEDULE),
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- E. OPERATIONS MANUAL TABLE OF CONTENTS
- F. SAMPLE RELEASE
- G. LIST OF FRANCHISEES AND AREA DEVELOPERS
- H. STATE ADDENDA
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, “Franchisor”, “we” and “our” refer to SAMBAZON USA FRANCHISING LLC, and we refer to the person or entity that will be signing the Franchise Agreement (defined below) as “you,” “your,” or “franchisee,” which references include all of your owners and partners if you are a corporation, partnership or other entity.

The Franchisor

The Franchisor is SAMBAZON USA FRANCHISING LLC. Franchisor was formed as a Nevada limited liability company on September 11, 2023. Our principal place of business is 209 Avenida Fabricante, Suite 200, San Clemente CA 92672 and we do business under our corporate name and the tradename “SAMBAZON®.”

We are a franchising company which promotes and sells franchises for the operation of retail stores known as “SAMBAZON® Açai Bowls” (“Store” or “Franchised Business”). We have offered franchises since November 2023, and do not offer franchises in any other line of business or engage in any other business activities. As of June 30, 2023, the end of our last fiscal year, we had no franchised stores in the United States, one affiliate-owned store and three SAMBAZON stores in non-traditional locations (a university campus, a sports stadium and an airport) under a license from our parent (Sambazon Worldwide Licensing, LLC) that qualifies for an exemption from applicable franchise laws. We do not offer franchises for non-traditional locations under this Franchise Disclosure Document. We do not own or operate a business of the type being franchised, although our affiliate does, as noted below.

Our agents for service of process are listed in Exhibit A.

Our Parents, Predecessors and Affiliates

We have no predecessors that are required to be listed in this Item 1.

Our parent company is SAMBAZON WORLDWIDE LICENSING, LLC, a Nevada limited liability company with a principal business address the same as ours (“Parent”). Parent is a wholly-owned subsidiary of SAMBAZON, Inc., whose principal business address is the same as ours. Neither parent entity offers franchises for this business or in any other line of business nor provides any products or services to our franchisees. Although Sambazon Inc. does not directly provide products or services to our franchisees, it sources and processes açai and dragon fruit, two key ingredients used in preparation of the products offered at the Franchised Businesses, and sells such products to designated distributors that then resell the products to our franchisees. Sambazon Inc. owns the trademark “SAMBAZON” and certain other trademarks and other intellectual property related to the development and operation of SAMBAZON stores and it licenses the same to us, so that we may sublicense the same to our franchisees.

The following affiliate shares our same principal business address and has, since 2010, owned and operated a store of the type franchised in this Disclosure Document: Sambazon Restaurant Group, LLC. This affiliate does not offer franchises for this business or in any other line of business, and it does not provide any products or services to our franchisees.

Description of Franchise

We offer franchises for the right to establish and operate a quick-service SAMBAZON store that offers açai and other fruit based food and beverage products, including açai and other fruit based smoothies,

bowls, energy drinks, frozen desserts, frozen sorbets, superfruit packs and accessories and other healthy food options, using certain standards and specifications. Appropriate as a breakfast food or throughout the day as lunch, dinner, or a healthy treat, the Açaí or other fruit based bowl typically features ice-cream-like sweetened frozen açaí or other fruit blended with other ingredients and topped with a variety of sweet and savory toppings selected by the consumer.

The Stores operate under the trade name and mark “SAMBAZON® Açaí Bowls” and the additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin identified in Item 13. These principal marks, and all other marks which may be designated by us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the “Marks” or “Proprietary Marks”.

SAMBAZON Stores are operated under the Marks and the System in accordance with the terms of the Franchise Agreement. The Stores are generally located within suburban areas, shopping centers and stand-alone units. Stores will typically have a capacity of 0 - 20 seats, with configurations blending indoor or outdoor seating based on climate of locations. Each Store may elect to offer dine-in and carry out services. You may only offer catering and delivery services with our prior written approval.

The SAMBAZON Stores are established and operated using a proprietary, comprehensive and unique system, including associated brand standards, which we may modify from time to time (the “System”). The System includes distinctive signage, interior and exterior design, décor, artwork and color scheme; special recipes and Menu Items, including proprietary products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of sale and tracking systems); training and assistance; and advertising and promotional programs; all of which we have the right to change, improve, and further develop. Certain aspects of the System are more fully described in this Disclosure Document and the Manuals, which you should expect to evolve over time, that are provided to you as a franchisee (described in Item 11).

Franchise Agreement

We offer the right to establish and operate a Store under the terms of a single unit franchise agreement (the “Franchise Agreement”), the form of which is attached as Exhibit C to this Disclosure Document. The Franchise Agreement is signed by us and by you. If you are an entity, your Principal Owners will be required to execute the form undertaking and guarantee attached to the Franchise Agreement, pursuant to which they agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement (see Item 15). Depending on the type of business activities in which you or your Principal Owners may be involved, we may require you or your Principal Owners to sign additional confidentiality and non-competition agreements.

Area Development Agreement

In certain circumstances, we will offer to you the right to sign an Area Development Agreement in the form attached as Exhibit D to this Disclosure Document, to develop multiple franchised Stores to be located within a specifically described geographic territory (the “Development Territory”). We will determine the Development Territory before you sign the Area Development Agreement and it will be described in the Area Development Agreement. Under the Area Development Agreement, you must establish a certain number of SAMBAZON Stores (typically, a minimum of three Stores) within the Development Territory according to a development schedule and sign a separate Franchise Agreement for each Store established under the Area Development Agreement.

The Franchise Agreement for the first Store developed under the Area Development Agreement will be in the form attached to this Disclosure Document, and we expect that this Franchise Agreement for your first Store will be signed at the same time as the Area Development Agreement. For each additional Store developed under the Area Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, which may be different from the form attached to this Disclosure Document. The size of the Development Territory will vary depending upon local market conditions and the number of Stores to be developed (see Item 12). You may not open a Store for business until a fully executed Franchise Agreement is in place for that Store. The person or entity signing the Area Development Agreement is referred to as the “Developer.”

Market and Competition

The market for quick-service restaurants in general is well developed and intensely competitive. You will serve the general public and will compete with a variety of businesses, including locally owned to regional, national and chain stores, some of which may be franchise systems. We may establish other Stores in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell products in your area. We also may sell products through alternative distribution channels or methods, including retail and grocery, Non-Traditional Locations (defined as military bases; public transportation facilities, including, without limitation, airports and other transportation terminals; sports facilities, including without limitation arenas, stadiums and race tracks; student unions or other similar buildings on college or university campuses; amusement and theme parks; casinos; community and special events; fair grounds; hospitals and other health care facilities; grocery stores, club stores and convenience stores; food trucks and business and industry locations (e.g. manufacturing site, office building)), the Internet, toll-free telephone numbers, catalogs, or other means of distribution to customers at any location, which may be located in your area. See Items 12 and 16 for a description of your permitted activities and your rights, and our permitted and restricted activities and rights.

The “Açaí bowls” market in which our stores and kiosks compete is in its early stages in most markets, with a number of competitors, while certain markets such as, Hawaii, Southern California and Florida, are at more mature stages. In Hawaii, for example, “Açaí Shops” have been in operation since the early 2000’s. SAMBAZON, Inc. licensed its first stores in Japan and Korea in 2011 and our affiliate Sambazon Restaurant Group has operated a SAMBAZON store in California since 2010. Multi-unit chains and franchise stores have emerged in California, Florida and New Jersey, among other places and we believe the overall market has grown, and will continue to grow, as part of the “healthy option” market for many years to come. Broadly, our stores compete in the juice bar market, which has grown steadily since the mid-1990’s. National competitors include Jamba Juice, Smoothie King and Freshens, and regional competition includes Playa Bowls, Vitality Bowls and Backyard Bowls.

We believe there is a wide consumer demographic served by the Açaí Bowls market, with the most visible consumer being teenagers and college students.

Industry Regulations

The quick-service restaurant industry is heavily regulated. A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact your ownership, development and operation of your Store, and may include those which: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Store’s premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of customers, such as general health and sanitation requirements for stores and laws and regulations relating to access by persons with

disabilities (e.g., The Americans with Disabilities Act of 1990 requires readily accessible accommodations for persons with disabilities and may affect your building construction, site elements, entrance ramps, seating, bathrooms, drinking facilities, etc.); employee practices concerning the storage, handling, and preparation of food; restrictions on smoking; availability of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling (e.g., the U.S. Food & Drug Administration has issued regulations concerning food labeling, menus, nutrition and health claims (for example, what products can be labeled as “low fat”)); and (e) regulate advertisements (e.g., the Federal Trade Commission enforces rules and regulations regarding deceptive advertising including health and nutrition claims). You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Store and you should consider both their effect and costs of compliance.

Many of the laws, rules and regulations that apply to business generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to SAMBAZON stores. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and store sanitary conditions. State and local agencies inspect stores to ensure that they comply with these laws and regulations. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Store, including employment, workers’ compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Store. For example, the Patient Protection and Affordable Health Care Act requires employers of a certain size to provide health insurance to its employees and the Menu Labeling Provisions of the Act require certain stores and retail food establishments to post caloric information on menus and to provide additional written information to consumers upon request.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer: Ryan Black

Mr. Black has been our Chief Executive Officer since April 2000.

The following individuals will have management responsibility relating to the sale or operation of franchises offered by this Franchise Disclosure Document:

President, SAMBAZON Hospitality Group, LLC : Vito Buscemi

Mr. Buscemi has been the President of our affiliate, SAMBAZON Hospitality Group, LLC, since March 2020. From January 2003 to March 2020, he was the Vice President of Brands and Concepts of Delaware North Companies in Buffalo, New York.

Chief Marketing Officer, SAMBAZON Hospitality Group, LLC: Vicki Isip

Ms. Isip has been the Chief Marketing Officer of our affiliate, SAMBAZON Hospitality Group, LLC, since October 2022. From May 2017 to March 2021, she was the Chief Marketing Officer of Traditional Medicinals, Inc. in Sebastopol, California.

Senior Director, Franchise and Business Development, SAMBAZON Hospitality Group, LLC: Randy McBrayer

Mr. McBrayer has been the Senior Director, Franchise and Business Development, of our affiliate, SAMBAZON Hospitality Group, LLC, since February 2023. From August 2013 to February 2023, he was a Senior Manager of Franchise Development for Pizza Hut U.S., a Yum Brands company in Plano, Texas.

Director of Hospitality Operations, SAMBAZON Hospitality Group, LLC: Carrie Vernoy

Mrs. Vernoy has been the Director of Hospitality Operations of our affiliate, SAMBAZON Hospitality Group, LLC, since August 2023. From April 2019 to February 2023, she was the Director of Operations for Lifeworks Restaurant Group in La Habra, California. From June 2010 to April 2019, she was an Operations Account Manager of the Foodservice Division for Peet's Coffee in Brea, California.

Senior Vice President, On Premise Marketing, SAMBAZON Hospitality Group, LLC: Burge Diemer

Ms. Diemer has been the Senior Vice President, On Premise Marketing of our affiliate, SAMBAZON Hospitality Group, LLC, since June 2024. From January 2020 to May 2024, she was the Vice President of Brand Marketing at Habit Burger & Grill, a Yum Brands company in Irvine, California. From May 2007 to July 2018, she was Vice President of Marketing at Jack in the Box, California.

Director, Brand and Concepts, SAMBAZON Hospitality Group, LLC: Amanda Friedman

Ms. Friedman has been the Senior Manager, Brand and Concepts of our affiliate, SAMBAZON Hospitality Group, LLC, since June 2020. From August 2019 to March 2020, she was a Project Manager for Delaware North Companies in Buffalo, New York. From August 2015 to May 2019, she was a student at Cornell University in Ithaca, New York.

Senior Director, Business Development, SAMBAZON Hospitality Group, LLC: Jeff Rae

Mr. Rae has been the Senior Director of Business Development of our affiliate, SAMBAZON Hospitality Group, LLC, since January 2024. From March 2023 to December 2023, he was a Director of Non-Traditional Development at Potbelly Sandwiches in Chicago, Illinois. From 1991 to March 2023 he was a Senior Manager, Non-Traditional and Business Development at YUM Brands in Plano, Texas.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

Randy McBrayer, our Senior Director, Franchise and Business Development (209 Avenida Fabricante, Suite 200, San Clemente, CA 92672), filed a bankruptcy petition under the provisions of Chapter 13 of the U.S. Bankruptcy Code on March 4, 2021, in the United States Bankruptcy Court for the

Eastern District of Texas, In re Randall C. McBrayer and Kelli B. McBrayer, No. 21-40251. On May 17, 2021, the bankruptcy court entered a confirmation of the debtors' Chapter 13 plan.

No other bankruptcy proceeding is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

If you purchase a franchise to operate a single SAMBAZON Store, you must pay to us an Initial Franchise Fee of \$30,000. The Initial Franchise Fee is a lump sum payment and is due when you sign a Franchise Agreement. The Initial Franchise Fee is earned upon receipt and is nonrefundable.

Development Fee

If you sign an Area Development Agreement, you must pay us a development fee ("Development Fee") that is calculated based on the total number of Stores you commit to develop under the Area Development Agreement. You must commit to develop at least three franchised Stores under an Area Development Agreement. The Development Fee will be equal to 100% of the Initial Franchise Fee for the first Store to be developed, plus a fee of 50% of the Initial Franchise Fee for each additional Store to be developed. For example, if you commit to develop three Stores, the Development Fee is \$60,000 (calculated as $\$30,000 + (2 \times \$15,000) = \$60,000$).

You must sign the Franchise Agreement for the first Store at the same time you sign the Area Development Agreement. A portion of the Development Fee will be credited against the Initial Franchise Fee for this first Store. For each additional Store you develop, you must execute a separate Franchise Agreement. For each such Store, we will apply a pro rata portion of the Development Fee toward the Initial Franchise Fee, and the balance of the Initial Franchise Fee (\$15,000 for the second and third store in our example above) is payable at the time of the execution of the Franchise Agreement.

The Development Fee is fully earned by us upon receipt and is not refundable under any circumstances.

As we began franchising in November 2023, we have not collected any initial fees in the year ended June 30, 2024.

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ITEM 6
OTHER FEES

Column 1 Type of fee(1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee (2, 3, 4)	5% of Gross sales	Weekly on Wednesdays	Amounts due will be withdrawn by EFT from your designated bank account. If your franchise agreement expires and we elect to treat it as continued on a month-to-month basis until we enter into a renewal agreement or terminate the franchise agreement (“Interim Period”), the royalty fee during such Interim Period will be increased by an additional 2% of Gross Sales.
Brand Development Fee (2, 4, 5, 6)	currently: 2% of Gross Sales (we reserve the right to increase the rate by not more than ½% per year, up to a rate of 3%)	Payable at the same time as the Royalty Fee	Amounts due will be withdrawn by EFT from your designated bank account.
Local Marketing spend (2, 5)	1% of Gross Sales	Monthly - as incurred by you	You are required to spend 1% of your Gross Sales on approved local marketing and promotion. We must approve all advertising using our Marks. We reserve the right to collect this amount and in return provide you marketing materials and services to promote the Store in your area.
Local Marketing Groups (7)	not less than 1% of Gross Sales	Determined by LMG members	We may designate local advertising markets and advertising cooperatives and/or local marketing groups for such markets (collectively, “LMGs”), and if designated, you must participate in and contribute to the LMG advertising and marketing programs in your market. Once formed, company-owned outlets will have the same voting power as franchised outlets and will contribute at the same rate. Payments to the LMG will be credited against any Local Advertising requirement. We reserve the right to administer the LMG’s funds and require payment from its members via EFT. LMGs have not been established at this time.

Column 1 Type of fee(1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Training Fee	Our then-current training fee Current rate = \$2,000/day, plus any travel and hotel expenses we may incur	As incurred	The initial training for your Store is included in your Initial Franchise Fee. If you request that we provide additional training at your Store beyond the 5 days of onsite training included as part of our initial training program for your Store opening, you must pay our then-current training fee for each day of training. If you request that we provide our initial training program to additional employees (in addition to you or your Control Person, your Brand Champion, store leader and assistant store leader), or we determine that you require additional training, or you have hired a new or replacement Brand Champion, store leader or assistant leader who requires training, you must pay our then-current training fee for each day of training. We may also charge a training fee for any subsequent training programs that we may offer and require you to attend.
Renewal Fee	\$10,000	Before renewal	You will pay this fee if we agree to renew the Franchise Agreement. There is no renewal under the Area Development Agreement.
Unauthorized Product/Service Fee	\$500 for each day unauthorized products or services used at your Store	If incurred	You must pay this fee to us for each day you offer for sale at your Store any unauthorized products or services; this fee is in addition to any other remedies available to us.
Transfer Fee	\$5,000, up to a maximum of \$50,000 if multiple SAMBAZON Stores are transferred at the same time to the same buyer.	On or before the date of the proposed transfer	Charged when there is a transfer of the Franchise Agreement(s) or your ownership. No fee is imposed for a one-time transfer to a corporate entity you form for the convenience of ownership. \$1,000 transfer fee applies for transfers among certain principal owners or to a family member of a principal owner.
Relocation Fee	the expenses we incur, not to exceed \$5,000	At time the replacement Store opens	

Column 1 Type of fee(1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Purchase of Branded Products and Proprietary Products and Ingredients	Will vary based on type of product and volume of inventory	As incurred	You must purchase your continuing supply of logoed items (such as t-shirts, and aprons) and of certain proprietary products and ingredients from our approved suppliers and distributors.
Late Fee	\$50	On demand, if incurred	Payable for each delinquent report or payment you owe to us. In addition to interest on overdue amounts (as noted below), you will pay a late fee for each payment that is more than 10 days overdue or there are insufficient funds in your bank account to collect the payment due, to cover our administrative costs in dealing with the late payment.
Interest on Late Payments	The greater of 18% per annum, or the highest rate permitted by law	With payment of past due amount	Due on all overdue amounts. Interest accrues from the original due date until payment is received in full.
Audit Fee	Cost of audit	5 business days after billing	You must pay the amount of the deficiency found during any audit to be owning, plus interest accruing from the date that payment was first due, plus costs of the audit if deficiency is 2% or more.
Insurance (8)	Insurance premiums and our costs and expenses	When billed	Due only if you fail to maintain insurance and we (at our option) obtain insurance on your behalf and charge you the cost of the insurance, plus interest on the monies we advance, and you must reimburse us for the actual costs we incur in connection with such efforts.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business or for costs associated with defending claims that you used the trademarks in an unauthorized manner.
Costs and attorneys' fees	Will vary under circumstances	As incurred	If you default under a franchise or area development agreement and we are the prevailing party in any related dispute, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement.
Supplier or Product Testing (9)	Actual costs of our evaluation, but not more than \$1,000	On demand	Applies to new suppliers or supplies you wish to purchase that we have not previously approved. May be paid by suppliers.

Column 1 Type of fee(1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Technology Fee	\$250 per month	As incurred	This fee currently covers your cost of participating in our reward and loyalty program, access to our customer database and your use of two SAMBAZON email addresses for your Store. You must participate in our reward and loyalty program. All customer data is owned by us. The items covered by this fee may change in the future. We may increase this fee, but not more than 10% annually, unless additional/different items are included as part of this fee.
Liquidated Damages	Equal to average monthly Royalty Fee you paid or owed to us during the 12 month period immediately preceding termination, multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Franchise Agreement had it not been terminated, whichever is lower	15 days after termination	If we terminate your Franchise Agreement for cause, you must pay us, within 15 days after the effective date of termination, these liquidated damages. Charged without prejudice to any other rights we have. If the Store was not open for a full year, the formula for column 2 is 24 times the highest Royalty Fee paid or payable during the period the Store was open.
Advances/Cost of Curing Operational Deficiencies on Your behalf	Will vary under circumstances	On Demand	You must reimburse us for the fees, costs and expenses that we pay to any third parties on your behalf, as well as costs and expenses we incur in curing deficiencies detected during an inspection of your Store.
Management Fee	Greater of (a) two times the salary paid to individual(s) we assign to operate the Store, or (b) 15% of Store's monthly Gross Sales; plus, our reasonable travel, lodging, and	Monthly for as long as we manage the Store	We may step in and manage your Store in certain circumstances, such as death, disability or prolonged absence. We will charge a management fee if we manage your Store, and you must also reimburse our expenses.

Column 1 Type of fee(1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	meal expenses.		
POS System Fees	Currently up to \$500 per month, depending on the equipment you purchase or lease for your Store, subject to a future increase by the vendor.	Monthly	You must use our designated POS System in the operation of your Store. This fee is payable by you directly to the third-party vendor (currently TOAST). This fee does not include the cost of initial equipment and installation, which costs are included in Item 7.
Security System Fees	Currently up to \$150 per month, depending on the equipment you purchase or lease for your Store, subject to a future increase by the vendor.	Monthly	You must obtain a security system for your Store from our designated security system provider (currently ADT). This fee is payable directly to the third-party vendor. This fees does not include the cost of the initial equipment and installation, which costs are included in Item 7.
Music Subscription Fees	Currently up to \$30 per month, depending on the equipment you purchase or lease for your Store, subject to a future increase by the vendor.	Monthly	You must obtain music subscription service from our designated music system provider (currently CTI) to provide music for your store. This fee is payable directly to the third-party vendor (currently CTI). This fee does not include the cost of the initial equipment and installation, which costs are included in Item 7.
Digital Menu Board License Fees	Currently up to \$100 per month, depending on the equipment you purchase or lease for your Store, subject to a future increase by the vendor.	Monthly	You must obtain digital menu boards for your store from our designated supplier (currently Neon Screens). This fee is payable directly to the third-party vendor. This fee does not include the cost of the initial equipment and installation, which costs are included in Item 7.
ServSafe (or similar) Certification	\$150 per person or the then-current market rate	As needed	Each of your managers and other employees we designate must be ServSafe or similarly certified. Payable to an approved supplier.
Mystery Shopper Evaluations	Up to \$150 per visit	On demand, if incurred	You will have to pay for mystery shopper evaluations of your Store only if you fail an evaluation by us or a mystery shopper service, or if we receive a specific customer complaint related to your Store.

Column 1 Type of fee(1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Removal of Proprietary Marks	Reimbursement of our costs	On demand, if incurred	If you do not remove signage or other items displaying the Proprietary Marks upon termination or expiration of the Franchise Agreement, we have the right to remove all items bearing the Proprietary Marks and you must reimburse us for our costs.

Notes:

- (1) The above table sets forth a detailed description of other recurring or isolated fees or payments that you must pay to us or that we impose or collect for a third party. You pay all fees to us unless otherwise noted. All fees are nonrefundable and, except as expressly stated, all fees and formulas are uniformly imposed. We can apply your payments to the oldest obligation due.
- (2) You must sign and deliver to us the documents that we periodically require to authorize us to debit your bank account automatically for the Royalty Fee, Brand Development Fee and other amounts due under the Franchise Agreement or any related agreement between us (or our affiliates) and you. If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due. By Monday of each week (or the next business day if any Monday is not a business day), you must provide us with a report of Gross Sales for the preceding week ending Sunday ("Royalty Report"). If the Royalty Report has not been received by us when due, then we may process an EFT for the Royalty Fee for the week based on (a) information regarding your Gross Sales for the preceding week, or (b) the most recent Royalty Report provided to us by you; provided that if we receive the Royalty Report after we process the EFT and the Royalty Report reflects (i) that the actual amount of the Royalty Fee due was more than the amount of the EFT processed by us, then we shall be entitled to withdraw additional money through EFT from your designated bank account for the difference; or (ii) that the actual amount of the Royalty Fee due was less than the amount of the EFT processed by us, then we shall return the excess amount to you within five business days of notice by you or discovery by us if the excess is greater than \$150, but if the excess withdrawn by us is \$150 or less, then we will credit the excess amount to the payment of the next Royalty Fee due.
- (3) The amount of the Royalty Fee for any renewal term will be as provided in the franchise agreement executed for such renewal term.
- (4) "Gross Sales" means and includes all revenue from the sale of all System menu items at the Store or under the Proprietary Marks, barter or exchange, complimentary products, and all other income or revenue of every kind and nature (excluding revenue from the sale of stored value gift cards or gift certificates but including revenue when gift certificates are redeemed or stored value gift cards are debited) related to the Store or the Proprietary Marks, whether for cash or credit or redemption of gift certificates or stored value gift cards, and regardless of collection in the case of credit; provided, however, that Gross Sales do not include (a) any sales tax collected from customers and transmitted by Licensee to the appropriate taxing authority, (b) all refunds and credits made in good faith to arms' length customers; and (c) the discount value of all authorized coupons, vouchers or other allowances redeemed by Franchisee. For avoidance of doubt, Gross Sales include all proceeds from any business interruption

insurance, the discount value of all unauthorized coupons, vouchers or other allowances redeemed by you and all refunds and credits not made to arms' length customers.

- (5) See Item 11 for more information on marketing.
- (6) The Brand Development Fee is paid to us for deposit in a Brand Development Fund. The expenses for local marketing must be paid by you directly to the vendors.
- (7) As further described in Item 11, we may designate an LMG and require you to contribute to and participate in the LMG. Each Store, including our company and affiliate-owned Stores (except Non-Traditional Locations) located in the marketing area, will be a member of the LMG.

If advertising cooperatives are set up, franchisor-owned outlets will not have controlling voting power, and franchisor-owned outlets will contribute at the same rate as franchised outlets. There currently are no advertising cooperatives.

- (8) You pay insurance premiums directly to third party insurers. If you fail to pay these amounts we may, but are not obligated to, pay these amounts on your behalf and you must reimburse us for all amounts paid. You must deliver to us upon execution of the lease or purchase agreement for the Authorized Location, but prior to commencing construction of your Store, and thereafter annually or at our request, a proper certificate evidencing the existence of the required insurance coverage. See Item 8 for more information on insurance.
- (9) Except for any products, supplies or materials for which we designate a single source approved supplier, if you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. There is no stated fee for processing a request, but you may be asked to pay the cost of reviewing any proposed changes in, or deviations from, approved products or suppliers, including our costs of product or supplier evaluation, not to exceed \$1,000.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE STORE)

TYPE OF EXPENSE	AMOUNT⁽¹⁾	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ⁽²⁾	\$30,000	Lump sum	Upon signing the Franchise Agreement	Us
Leasehold Improvements ^{(1), (3)}	\$150,000 - \$300,000	As arranged	As arranged	General contractor
Rent ⁽⁴⁾	Refer to note 4 below	Refer to note 4 below	Refer to note 4 below	Refer to note 4 below

TYPE OF EXPENSE	AMOUNT⁽¹⁾	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Security Deposits ⁽⁵⁾	\$0 - \$10,000	Lump sum	As arranged	Landlord / utilities / insurance companies
Architect Fees ⁽⁶⁾	\$12,500-\$20,000	As arranged	As incurred	Architectural professional
Professional Fees ⁽⁷⁾	\$2,500-\$8,000	As arranged	As incurred	Your attorney, accountant, and other professionals
Business Licenses and Operating Permits ⁽⁸⁾	\$1,000-\$4,000	As arranged	As incurred	Government agencies
Furniture, Fixtures & /Equipment & Smallwares ⁽⁹⁾	\$118,000-\$143,000	As arranged	As incurred	Approved suppliers
P.O.S. System, Electronic Equipment, Telephone and Technology ⁽¹⁰⁾	\$5,000-\$15,000	As arranged	As incurred	Approved suppliers
Signage ⁽¹¹⁾	\$10,000-\$20,000	As arranged	As incurred	Approved suppliers
Music System and Installation Costs ⁽¹⁰⁾	\$6,000	As arranged	As incurred	Approved supplier
Menu Boards and Installation Costs ⁽¹⁰⁾	\$6,000	As arranged	As incurred	Approved supplier
Security Equipment and Installation Costs	\$2,000	As arranged	As incurred	Approved supplier
Opening Inventory ⁽¹²⁾	\$10,000-\$20,000	As arranged	As incurred	Approved Suppliers
Initial Promotional Advertising Expenses ⁽¹³⁾	\$10,000	As arranged	First 6-8 weeks of operations	Advertising/ Promotional Media or Agency
Travel, Lodging, Meals, etc. for Initial Training ⁽¹⁴⁾	\$2,000-\$6,000	As arranged	Before beginning business	Travel Agencies, Restaurants & Hotels

TYPE OF EXPENSE	AMOUNT⁽¹⁾	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Additional Funds (first 3 months of operation) ⁽¹⁵⁾	\$15,000-\$30,000	Cash	As Incurred after opening business	Various Vendors
TOTAL ⁽¹⁶⁾ (excluding real estate purchase and/or lease cost)	\$380,000 to \$630,000			

The above table sets forth our estimate of your initial investment to construct and open one SAMBAZON franchised Store. The estimate covers the period before the opening of your SAMBAZON Franchised Business and for the initial phase of 3 months of operation. Unless otherwise indicated, payments are generally not refundable. Subject to credit requirements, some vendors may require payment 30 days after the invoice date.

FOOTNOTES FOR YOUR ESTIMATED INITIAL INVESTMENT

1. The initial investment amount does not include the cost of land, and the amounts in several categories will vary depending on building size and whether you lease or own the space or building. Factors such as the decision to lease or buy, size and location, a new construction or an existing store site, will affect the cost of your investment. The typical franchise will be in locations such as shopping centers, or will be a free-standing building. The size of the Store will typically be between 675 and 1,200 square feet.
2. The Initial Franchise Fee is \$30,000 and is discussed in detail in Item 5.
3. Leasehold improvement costs can vary significantly depending on factors like (i) whether preconstruction demolition of existing walls and partitions is needed, (ii) whether the space was previously used as a restaurant and already contains facilities required by code, such as a grease trap and restrooms, and (iii) regional differences in materials and labor costs. The high and low end amounts reflect estimated leasehold improvement costs for a space ranging from 675 to 1,200 square feet without any landlord tenant-improvement allowances factored in but does include a 10% contingency (of the total estimated cost) for unexpected cost over-runs or delays. (Not all franchisees receive tenant-improvement allowances.) If your landlord provides a tenant-improvement allowance and you do not experience significant cost over-runs, delays, etc., your actual leasehold improvement costs might be at the lower end of the estimate (although your landlord might incorporate the amount of the tenant-improvement allowances into your rent).
4. A SAMBAZON Store location occupies approximately 675 to 1,200 square feet of leased space, typically in an in-line (strip) shopping center in an urban or suburban commercial area. Your investment could be substantially higher if you decide to buy property for your location or to lease space in an enclosed mall or similar high-rent facility. Rent depends on geographic location (for example, the West Coast, the East Coast, or the Midwest), space size, local rental rates, businesses in the area, site profile, and other factors. We cannot estimate precisely your initial real estate investment.

5. Landlords typically charge a security deposit equal to one month's rent and also may have site lease deposits that vary according to location. Utility and other companies typically charge security deposits that vary by locale and in relation to the customer's credit history. Insurance companies may request deposits or prepayment of premiums. Some of these security deposits will be refundable depending on your agreement with the landlord or the utility and other companies.
6. The architect fees represent the cost of plans and specifications when using approved SAMBAZON architectural and engineering consultants. The high-range charge will apply if the agency from which you obtain your building permit requires additional engineering for the Store. If you use (only with our pre-approval) an architectural or engineering consultant that is not one of our designated consultants, your costs for these services could be higher.
7. Professional fees are fees for attorneys, accountants, or other professionals from whom you seek advice in connection with obtaining your franchise and setting up your business. This estimate includes the costs associated with the setup of a business entity, professional fees for an accountant and nominal legal and business consulting fees, and loan fees or loan broker fees that you may incur in applying for financing. You may also wish to use an attorney to assist you in lease negotiations and/or to form an entity to own the franchise. Your cost will vary depending on how much you rely on your chosen advisors.
8. This estimate represents the various building and occupational permits needed. You should consult with the state and local agencies to determine the range of costs for the licenses and permits required for your specific location.
9. The initial expense for office furniture and equipment includes the cost of millwork, counters, fixtures, personal computer, monitor, printer-fax-copier, file cabinet and floor mounted safe. The price may vary depending on the quantity and quality of the items purchased. Included with the estimate is the purchase price of various kitchen equipment such as containers, pans, racks, utensils, cutting boards, etc. The high and low end amounts represent the price to buy (not lease) new equipment. All items must be prepaid at least 30 days before the start of construction.
10. You must purchase and install the electronic Point-of-Sale system, EMV card reader equipment, music system, menu board system and other required equipment according to our specifications. You also must have a high-speed Internet connection for the Point-Of-Sale system. All items must be prepaid at least 30 days before the start of construction.
11. The low estimate for outdoor signage is for one sign. The high estimate represents two mounted outdoor signs. The estimate includes the standard SAMBAZON exterior signage, including shipping and installation costs. The actual price for signage may vary depending on the number of signs, the specific signage chosen and any additional signage. Local code restrictions may restrict the signage available for a certain store and affect the costs. All items must be prepaid at least 30 days before the start of construction.
12. The initial inventory typically is \$10,000 to \$20,000 for the initial two to four week period from opening, but will vary depending on the size of the Store (capacity), frequency of deliveries, and the initial quantity of business.
13. You must submit to us for approval your grand opening advertising plan and budget at least 30 days before your Store's opening. You must spend a minimum of \$10,000 on your pre-opening and opening advertising. Expenses include professional Store interior and exterior photos for your Store's online profiles.

14. The costs associated with training will vary depending upon your Store location's proximity to our headquarters or training center. Others factors to be considered are the number of manager/owners to attend initial training and the costs associated with travel and lodging. These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages for trainees. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation.

15. This is an estimate of your initial start-up expenses that you may incur before operations begin and during the initial period of operations, which we estimate to be three months. This estimate covers pre-opening expenses, initial employee wages (1 general manager and 6 hourly employees), insurance premiums, recruitment costs, uniforms, and other variable costs (such as initial utility bills, paper products, and cleaning and other supplies).

16. In preparing these estimates, we relied on our affiliate's experience in operating SAMBAZON Stores since 2010. Your actual costs will depend on factors such as real estate demand, the size and condition of the space and the cost to convert to a SAMBAZON Store. Your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. These estimates expect you to lease rather than purchase real estate. These estimates do not provide for your cash requirements to cover operating losses after the initial three-month phase or your personal living expenses. You must have additional sums available, whether in cash or through lines of credit, or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial three-month phase.

YOUR ESTIMATED INITIAL INVESTMENT (Area Development)

If you become a Developer, you will pay a Development Fee as described in Item 5. Your estimated initial investment for your first Store is as disclosed in the table above in this Item 7. The Initial Franchise Fee for each subsequent Store is set forth in Item 5.

The minimum number of Stores to be developed under an Area Development Agreement is three Stores. If you sign an Area Development Agreement to open three SAMBAZON Stores under three separate Franchise Agreements, the following chart shows your estimated initial investment for such three Stores, calculated based on the information in the table above in this Item 7.

YOUR ESTIMATED INITIAL INVESTMENT AREA DEVELOPMENT AGREEMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (for three Stores)*	\$60,000	Lump Sum	When Area Development Agreement is Signed	Us
Other Expenditures** for the first Store	\$350,000 - \$605,000	As Disclosed in above Item 7 Table	As Disclosed in above Item 7 Table	As Disclosed in above Item 7 Table

Total	\$410,000 - \$665,000			
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* The \$60,000 Development Fee covers the Initial Franchise Fee for the first Store and 50% of the Initial Franchise Fee for each of the second and third Store. The remaining 50% of the Initial Franchise Fee for the second and third Store is due upon execution of the Franchise Agreement for such Store. See item 5.

** This is the estimated initial investment amount for the first Store, copied from the first table in this Item 7, except that we (i) subtracted the \$30,000 initial franchise fee from such amount because the initial franchise fee for the first Store is already included in the Development Fee and (ii) increased the higher end of the total estimate by \$5,000 to reflect the fact that your professional fees (such as legal and financial advisor fees) may be higher if you are a Developer. Because the Development Fee covers 100% of the initial franchise fee for the first Store but only 50% of the initial franchise fee for the second through fifth Stores, the estimated initial investment amount for the second and third Stores will need to be increased by \$15,000 to cover the entire initial franchise fee for each such Store. Subject to the foregoing with respect to the initial franchise fee, a Developer is expected to incur these same costs for each SAMBAZON Store it develops, subject further to inflation and other increases in costs over time.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure a uniform image and uniform quality of products and services throughout the SAMBAZON system, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us or our affiliates, we must approve any location you select for your Store (see Item 11). You must execute our standard form of Lease Addendum in connection with any lease for the location, a copy of which is attached to the Franchise Agreement as Schedule D. You must construct and equip your Store in accordance with our then current approved design, specifications and standards. In addition, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws. You also must use equipment (including hardware and software for a Store point-of-sale system and other technology), signage, fixtures, furnishings, products, ingredients, supplies and advertising materials that meet our specifications and standards. You must make such capital improvements and remodel and upgrade your Store (including upgrade technology) as we may reasonably request from time to time for your Store to reflect the current image of new SAMBAZON stores (taking into consideration the cost of the modernization, the life expectancy of the equipment and the then-remaining term of your Franchise Agreement). We will not require remodeling more frequently than once every five years during the term of your Franchise Agreement.

Approved Supplies and Suppliers

We provide you with a list of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved inventory products, food products, uniforms, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Store (“Approved Supplies List”). The Approved Supplies List may identify the specific manufacturer or supplier of a specific product or piece of equipment. We reserve the right to designate a primary or single source of supply for certain products and supplies, and we or an affiliate may be that single source. For example, as of the date of this Disclosure Document, you must purchase the POS system from an approved third-party supplier (currently, TOAST), you must participate in our reward and loyalty program with an approved supplier, purchase certain digital and other marketing services from an approved supplier and use an approved third-party digital ordering program and delivery vendors. You must also obtain Store security system, music

subscription service, and digital menu boards from our designated vendors. In addition, you must purchase certain of our proprietary products, ingredients and certain packaging from our approved third-party distributors. Finally, you must purchase certain furniture, fixtures, equipment, smallware and packaging from our approved suppliers.

You must participate in any reward and loyalty programs and other marketing and promotional initiatives that we may from time to time establish with approved vendors. We have designated Annex Cloud as the sole supplier for our reward and loyalty program, but we reserve the right to change the sole supplier and/or to designate additional suppliers for any of these programs or initiatives. You must be in compliance with any rules and participation criteria applicable to these programs. We have the right to modify the participation criteria or discontinue these initiatives at any time upon written notice to you. See also Item 11.

You must also participate in any digital ordering/delivery programs that we may establish from time to time with approved vendors and you must comply with the rules and participation criteria applicable to these programs. We have currently designated Toast as the sole software platform provider for our digital ordering program and have partnered with designated service providers for our delivery program. Under our digital ordering/delivery programs, we may require you to accept and process specific customer delivery orders and we may require you to use an approved third-party delivery service provider. We must pre-approve all delivery service providers not already designated as approved under our delivery program. In addition, we must pre-approve all sales recording processes that originate from the delivery service providers. We have the right to modify the participation criteria or discontinue these initiatives at any time upon written notice to you. See also Item 11.

As of the date of this Disclosure Document, you are not required to purchase any products, supplies, materials or services from us or our affiliates although we reserve the right to become an approved or a single source supplier of same in the future. You must pay the then-current price in effect for any purchases from us or our affiliates.

Our Approved Supplies List also may include other specific products without reference to a particular manufacturer or supplier, or it may set forth the specifications and/or standards for other approved products. For example, your Technology System (including the computer hardware and software) and insurance coverage must meet our standards and specifications. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable. We generally do not give these lists to approved suppliers.

Except for any products, supplies or materials for which we designate a single source approved supplier, if you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. There is no stated fee for processing a request, but you may be asked to pay the cost of reviewing any proposed changes in, or deviations from, approved products or suppliers, including our cost of product or supplier evaluation, not to exceed \$500. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. We will notify you within 45 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier. We are not required to make available to you or to any supplier our criteria for product or supplier approval that we deem confidential.

None of our officers currently have an ownership interest in any approved supplier.

Insurance. Before you begin construction on the Store, you must obtain the insurance coverage for the Store that is required by the terms of your lease and applicable law, and that we specify in the Manual or otherwise in writing. Your insurance coverage must be maintained during the term of the Franchise Agreement. All insurance must be on an “occurrence” basis. As of the date of this Disclosure Document, you must obtain and provide us with evidence of insurance in at least the minimum amounts and with the coverages as follows:

- (a) Commercial General Liability insurance on the latest version of ISO form CG 00 01 or its equivalent, with limits not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate. There may be no products liability or completed operations exclusion. There may be no “Injury to Subcontractor Employee” (or its equivalent) exclusion. The Commercial General Liability policy must provide coverage to you for the hold harmless and indemnity clauses contained in the Franchise Agreement;
- (b) Umbrella or Excess Liability Insurance with limits of \$2,000,000 per occurrence and \$2,000,000 general aggregate;
- (c) Property Insurance for all of your property for its full Replacement Cost written on a Causes of Loss - Special Form or equivalent type policy. Property Insurance must be maintained with a deductible of no more than \$5,000;
- (d) Commercial Automobile Liability Insurance, covering any liabilities of yours and ours with respect to the ownership, maintenance, or use of any auto used in connection with the business, on a form equal to the latest version of ISO form CA 00 01 with a limit of a minimum of \$1,000,000 Combined Single Limit;
- (e) Workers’ Compensation insurance as required by law;
- (f) Employers’ Liability insurance with limits not less than \$1,000,000 each accident, \$1,000,000 each employee by disease and \$1,000,000 policy limit by disease;
- (g) Employment Practices Liability Insurance, including third party coverage, with limits not less than \$1,000,000 per claim and aggregate. We must be endorsed as a Co-Defendant;
- (h) Data Breach Expense/Cyber Liability Insurance, including first and third-party coverage with limits no less than \$1,000,000, and regulatory expense coverage of no less than \$250,000; and
- (i) all other insurance required by law or that we may from time to time reasonably require.

Each required property insurance policy must name SAMBAZON USA FRANCHISING LLC and Sambazon, Inc. as loss payee as its interests may appear. We have the right to request a complete copy of your insurance policies for the purpose of verifying the required coverages. All contractors and vendors used by you must comply with these insurance requirements and it is your responsibility to monitor any such insurance. Your insurance policies must include a Waiver of Subrogation in favor of SAMBAZON USA FRANCHISING LLC. All policies must be written with insurance companies authorized to do business by the state where your Store will operate. The insurance carriers you choose must be rated at least A minus (policy holders rating) and VII (financial rating) by A.M. Best Company. If you or any of your vendors or contractors utilize a surplus lines insurance company (non-admitted carrier), we must be provided with a complete copy of the policies, in addition to the Certificate of Insurance. All policies must

be endorsed to require at least 30 days advance notice of cancellation, non-renewal, or reduction in coverage (or ten days advance notice in the case of non-payment of premium).

All insurance policies, except for worker's compensation, must name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds. You must provide us with a certificate of insurance showing that you have obtained the required policies before construction of your Store begins and upon each policy's renewal. We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We have the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes. If you do not obtain any insurance as required, we have the right (but not the obligation) to purchase insurance for you and you must reimburse us for the insurance premiums and our costs and expenses.

We and our affiliates reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of goods, products and services as described in this Item 8, as well as in connection with any future purchase of any goods, products or services. Most of these payments are calculated on an amount based on products sold. We will retain and use such payments as we deem appropriate or as required by the vendor. We also may derive revenue from any items we sell directly to you in the future by charging you more than our cost. For our most recently concluded fiscal year ending June 30, 2024, we received no rebates from items purchased by franchisees from third party suppliers and we received no revenue based upon items we sold to franchisees.

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative but we reserve the right to create a cooperative and require you to participate. Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers.

The estimated proportion of the required purchases, purchases from approved suppliers and purchases in accordance with our specifications to all purchases in establishing the business is 5% to 10% and in the operation of the franchised business is 40% to 65%.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Agreement*	Item in Disclosure Document
a.	Site selection and acquisition/lease	Sections 2A, 2B and 5A; Section 4 of the Area Development Agreement	Items 7 and 11
b.	Pre-opening purchases/leases	Sections 5A, 6A-6D, 6F	Items 6, 7 and 8
c.	Site development and other pre-opening requirements	Sections 5A and 5B; Sections 2 and 4 of the Area Development Agreement	Items 7, 8 and 11

	Obligation	Section in Agreement*	Item in Disclosure Document
d.	Initial and ongoing training	Sections 7A-7C and 7E; Section 6 of the Area Development Agreement	Items 6 and 11
e.	Opening	Sections 2C and 5A; Section 4 of the Area Development Agreement	Item 11
f.	Fees	Sections 9A-9F; Section 3 of the Area Development Agreement	Items 5, 6 and 7
g.	Compliance with standards and policies/Operations Manual	Sections 6A-6T; Sections 4 and 6A of the Area Development Agreement	Items 6, 7, 8, 11, 14 and 16
h.	Trademarks and proprietary information	Sections 3A-3E, 6K, and 6R; Section 6B of the Area Development Agreement	Items 13 and 14
i.	Restrictions on products/services offered	Sections 2D, 2E, 6A-6C, 6F, 6L and 6M	Items 6, 7, 8, 11, and 16
j.	Warranty and customer services requirements	Section 6H, 6N	Items 6 and 8
k.	Territorial development and sales quotas	Sections 2A, 2B, and 2D; Section 4 of the Area Development Agreement; Appendix B of the Area Development Agreement	Item 12
l.	Ongoing product/service purchases	Sections 6A-6D; 6F	Items 6, 7 and 8
m.	Maintenance, appearance and remodeling requirements	Sections 5C-5F	Items 8 and 11
n.	Insurance	Section 10C	Items 6, 7 and 8
o.	Advertising	Sections 8A-8H and 9C	Items 6, 7 and 11
p.	Indemnification	Section 10B	Not Applicable
q.	Owner's participation/management/staffing	Sections 7A-7E;	Items 11 and 15
r.	Records/reports	Sections 9D, 9G and 9H	Item 11
s.	Inspections/audits	Sections 5A-5C, 6H and 9I	Items 6 and 11
t.	Transfer	Sections 11A-11H; Section 9 of the Area Development Agreement	Items 6 and 17
u.	Renewal	Section 4B	Items 6 and 17
v.	Post-termination obligations	Sections 14A-C; Sections 8A-G of the Area Development Agreement	Item 17
w.	Non-competition covenants	Section 10D	Item 17
x.	Dispute resolution	Section 12; Section 10N of the Area Development Agreement	Item 17
y.	Other	Not Applicable	Not Applicable

* Unless otherwise noted, Section references are to the Franchise Agreement.

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases or obligations.

ITEM 11

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

Except as listed below, SAMBAZON USA FRANCHISING LLC is not required to provide you with any assistance:

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

1. Provide you with site selection criteria and general building, design and construction specifications and requirements for your Store (Franchise Agreement, Sections 5A and B)
2. Provide you with the Approved Suppliers and Approved Supplies List and written specifications for required products and services, including items of the design, construction, furniture, fixtures, equipment, POS and decorations of the location (Franchise Agreement, Section 6C). We do not deliver or install any equipment, signs, fixtures, inventory or supplies.
3. Provide you with either a written copy or an electronic copy of the Operations Manual (or electronic access to the Operations Manual), which, as of the date of this Disclosure Document, consists of approximately 118 pages that detail the specifications and procedures incidental to the operation of the Store (Franchise Agreement, Section 6J).
4. Provide the training programs described below (Franchise Agreement, Sections 7B and 7C).
5. Provide on-site assistance for up to five business days in connection with the opening of your Store (Franchise Agreement, Section 7B).

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

1. Maintain the Brand Development Fund (Franchise Agreement, Section 8A).
2. Provide updates and changes to the Approved Suppliers and Approved Supplies Lists and continue to research and develop new products (Franchise Agreement, Section 6C).
3. Make periodic visits to your Store as we reasonably determine to be necessary to provide consultation and guidance, as well as inspections of your Store and advise you of any deficiency that is observed. (Franchise Agreement, Section 6H).
4. Provide ongoing training at our Cardiff by the Sea, CA location, the Authorized Location or other location we designate, as we determine necessary, and require the Control Person, the General Manager (referred to as Brand Champion), the assistant managers, and other key personnel of the Store to attend, at your expense (Franchise Agreement, Sections 7C and 7E).
5. Hold or sponsor franchise conventions and meetings relating to new products or product preparation procedures, new operational procedures or programs, training, store

management, sales or sales promotion, or similar topics, as we determine necessary, and require you and the Control Person to attend, at your expense. (Franchise Agreement, Section 7E).

6. Provide ongoing communication and support, including field support services that we consider advisable, through onsite visits, off-site sessions, telephonic, electronic or other communication modes. Timing of these services will be subject to availability of our personnel.(Franchise Agreement, Section 6H and 7E).
7. Provide updates to the Operations Manual (Franchise Agreement, Section 6B, 6C and 6J).
8. If we determine to do so, exercise rights concerning franchisee pricing of products and services to the fullest extent permitted by then-applicable law, including prescribing the maximum retail prices which you may charge; suggesting retail prices; and, otherwise mandating, directly or indirectly, the maximum prices which you may charge. We may exercise the rights only in certain geographical areas (cities, states, regions) and not others, or with regard to certain groups of franchisees and not others. Any maximum prices we prescribe or suggest may or may not optimize the revenues or profitability of your Store. (Franchise Agreement - Section 6P).

Our Obligations Under the Area Development Agreement

A Developer signs the initial Franchise Agreement in the Development Schedule at the time the Area Development Agreement is signed. Our obligations under the Franchise Agreement apply to a Developer. Each time a Developer signs another Franchise Agreement, our obligations are activated for the new Store to be established. We do not have separate obligations under the Area Development Agreement.

Marketing

Recognizing the value of advertising and marketing to the goodwill and public image of SAMBAZON Stores, we have established and administer and control a Brand Development Fund (the “Fund”). You will be required to contribute up to 3% of Gross Sales of the Store each week to the Fund (the contribution rate as of the date of this Disclosure Document is 2% of Gross Sales).

The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. We have the right to make disbursements from the Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. Without limiting the generality of the foregoing, the Fund may be used for the following purposes: (1) salaries, benefits and any other payments made to employees or any other individual or entity providing services to the Fund, and other administrative costs and operating expenses; (2) broadcast, digital, print or other advertising, including outdoor events; (3) the creation, development and production of advertising and promotional materials; (4) any marketing or related research and development; and (5) advertising and marketing expenses, including product and food research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, menus and menu designs, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our loyalty program and intranet system, subscriptions to industry newsletters or magazines, and other marketing related expenditures we specify.

We determine the use of the monies in the Fund. We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Store is located. We oversee the

advertising program and use the Fund to create marketing materials and conduct regional or local advertising. Stores owned by us or our affiliates may contribute to the Fund but they are not obligated to do so. Stores located at “Non-Traditional Locations” (as described in Item 12) do not contribute to the Fund. From time to time we may contribute to the Fund some amounts paid to us by outside suppliers. We will prepare an annual unaudited accounting of the Fund and make it available for your review upon your written request. We have our own in-house marketing and advertising production capabilities, but also may use an outside national, regional, or local agency. We may be reimbursed for administrative costs and overhead incurred in administering the Fund. We will not use any of the advertising funds for the solicitation of franchise sales, but any marketing materials we produce may designate “Franchises Available.”

Any Fund fees not spent in a fiscal year will be used to pay down any deficit accumulated in the Fund from prior years where expenditures exceeded fees collected, if applicable, or will be carried forward to the following fiscal year.

During the fiscal year ended June 30, 2024, we did not have a Brand Development Fund.

In addition to the Fund Fee (if applicable), you also must spend at least 1% of your Gross Sales on local marketing and promotion each year. All of your local marketing and promotion must be in media that we approve and must be conducted in a dignified manner and conform to the standards and requirements that we specify. You must use only such advertising materials (including any print, radio, television, electronic, or other media forms that may become available in the future) as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. If you have not received our written (including via email) disapproval of the materials within 10 business days from the date we received such materials, the materials will be deemed approved. Furthermore, any promotional activities you conduct in the Store or on its premises are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials or media and activities; provided that they are current, in good condition, in good taste and accurately depict the Trademarks and do not harm the image of our brand. Any point-of-sale posters or other promotional materials used by you must be current and in good condition. We may make available at a reasonable cost to you annually or at other reasonable intervals, a sales promotion kit containing new (or replacement) point-of-sale and other promotional materials.

Although we do not currently do so, we reserve the right to require advertising or marketing cooperatives or groups (collectively, “LMGs”) to be formed, changed, dissolved or merged. The LMG will determine the amount of franchisee contribution, although it will be in no event below 1% of Gross Sales. Each company-owned or affiliate-owned Store (except Non-Traditional Locations) will contribute to the LMG on the same terms as other franchisees and each Store will have one vote on all matters requiring a vote. We reserve the right to administer the LMG’s funds and require payment from its members via electronic funds transfer.

You must also conduct certain advertising and public relations activities in connection with the opening (or re-opening) of your Store. In addition to the local marketing spend and the Fund Fee (if applicable), we require you to spend a minimum of \$10,000 for such opening activities (if it is a new Store opening; or \$5,000 for any re-opening of your Store after approved relocation), which must be spent within 45 days prior and 45 days after the opening of your Store. We have the right, but not the obligation, to administer these funds on your behalf.

We have not created, sponsored or endorsed any advertising councils composed of franchisees.

Computer Systems

You must purchase and/or lease and use in the operation of the Store such computer and other

technology, including a suite of technology products and services, that we develop and/or select for the Store, including all future updates, supplements and modifications (collectively, the “Technology System”). The Technology System includes hardware, software and other technology used in the operation of the Store, including Point-of-Sale (POS) terminals and back-office programs used to record, analyze and report sales, labor, inventory and tax information. We expect that the POS system and the other Technology System components (including our reward and loyalty program, audio/video system, wifi) will cost between \$5,000 and \$15,000. It is your responsibility to make sure that you are in compliance with all laws that are applicable to the Technology System used in the operation of your Store, including all data protection or security laws as well as PCI compliance.

The Technology System may in the future include proprietary software. You may be required to license the proprietary software from us, an affiliate or a designated third party and you also may be required to pay an additional software licensing or user fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. The computer hardware component of the Technology System must conform to specifications we develop. We reserve the right to designate a single source from whom you must purchase each component of the Technology System.

You acknowledge and agree that we will have complete and independent access to information and data entered into, stored and/or generated by the Technology System, including, without limitation customer database information, Store operations data, etc. We own all customer data. There are no contractual limits on our right to access this information. You must, at all times, have at the Authorized Location internet access with a form of high-speed broadband internet connection at our then-current minimum bandwidth specification and you must maintain: (i) an email account for our direct correspondence with the Control Person; and (ii) a separate email account for the Store.

You must participate in any reward and loyalty programs that we may from time to time establish with approved vendors. The cost of your participation may be included in the Technology Fee (as described in Item 6; currently \$250/month). You must also participate in all digital ordering and delivery programs that we may establish with approved supplier(s). You must comply with any participation criteria and other rules applicable to such programs. We have the right to change the reward and loyalty and digital ordering/delivery programs and vendors at any time, as well the related fees. (Franchise Agreement, Section 8.E).

You understand that the data storage, phone line, modem, communication software, Internet access, Internet email account and all additional hardware and software needed to implement and maintain these services are at your cost. Our computer hardware, software and other technology requirements, including the Technology System, will periodically change and you will be required to update your systems and comply with such changed requirements, and you may incur additional or higher fees and costs in connection with any such changes or updates. Neither we, our affiliate nor any third party has any obligation to provide you with ongoing maintenance, repairs, upgrades or updates to the Technology System. We do not require you to sign any specific maintenance or support contracts with us or any third party technology suppliers. We do not guarantee, warranty, maintain or support any Technology System component in any manner. You are solely responsible for upgrading and updating the Technology System during the term of the franchise, and there are no contractual limits on the frequency and cost of this obligation. We estimate that an annual cost of any maintenance, updating, upgrading or support contracts for the Technology System will be between \$1,000 and \$2,000. You should determine for yourself whether or not any third-party supplier from whom you purchase or lease any component of your Technology System is obligated to provide ongoing maintenance, repairs, upgrades or updates.

Site Selection

You select the site for the Store in accordance with the site selection guidelines we provide. We must approve the site. In seeking our approval, you must submit third-party demographic information and such other analysis and information (including maps, completed checklists, photographs, copies of proposed leases, diagrams of the premises with measurements etc.) related to the site and market as we may require. We will approve, or notify you of our objections to, your proposed site within 30 days of receiving all of the required information. Under the development agreement, our then-current standards for sites and territories will apply for each Franchised Business to be developed pursuant to the Development Schedule. If you and we are unable to agree upon a site within 90 days from the date you sign a Franchise Agreement we may grant you an extension of time to locate a site or terminate the Franchise Agreement. In addition, you must execute a lease or a purchase agreement for the site within 90 days of the execution of the Franchise Agreement. Further, we must approve your plans and specifications for the Store prior to the time you commence construction. The site selection factors considered by us in deciding whether or not to object to the location may include the following: (a) demographics, including household count and population growth; (b) traffic patterns; (c) visibility; (d) business mix, including location of competitors; (e) parking; (f) layout and dimensions of location; (g) physical characteristics of the site; (h) lease duration; and (i) other factors we deem appropriate. We do not generally lease or sublease Store premises to franchisees.

Typical Length of Time Before You Open Your Store

The typical length of time between the signing of the Franchise Agreement and the opening of your business is approximately 6 to 12 months. Factors that may impact this length of time may include whether you have a site selected upon execution of the Franchise Agreement, your ability to obtain a site, prepare a site survey, arrange leasing and financing, make leasehold improvements, install fixtures, equipment, and signs, decorate the Store, obtain necessary permits and approvals and meet any other local legal requirements, obtain inventory, as well as weather conditions, labor difficulties during development and construction, and similar factors.

You must begin operation of the Store within 30 days after completing construction and must give us 10 days' prior written notice. You must open your Store for business no later than 12 months following the Effective Date of the Franchise Agreement. Failure to meet these deadlines will result in termination of your Franchise Agreement unless we grant you an extension of time.

Unless we provide you with written notice stating otherwise, we must approve your opening date.

If a developer fails to comply with the Development Schedule, we may terminate the Area Development Agreement, reduce the number of Stores the developer has the right to develop, terminate or reduce the Development Territory, repurchase any Stores open by you under the Area Development Agreement or exercise any other rights and remedies that we may have (Area Development Agreement, Section 7.C).

Operations Manual

Attached as Exhibit E to this Disclosure Document is the table of contents for our Operations Manual (current as of the date of this Disclosure Document). You must treat the Operations Manual, and other written materials created for or approved for use in the operation of the Store, and the information contained in them, as confidential. The Operations Manual will remain solely and exclusively our property. The Operations Manual contains mandatory and suggested specifications, standards and procedures for the operation of SAMBAZON Stores. You must adopt and use as your continuing operational routine the

required standards, service style, procedures, techniques, and management systems described in our Operations Manual or other written materials we provide to you. We may, from time to time, revise the contents of the Operations Manual and you must comply with each new or changed standard.

Training

No later than 30 days before the date the Store begins operation, you or your Control Person and the general manager (referred to as Brand Champion), your store leader and assistant store leader must attend and complete, to our satisfaction, our initial training program.

We will provide instructors and training materials for the initial training of you or your Control Person, your Brand Champion, and your store leader and assistant store leader for no additional fee, but you must pay the expenses incurred by you and your trainees while attending training, including costs of travel, lodging, meals and wages. We will determine whether the trainees have satisfactorily completed initial training. If the Brand Champion does not satisfactorily complete the initial training program or if we determine that this person cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to open your Store. Any Brand Champion subsequently designated by you must also receive and complete the initial training to our satisfaction, even if this requires sending that Brand Champion to the training program, at your expense. We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor trainee if we have not approved your Brand Champion to provide the training (see Item 6).

We will conduct this training at an existing SAMBAZON Store located in Cardiff by the Sea, CA or at another location we designate. As part of our training program, we will also provide up to five business days of on-site assistance to you in connection with the opening of your Store; provided, that you must reimburse us for the travel, lodging and meal expenses we incur in connection with such assistance. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement general managers and other personnel needing training, the number of new Stores being opened and the timing of the scheduled openings of Stores. The initial training program will generally last ten to 14 days, depending on the level of experience of the trainee. We reserve the right to change the scope/length of the training programs.

Our formal training program will be directed by our Operations Training Leader, who has at least five years of experience in store operations and management. We may also use our other employees to assist in certain portions of our training program. Each trainer that we use will have at least one year of relevant experience in the subject they are teaching. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice.

The instructional materials used in the initial training consist of our Operations Manual, marketing and promotion materials, videos, and any other materials that we believe will be beneficial to our franchisees in the training process.

The training schedule and activities of the initial training program are described below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on-the job training	Location
SAMBAZON Story &	1 hour	0 hours	Our Cardiff by the Sea or other

Subject	Hours of Classroom Training	Hours of on-the job training	Location
Culture			designated location
Store Operations	6 hours	52 hours	Our Cardiff by the Sea or other designated location
Store Management	3 hours	8 hours	Our Cardiff by the Sea or other designated location
Financial Management	2 hours	8 hours	Our Cardiff by the Sea or other designated location
Totals	12 hours	68 hours	

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the experience, performance, understanding and proficiency of those persons being trained.

Each of your managers and other employees we designate must be ServSafe (or similar) certified.

In addition to the initial training program, we may offer ongoing training programs, annual franchise conventions, or other meetings relating to new products or product preparation procedures, new operational procedures or programs, training, store management, sales or sales promotion, or similar topics. We may designate that attendance at any such training program, convention or meeting is mandatory for you, your General Manager (i.e., Brand Champion), Control Person, and/or assistant managers and other key employees, unless the absence is excused by us. In addition, we may sponsor an annual training meeting for Brand Champions, which your Brand Champion may be required to attend. We reserve the right to require that you and/or your Control Person attend any additional meetings that we deem appropriate under special circumstances. You must pay for the expenses of your trainees/attendees, including travel, lodging, meals and wages.

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to customers in a manner that reflects the customer and client service standards of the SAMBAZON System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You are solely responsible for ensuring that your employees receive adequate training.

Websites

Except as described below, we alone may establish, maintain, or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System, including through the use of pages or profiles on social media websites such as Facebook, Instagram, or Twitter. We may establish one or more websites accessible through one or more uniform resource locators (“URLs”) designed to promote your Store. You agree to routinely provide us with updated copy, photographs, prices, and news stories about your Store(s) suitable for use when promoting your Store(s), the content, frequency, and procedure for which will be specified in the Operations Manual.

You may not maintain your own website or social media page; otherwise maintain a presence or advertise on the internet, through social media or any other mode of electronic commerce in connection with your franchised Store, including through the use of a page or profile on a social media website such as Facebook, Instagram, or Twitter; establish a link to any website we establish at or from any other website or page; or, at any time establish any other website, social media or electronic commerce presence which in whole or in part incorporates the SAMBAZON name or any name confusingly similar thereto, except in accordance with our brand standards set forth in the Operations Manual and with our prior written consent.

We or our affiliates also maintain an intranet through which downloads of the Operations Manual, other operations and marketing materials, exchanges of communications, System discussion forums and systemwide communications (among other activities) can be effected.

ITEM 12 **TERRITORY**

You will receive the right to operate a SAMBAZON Store at a specific location described in the Franchise Agreement (the “Authorized Location”). Your Franchise Agreement will also specify a designated territory that will provide you with some territory protection (the “Designated Area”). The size and scope of your Designated Area will be contained in the Franchise Agreement and will be determined by us on a case-by-case basis, but generally it will be between a 0.25-mile to a 3-mile radius depending on the population density of the area. Generally, we consider the following factors in determining the size and scope of a Designated Area: (i) current and projected market demand, (ii) demographics and population, including seasonal changes in population, (iii) traffic patterns, (iv) access and visibility, (v) location of other SAMBAZON Stores, and (vi) our future development plans. We will identify the Designated Area on a map that will be attached to your Franchise Agreement. Your Designated Area may partially overlap (up to 15% of the Designated Area) with the designated areas of neighboring SAMBAZON franchisees; provided that the distance between your Authorized Location and the neighboring franchisee’s SAMBAZON store location will be at least the radius used to establish your Designated Area.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we (or our affiliates) own, or from other channels of distribution or competitive brands that we control. The Franchise Agreement does not grant you any territorial rights beyond the Designated Area. During the term of your Franchise Agreement, we will not operate or grant others the right to establish or operate any other SAMBAZON Store within your Designated Area, except as specifically described in this Item 12 and more fully noted in the Franchise Agreement. There are no circumstances under which your Designated Area may be altered prior to the expiration or termination of your Franchise Agreement. Your territorial protection is not dependent upon achievement of a certain sales volume, market penetration, or other factors, other than compliance with your Franchise Agreement.

We retain all rights that are not expressly granted to you under the Franchise Agreement. The license granted to you under the Franchise Agreement does not include (i) any right to sell products and Menu Items at any location other than the Authorized Location, except for any catering or digital ordering/delivery services we permit, (ii) any right to sell products and Menu Items through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), (iii) any right to sell products and Menu Items to any person or entity for resale or further distribution, or (iv) any right to exclude, control or impose conditions on our development of future franchised, company- or affiliate-owned Stores at any time (x) under the Trademarks at any time outside of the Designated Area or (y) under different trade names and trademarks at any time whether inside or outside of the Designated Area.

Further, we and our affiliates may, among other things, on any terms and conditions we deem

advisable, without compensation to any franchisee, and without granting you any rights therein:

- (i) operate and franchise others the right to operate stores offering and selling the same, similar or different products or services as SAMBAZON® stores, both within and outside your Designated Area, under the SAMBAZON® Trademarks and/or any other trademarks, except that we will not establish nor license others to establish franchised or company-owned or affiliate-owned SAMBAZON Stores in your Designated Area so long as you're in compliance with your Franchise Agreement.
- (ii) offer, sell or distribute, within and outside your Designated Area, through any other (i.e., non-store) distribution channel or method, any items or other products or services associated with the System (now or in the future) and/or identified by the Trademarks, or any other trademarks, service marks or trade names. The other distribution channels or methods include, without limitation, the Internet (or any other existing or future form of electronic commerce), wholesale distribution, and the Non-Traditional Locations (as defined below).

Certain locations within and outside your Designated Area are by their nature unique and separate in character from sites generally developed as SAMBAZON® stores. As such, we have the right to develop, license or franchise the following locations, whether located within or outside your Designated Area ("Non-Traditional Locations"): (1) military bases; (2) public transportation facilities, including, without limitation, airports and other transportation terminals; (3) sports facilities, including without limitation arenas, stadiums and race tracks; (4) student unions or other similar buildings on college or university campuses; (5) zoo's, amusement and theme parks; (6) casinos (7) convention centers or community and special events; (8) fair grounds; (9) hospitals and other health care facilities; (10) grocery stores, club stores and convenience stores; (11) food trucks and (12) business and industry locations (e.g. manufacturing site, office building).

- (iii) (a) acquire the assets or ownership interests of one or more businesses, including businesses providing products and services similar to those provided at the SAMBAZON stores, and may franchise, license or create similar arrangements with respect to these businesses once acquired, under any names or marks, including the SAMBAZON Marks, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in your Designated Area); and (b) be acquired (in whole or in part and regardless of the form of transaction) by another business, including a business providing products and services similar to those provided at the SAMBAZON stores, and even if such business operates, franchises and/or licenses a business(es) that competes with you in your Designated Area.

We are not obliged to pay any compensation to you for soliciting or accepting orders from inside your Designated Area.

You may not offer catering and delivery services except pursuant to programs that we authorize in

writing. Under our current digital ordering/delivery program, the customer chooses the SAMBAZON store at which the customer wishes to pick up its order. If the customer does not choose a specific SAMBAZON store or requests delivery, then we will assign the order to the SAMBAZON store that is the closest distance to the customer's location. For avoidance of doubt, you do not receive any territory protection under any approved digital ordering/delivery program.

If you install or maintain on the Store premises any newspaper racks, video games, jukeboxes, gum machines, games, rides, vending machines, or other similar devices that do not meet with our approval, you must remove them within three days from receiving written notice from us. Pool tables, cigarette vending machines, gambling and gaming machines or games of chance are not allowed.

Continuation of your right to operate a SAMBAZON Store does not depend on the achievement of a certain sales volume, market penetration or other contingency. You do not receive any rights of first refusal or the right to acquire additional franchises unless you sign another franchise agreement with us.

There are no restrictions on the customers you may solicit. You do not, however, have the right to use other channels of distribution, including the Internet, to make sales.

You do not have the right to relocate your Store without our prior written approval. You may only relocate your Store to a location inside your Designated Area, provided that you have submitted third-party demographic information and such other analysis and information related to the site as we may require, such location meets our standards and requirements, you are in compliance with the Franchise Agreement, you execute our Lease Addendum for the new site and we have consented in writing to the new site. We may (at our election) inspect your proposed new location. If we allow you to relocate your Store, you must do so at your cost, and you must pay us a relocation fee in an amount equal to the expenses we incur, not to exceed \$5,000.

If we determine that the population in the Designated Area increased significantly (i.e., by more than 40%) during the term of your Franchise Agreement, upon renewal, we will have the right to reconfigure the size of the Designated Area for the renewal franchise agreement, in accordance with our then-current SAMBAZON Designated Area policy. In connection with such Designated Area reconfiguration, in our determination, we may offer you the right to enter into a second franchise agreement at renewal for which the Designated Area includes the portion of the original Designated Area that was removed from your renewal franchise agreement; provided that you do not have a right of first refusal to any geographic area that was removed from the original Designated Area of your initial Franchise Agreement as a result of this Designated Area reconfiguration.

Area Development Agreement

Your Development Territory is not an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Under the development agreement, our then-current standards for sites and territories will apply for each Franchised Business to be developed pursuant to the Development Schedule.

If you and we enter into an Area Development Agreement requiring you to open and operate multiple SAMBAZON Stores in a Development Territory, we will not develop or operate or grant anyone else a franchise to develop and operate a SAMBAZON Store (except for Non-Traditional Locations as defined above) in the Development Territory prior to the earlier of (i) the expiration or termination of your Area Development Agreement; (ii) the date on which you must execute the Franchise Agreement for your last Store pursuant to the terms of the Development Schedule or (iii) the date on which the Authorized Location for your final Store under your Area Development Agreement is determined. Notwithstanding

anything in the Area Development Agreement, upon the earliest occurrence of any of the foregoing events, (i) your development rights in the Development Territory will expire and (ii) we will be entitled to develop and operate, or to franchise others to develop and operate, SAMBAZON Stores in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated. At the time you execute your final Franchise Agreement under the Development Schedule, you must have an Authorized Location for your final Store. We determine the Development Territory in an Area Development Agreement using the following criteria: population, demographics and competitive market share.

You do not have any options, rights of first refusal or similar rights to acquire additional franchises under an Area Development Agreement.

The rights and restrictions described above regarding what we and our affiliates can and cannot do in a franchisee's Designated Area for a single Store are generally the same for the Development Territory set forth in an Area Development Agreement. In addition, we may terminate the Area Development Agreement if you (i) fail to exercise options to enter into Franchise Agreements with us within any period designated on the Development Schedule; (ii) fail to comply with any other terms and conditions of the Area Development Agreement and fail to cure the default within 30 days; (iii) become insolvent, have a receiver appointed of your property, make general assignment for benefit of creditors, have an unsatisfied judgment outstanding for 30 days or longer, have execution levied against your property, or a foreclosure suit not dismissed within 30 days, or (iv) we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

ITEM 13 **TRADEMARKS**

The Franchise Agreement licenses you to use the trademark SAMBAZON, as well as other trademarks, service marks, trade names and commercial symbols and other Marks that we designate. We and our parent, Sambazon, Inc., also claim common law trademark rights for all of the Marks. Our parent has filed or intends to file all required affidavits and renewals for the Marks listed below.

Trademark	Registration Date	Registration Number
SAMBAZON (standard word mark)	April 24, 2012	4132000
	October 5, 2022	97372224

Our parent, Sambazon, Inc., has licensed us the right to use the Marks and certain other intellectual property for the development and operation of SAMBAZON Stores and to sublicense the use of the same under the terms of the License Agreement (the "License Agreement"). If we lose our right to the Marks or the other intellectual property under the License Agreement, your rights to use the Marks and the System will continue subject to the terms and conditions of your Franchise Agreement.

Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement.

You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks including the adoption of new Marks, new Menu Items, new products, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. Upon receipt of our notice to change the Marks, you must cease using the former Marks and commence using the changed Marks, at your expense within the timeframe we prescribe.

There are currently no effective material determinations by the United States Patent and Trademark Office (the “USPTO”), 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 Marks. Except as noted below, there are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the 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 related to the Marks and we have the sole right to decide to pursue or settle any infringement actions related to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we take action against the alleged infringer, you must cooperate with us. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents, patent applications or copyrights currently pending or registered that are material to the franchise, although we do claim copyright ownership and protection for our SAMBAZON Franchise Agreement, Area Development Agreement, Operations Manual, website and for various sales promotional and other materials published from time to time. We will be and remain the sole owner of the copyrights in and to all material which appears on any website or social media page we establish and maintain, including any and all material you may furnish to us. Ownership of all URLs and other identifiers associated with any such website or social media sites will vest exclusively in us.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all trade secret and proprietary information, including the Operations Manual and the care and preparation of the Menu Items. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning an interest in the franchisee (including your Principal Owners), the Brand Champion and other key employees. Upon termination of your Franchise Agreement, you must return to

us all proprietary information, including but not limited to any writing relating to the care and preparation of the Menu Items, the Operations Manual and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the Operations Manual at your cost.

All ideas, concepts, procedures, techniques or processes concerning the SAMBAZON Store, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be solely and exclusively our property, part of the System and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you will assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You (the franchisee) may be an individual, corporation, partnership or other form of legal entity. Under the Franchise Agreement, if you are an entity, all owners of 10% or greater interest in the franchisee (and, in some instances, owners of a lower percentage interest if our award of the franchise agreement was based on such owner’s qualifications), including all general partners (if franchisee is a partnership) will be designated as Principal Owners. Each of your Principal Owners must sign the form undertaking and guarantee attached to the Franchise Agreement, pursuant to which they agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement.

You must have a Control Person and a general manager (referred to as Brand Champion) who will be the main individuals responsible for operating your Store, as further defined in the Franchise Agreement, who meet our standards and qualifications at all times during the term of the Franchise Agreement. Your Control Person must own at least a 10% interest in the franchisee, must actively direct your business affairs in regard to the Store and is responsible for overseeing the general management of the day-to-day operations of the Store. Your Brand Champion must personally invest his or her full time and attention and devote his or her best efforts to the on-premises general management of the day-to-day operations of the Store. Your Control Person and Brand Champion and at least two of your assistant managers/store leaders must successfully complete all required training to our satisfaction (such that at all times you have four trained managers for your Store).

All replacement managers must complete training to our satisfaction and must begin training within 6 weeks of the time of hire. If any person fails to satisfactorily complete the training program, you may designate a different individual, who must then satisfactorily complete the training program. The Control Person and Brand Champion must ensure that the Store is operated in accordance with the terms and conditions of the Franchise Agreement, although this in no way relieves you of your responsibilities to do so. The Brand Champion must be a certified trainer (i.e., becomes approved and certified by us as a trainer of your other managers and employees at the Store).

You must attend any annual meeting, convention or conference of franchisees and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, Store management, sales or sales promotion, or similar topics, that we offer, at your own expense.

All shareholders, officers, directors, partners, members and all managers and other employees

having access to our proprietary information must execute non-disclosure agreements in a form we accept and maintain the confidentiality of our confidential and proprietary information. All guarantors and owners of the franchisee (and/or the spouse, children, parents and siblings, if franchisee is an individual) must execute covenants not to compete in a form that we approve.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Item 8 of this Disclosure Document describes our requirements for approved supplies and suppliers. You must offer for sale at the Store all of the Menu Items and related products that we periodically require and you may not offer at the Store any unapproved products or use the premises for any purpose other than the operation of a Store. We have the unlimited right to change the types of authorized products and services you may offer and you must comply with each such change within the timeframe we specify.

You may not offer any delivery service or engage in catering services without our prior written approval. You must offer to customers digital ordering and delivery services pursuant to digital ordering/delivery programs that we may from time to time establish with approved vendors and comply with our specifications regarding food handling, delivery vendor, delivery territory, insurance, and similar matters and you must observe all applicable laws and regulations that govern your business. You may not otherwise offer for sale any Menu Items or other products through the Internet or other e-commerce channels. Under our current digital ordering/delivery program, the customer chooses the SAMBAZON store at which the customer wishes to pick up its order. If the customer does not choose a specific SAMBAZON store or the customer requests delivery, then we will assign the order to the SAMBAZON store that is the closest distance to the customer's location. See Item 12. You are not otherwise limited in the customers to whom you may sell products or services.

You may only install and maintain on the Store premises newspaper racks, video games, jukeboxes, gum machines, games, rides, vending machines, or other similar devices that we approve them in writing.

You must participate in all customer service, customer recovery, remediation, and customer loyalty programs we designate in the Operations Manual. At our request, you must participate in tests of new or modified products, services, programs, equipment, technology and procedures (including delivery methods, platforms or systems).

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 Agreement*	Summary
a.	Length of the term of the franchise	Section 4A	Term is 10 years.
		Sections 2 and 4 and Appendix B to the Area Development Agreement	Term depends on the number of Stores to be developed under the Area Development Agreement as specifically set forth in Appendix B.

	Provision	Section in Agreement*	Summary
b.	Renewal or extension of the term	Section 4B	Option for one 10 year renewal. No renewal or successor agreement rights under the Area Development Agreement.
c.	Requirements for you to renew or extend	Section 4B	You give us written notice of your decision to renew at least 6 months but not more than 12 months before the end of the expiring term; you sign our then-current form of franchise agreement; you have complied with the remodeling and modernization requirements for your Store; you are not in default and have satisfied your obligations on a timely basis; if leasing and are not subject to relocation, you have written proof of your ability to remain in possession of the Store premises throughout the renewal term; you comply with our training requirements; you pay us, at least 30 days prior to the end of the expiring term, a renewal fee in the amount of \$10,000; and you and your Principal Owners sign a release. If you are approved for a successor agreement at the expiration of the initial term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d.	Termination by you	Section 13C	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow 30 days to cure such breach. However, if the breach cannot reasonably be cured within 30 days, you have the right to terminate the Agreement if, after our receipt of a written notice from you, we do not within 30 days undertake and continue efforts to cure the breach until completion. You do not have the right to terminate the Area Development Agreement.
e.	Termination by us without cause	Not Applicable	Not Applicable.
f.	Termination by us with cause	Sections 13A and 13B Section 7B of the Area Development Agreement	We can terminate the Franchise Agreement and Area Development Agreement only if you default or fail to comply with your obligations. The Area Development Agreement contain a cross-default/termination provision if we have the right to terminate a Franchise Agreement.
g.	“Cause” defined - defaults which can be cured	Sections 13A and 13B	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing; and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in (h) below.

	Provision	Section in Agreement*	Summary
		Section 7B of the Area Development Agreement	Area Development Agreement: You have 30 days to cure defaults not listed in (h) below.
h.	“Cause” defined – defaults which cannot be cured	Sections 2A, 5A, 5D, 13A, 13B and 15P Section 4C, 7B and 10 of the Area Development Agreement	Non-curable defaults include: any material misrepresentation or omission in your application for a franchise, abandonment, loss of lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to relocate; the closing of the Store by the authorities for health or public safety reasons, unauthorized use of confidential information, voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors, defaults that materially impair the goodwill associated with any of the Marks, felony or criminal convictions (or plea of no contest), infringement of Marks, intentionally understating or underreporting Gross Sales, royalties or other fees or 2% variance on two audits within a 3-year period; failure to open the Store by Required Open Date, failure to execute lease or purchase agreement for Store within 60 days of date of Franchise Agreement, failure to start substantial construction 180 days (for free-standing location) or 150 days (for non-free standing location) after the date of the Franchise Agreement, failure to secure financing, unapproved assignments or transfers, multiple defaults, or failure to cure within 24 hours of notice a default which violates any health, safety or sanitation law or regulation or any system standard as to food handling, cleanliness, health or sanitation. Area Development Agreement: You become insolvent; a receiver of your property is appointed; you make an assignment for the benefit of creditors; a final judgment remains unsatisfied for 30 days or longer (unless supersedeas is filed); execution is levied against your property; foreclosure suit is filed and not dismissed within 30 days; you fail to meet the development schedule; or we provide notice of termination under a Franchise Agreement.

	Provision	Section in Agreement*	Summary
i.	Your obligations on termination/non-renewal	Section 14A-14C Sections 8A-8G of the Area Development Agreement	Obligations include complete de-identification of the Store and payment of amounts due, assignment of lease and telephone numbers upon our demand, return of Operations Manual and Confidential Information, proprietary materials and related writings, right to purchase assets of the Store (also see (o) and (r) below), and payment of liquidated damages in the event of termination with cause. Area Development Agreement: You lose all remaining rights to develop Stores. Other obligations include those obligations noted above if existing Franchise Agreements also are terminated. We also may have the right to purchase assets of the Stores (see (o) below).
j.	Assignment of contract by Us	Section 11H Section 9A of the Area Development Agreement	No restriction on our right to assign.
k.	“Transfer” by you – defined	Section 11A Section 9B of the Area Development Agreement	Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change listed in Section 11A of the Franchise Agreement and Section 9B of the Area Development Agreement.
l.	Our approval of transfer by you	Section 11B Section 9B of the Area Development Agreement	We have the right to approve all transfers but will not unreasonably withhold approval; provided that all conditions to transfer have been satisfied.
m.	Conditions for our approval of transfer	Sections 11B-11D Section 9B of the Area Development Agreement	Transferee meets all of our then-current requirements for new franchisees, transfer fee paid, all amounts owed by prior franchisee paid, required modernization/upgrade is completed (within 90 days of transfer), training completed, transferee executes then-current form of franchise agreement (modified to reflect that agreement relates to a transfer), required guarantees signed, necessary financial reports and other data on franchise business are prepared, release signed by you and your owners, full compliance of your obligations under all Franchise Agreements executed between you and us, and other conditions that we may reasonably require from time to time as part of our transfer policies (also see (r) below); provided that certain transfer conditions do not apply to transfers to immediate family members or among Principal Owners. You cannot transfer rights under the Area Development Agreement unless you transfer all of your rights and interests under all Franchise Agreements.

	Provision	Section in Agreement*	Summary
n.	Our right of first refusal to acquire your business	Section 11F	We can match any offer for your Store assets and, in the case of a proposed stock sale, we can purchase your Store assets at a price determined by an appraiser, unless you and we agree otherwise.
o.	Our option to purchase your business	Section 14B	Upon termination, we have the right (but not the obligation) to purchase or designate a third party that will purchase all or any portion of the assets of your Store, including the land (provided that, in the event of expiration of Franchise Agreement, you may choose to lease the land to us), building, equipment, fixtures, signs, furnishings, supplies, leasehold improvements, and inventory. Qualified appraiser(s) will determine price as set forth in the Franchise Agreement.
p.	Your death or disability	Section 11E	You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person satisfies our training requirements and other transfer conditions, but if assignee is your spouse or child, no transfer fee is required and we will not have a right of first refusal. Transfer must be completed within 12 months of the death or 6 months after notice of the disability or incapacity.
q.	Non-competition covenants during the term of the franchise	Section 10D	No direct or indirect involvement in the operation of any quick-service, casual or fast casual restaurant or food business that derives at least 10% of its sales from the sale of açaí and other fruit-based food or beverage products other than one authorized by the Franchise Agreement or any other agreement between us and you, except any interest you may have, at the Effective Date of the Franchise Agreement, in a store or food business the existence of such interest we have approved in writing.
r.	Non-competition covenants after the franchise is terminated or expires	Section 10D	No direct or indirect involvement for 2 years in any business establishment that is a quick-service, casual or fast casual restaurant or food business that derives at least 10% of its sales from the sale of açaí and other fruit-based food or beverage products or that franchises or licenses the operation of such business establishments: a. At the premises of the former Store; b. Within a 5-mile radius of the former Store; or c. Within a 5-mile radius of the location of any other business or store using the SAMBAZON® System, whether franchised or owned by us or our affiliates.
s.	Modification of the Agreement	Section 15B Section 10C of the Area Development Agreement	No modifications generally, but we have the right to change the Operations Manual, list of authorized trademarks and menu.

	Provision	Section in Agreement*	Summary
t.	Integration/merger clause	Section 15B Section 10D of the Area Development Agreement	Only the terms of the Franchise Agreement and Area Development Agreement are binding (subject to state law). Any representations or promises made outside the Franchise Agreement, Area Development Agreement or this Disclosure Document may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 12 Section 10N of the Area Development Agreement	Except for certain claims, all disputes must be mediated in the county in which our headquarters are then located (currently, Orange County, California) or at such other place as mutually acceptable, and, if not resolved in mediation, arbitrated in the county in which our headquarters are then located (currently, Orange County, California) or at such other place as mutually acceptable (subject to state law).
v.	Choice of forum	Section 15I Section 10H of the Area Development Agreement	Litigation must be in the applicable federal or state court in the county in which our headquarters are then located (currently, Orange County, CA) (subject to state law).
w.	Choice of law	Section 15H Section 10G.1 of the Area Development Agreement	Except for claims under federal trademark law, and the parties' rights under the Federal Arbitration Act, the law of the state of the Authorized Location will govern any dispute (subject to state law). Except for claims under federal trademark law, and the parties' rights under the Federal Arbitration Act, the law of the state in which the Development Territory is located, excluding any conflicts of laws provisions, will govern (subject to state law).

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote this 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: (i) a franchisor provides the actual records of an existing outlet you are considering buying; or (ii) 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.

This Item 19 includes a historical representation based on the past performance, during the time period of July 1, 2022 through June 30, 2023, and July 1, 2023, through June 30, 2024 (the "Reporting

Period”), of the one Sambazon store operated by our affiliate, Sambazon Restaurant Group, LLC (the “Affiliate Store”). The financial performance representations included in this Item 19 are unaudited actual financial results of the Affiliate Store for the Reporting Period. The Affiliate Store opened in 2011. As of the date of this Disclosure Document, there are no franchised Sambazon® stores in operation.

Affiliate Store – July 1, 2022 – June 30, 2023 (the “Reporting Period”)

	July 1, 2022 – June 30, 2023		July 1, 2023 – June 30, 2024	
		% of Gross Sales		% of Gross Sales
Gross Sales	\$1,090,191	100%	\$1,126,134	100.0%
Cost of Goods Sold	\$327,057	30.0%	\$348,699	31.0%
Labor Costs	\$293,355	26.9%	\$303,093	26.9%
Total Prime Profit	\$469,779	43.1%	\$474,342	42.1%
Other Operating Expenses	\$190,959	17.5%	\$224,256	19.9%
Total Operating Profit	\$278,705	25.6%	\$250,086	22.2%

Notes

As used in this Item 19, the following terms have the following meanings:

“Gross Sales” means and includes all revenue from the sale of all System menu items at the Store or under the Proprietary Marks, barter or exchange, complimentary products, and all other income or revenue of every kind and nature (excluding revenue from the sale of stored value gift cards or gift certificates but including revenue when gift certificates are redeemed or stored value gift cards are debited) related to the Store or the Proprietary Marks, whether for cash or credit or redemption of gift certificates or stored value gift cards, and regardless of collection in the case of credit; provided, however, that Gross Sales do not include (a) any sales tax collected from customers and transmitted by Licensee to the appropriate taxing authority, (b) all refunds and credits made in good faith to arms’ length customers; and (c) the discount value of all authorized coupons, vouchers or other allowances redeemed by Franchisee. For avoidance of doubt, Gross Sales include all proceeds from any business interruption insurance, the discount value of all unauthorized coupons, vouchers or other allowances redeemed by you and all refunds and credits not made to arms’ length customers.

“Cost of Goods Sold” means the total cost of the food, beverage and paper products sold to customers and/or used in the operation of the Affiliate Store during the Reporting Period.

“Labor Costs” means all salary and wage hours paid to team members and managers in the Affiliate Store, in addition to year-end bonus and commissions paid to team members and managers as well as health insurance, payroll taxes and worker's compensation insurance, during the Reporting Period.

“Total Prime Profit” means Gross Sales minus Cost of Goods Sold and Labor Costs.

“Other Operating Expenses” means all other expenses associated with the operations of the Franchised Business, including, but not limited to, rent, liability insurance, merchant processing fees, marketing costs, delivery expenses, restaurant supplies, cleaning services, uniforms, technology fees, POS system fees, security monitoring, music subscription and menu board services.

were achieved primarily through retail sales. **“Total Operating Profit”** means Total Prime Profit minus Other Operating Expenses. Total Operating Profit is the operating profit generated by the store, excluding interest, taxes, and depreciation. **NOTE:** The Total Operating Profit does not take into account the 5% Royalty Fee or the 2% Brand Development Fee that franchisees will pay under their franchise agreement. There are no material operational characteristics of the Affiliate Store that are reasonably anticipated to differ materially from future operational franchise outlets.

NOTE: This Table does not reflect costs and expenses you will incur, such as royalty and brand fund payments, local advertising, technology fees, inventory purchases, rent and payroll.

Some outlets have earned these amounts. Your individual results may differ. There is no assurance that you’ll earn as much.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. You should conduct an independent investigation of the costs and expenses you will incur in operating your Store. Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information.

Other than the preceding financial performance representation, SAMBAZON USA FRANCHISING LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Store, however, we may provide you with the actual records of that Store. 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 Randy McBrayer, SAMBAZON USA FRANCHISING LLC, 209 Avenida Fabricante, Suite 200, San Clemente, CA 92672, (949) 498-8618, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2022, 2023, 2024*

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned**	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	1	1	0
	2023	1	1	0
	2024	1	1	1

* The figures are as of June 30, 2022, 2023 and 2024.

**The Company-Owned Outlets in the above chart include Stores that were owned and operated by our affiliate, as noted in Item 1.

Table No. 2
Transfers of Outlets from Franchisees* to New Owners (other than the Franchisor)
For years 2022, 2023, 2024*

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

*The figures are as of June 30, 2022, 2023 and 2024. States not listed had no transfer activity to report.

Table No. 3
Status of Franchised Outlets*
For years 2022, 2023, 2024*

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina- tions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
All States	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

*The figures are as of June 30, 2022, 2023 and 2024.

Table No. 4
Status of Company-Owned Outlets*
For years 2022, 2023, 2024**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
CA	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

	2024	1	0	0	0	0	1
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*The Company-Owned Outlets in the above chart include Stores that were owned and operated by our affiliate.

**The figures are as of June 30, 2022, 2023 and 2024.

Table No. 5
Projected Openings as of June 30, 2024

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Florida	0	1	0
Massachusetts	0	1	0
New Jersey	0	1	0
New York	0	1	0
Pennsylvania	0	1	0
Texas	0	1	0
TOTAL	0	6	0

Exhibit G lists the names of all our operating franchisees and area developers and the addresses and telephone numbers of their Stores as of June 30, 2024. Exhibit G also lists the franchisees that have signed franchise agreements for Stores which were not yet operational as of June 30, 2024. Additionally, Exhibit G lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During our last three fiscal years no franchisees signed confidentiality clauses.

We have not created, sponsored or endorsed any trademark-specific franchisee associations. No independent franchisee organizations have asked to be included in this Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit B are audited financial statements as of June 30, 2024 and our audited opening balance sheet dated October 31, 2023. Also attached is our unaudited financial statements for the period ended March 31, 2025. We were formed in September 2023. Because we have not been in existence for at least 3 years, we do not have available and cannot yet include in this disclosure document 3 full years of audited financial statements.

Our fiscal year end is June 30th

ITEM 22

CONTRACTS

This Disclosure Document includes a sample of the following contracts:

- Exhibit C - Franchise Agreement, including attachments and appendices: Personal Guaranty; Ownership and Management Addendum; Appendix A- Authorized Location, Designated Area, Technology System; B- Addendum to Lease; C-Electronic Transfer of Fund Authorization; Acknowledgment Addendum.
- Exhibit D - Area Development Agreement, including: Personal Guaranty; Appendix: A-Data Sheet; B-Development Territory; C-Development Schedule; Acknowledgement Addendum.
- Exhibit F - Sample Release
- Exhibit H - State Addenda
- Exhibit I - Assignment and Consent Agreement

ITEM 23 RECEIPTS

Attached to this Disclosure Document as Exhibit K is a detachable acknowledgment of receipt.

EXHIBIT A**LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight 320 West 4th Street, Ste. 750 Los Angeles, CA 90013-2344 1-866-275-2677	Business Oversight Commissioner Same Address
HAWAII	Dept. of Commerce & Consumer Affairs Business Registration Division Commissioner of Securities King Kalakaua Building 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722	Hawaii Commissioner of Securities Business Registration Division Commissioner of Securities King Kalakaua Building 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-1090	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attention: Franchise Section G. Mennen Williams Building, First Floor 525 W. Ottawa Street Lansing, MI 48933 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Same Address
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty street, 21 st Floor New York, NY 10005-1495 (212) 416-8222 Phone (212) 416-8816 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6 th Floor Albany, NY 12231-0001 (518) 473-2492

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Ave. State Capitol, Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Complex - Bldg. 69-1 1511 Pontiac Ave. Cranston, RI 02920 (401) 462-9500 ext. 5	Director of the Rhode Island Department of Business Regulation Same Address
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S. Euclid Ave., Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Securities Same Address
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9733	Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760	Director, Dept. of Financial Institutions, Securities Division Same Address
WISCONSIN	Department of Financial Institutions Division of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703 (608) 266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT B
FINANCIAL STATEMENTS



Report of Independent Auditors
and Financial Statements

Sambazon USA Franchising, LLC

June 30, 2024

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Report of Independent Auditors

To the Member
Sambazon USA Franchising, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sambazon USA Franchising, LLC which comprise the balance sheet as of June 30, 2024, and the related statements of operations, changes in member's equity, and cash flows for the period from September 11, 2023 (inception) through June 30, 2024, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sambazon USA Franchising, LLC as of June 30, 2024, and the results of its operations and its cash flows for the period from September 11, 2023 (inception) through June 30, 2024, 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 Sambazon USA Franchising, LLC 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 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 Sambazon USA Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Moss Adams LLP

Irvine, California
October 15, 2024

Financial Statements

Sambazon USA Franchising, LLC
Balance Sheet
June 30, 2024

ASSETS

CURRENT ASSETS

Cash	<u>\$ 99,559</u>
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Total assets	<u><u>\$ 99,559</u></u>
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LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts payable	<u>\$ -</u>
------------------	-------------

Total liabilities	-
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MEMBER'S EQUITY

	<u>99,559</u>
--	---------------

Total liabilities and member's equity	<u><u>\$ 99,559</u></u>
---------------------------------------	-------------------------

See accompanying notes.

Sambazon USA Franchising, LLC
Statement of Operations
Period from September 11, 2023 (Inception) through June 30, 2024

REVENUES	<u>\$ -</u>
OPERATING EXPENSES	
General and administrative	<u>178,940</u>
NET LOSS	<u><u>\$ 178,940</u></u>

See accompanying notes.

Sambazon USA Franchising, LLC
Statement of Changes in Member's Equity
Period from September 11, 2023 (Inception) through June 30, 2024

BALANCE, September 11, 2023 (inception)	\$ -
Contribution	278,499
Net loss	<u>(178,940)</u>
BALANCE, June 30, 2024	<u><u>\$ 99,559</u></u>

See accompanying notes.

Sambazon USA Franchising, LLC

Statement of Cash Flows

Period from September 11, 2023 (Inception) through June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss \$ (178,940)

Changes in
Accounts payable -

Net cash used in operating activities (178,940)

CASH FLOWS FROM FINANCING ACTIVITIES

Contribution 278,499

Net cash provided by financing activities 278,499

NET CHANGE IN CASH 99,559

CASH, beginning of year -

CASH, end of year \$ 99,559

See accompanying notes.

Sambazon USA Franchising, LLC

Notes to Financial Statements

Note 1 – Organization and Description of Business

Sambazon USA Franchising, LLC (the Company), a Nevada limited liability company (LLC), was formed on September 11, 2023 (Inception), for the purpose of operating the U.S. franchise operations of Sambazon, Inc. The sole member of the Company is Sambazon Worldwide Licensing, LLC (the Member), whose ultimate parent is Sambazon, Inc. (the Ultimate Parent), a US based Company. The Ultimate Parent is the owner of all intellectual property rights in certain systems, trademarks, service marks, and other intellectual property used in the operation of Sambazon Retail Cafe shops (Sambazon). The Ultimate Parent owns the Sambazon intellectual property (Sambazon IP) and has granted the Company a non-exclusive right to use the Sambazon IP and to franchise the Sambazon concept and related IP to franchisees under franchise agreements.

The Ultimate Parent, together with the Member, is in the business of operating and selling licensed and franchised Açai Bowl shops that seek to be innovators in the quick service restaurant industry. The Company does not operate and has never operated any Sambazon, Inc. locations, and the Company's future operations are dependent upon the success of the Ultimate Parent's operations. The franchise agreements are planned to be for 10 years and will require the purchaser to pay an initial franchise fee of approximately \$30,000. Once the franchise begins operations, the Company will charge a royalty fee of 5% of the franchise's gross sales, and a marketing fee of 2% (with the ability to increase to 3%) of the franchise's gross sales. As of June 30, 2024, the Company had not sold rights to develop any franchises or licensed locations.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition as of June 30, 2024.

Fiscal year end – The Company adjusted its fiscal year end to June 30th from its previously selected year end date of October 31st. This did not have a material effect on the financial statements. The Company's fiscal year will consist of 52 weeks and end on June 30th for financial reporting purposes.

Use of estimates – The preparation of the financial statements, in accordance with U.S. GAAP, requires that management makes certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet date. The actual results could differ significantly from those estimates.

Cash – The Company considers all highly liquid debt instruments purchased with an original maturity of ninety days or less to be cash equivalents. As of June 30, 2024, the Company carried no liquid debt instruments to be classified as cash equivalents.

Concentration of credit risk – Financial instruments, which may potentially be subject to a concentration of credit risk, consist of cash. The Company maintains substantially all of the day-to-day operating cash balances with a major financial institution. The cash balance is not in excess of Federal Deposit Insurance Corporation insurance limits. The Company has experienced no loss or lack of access to cash in its operating account.

Sambazon USA Franchising, LLC

Notes to Financial Statements

Fair value measurements – The Company's financial instruments, none of which are held for trading purposes, include only cash. Management estimates that the fair value of all financial instruments at June 30, 2024, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

Income taxes – The Company is a LLC and is classified as a partnership for income tax purposes. The Company's taxable income or loss is reportable by the Member on its income tax return. Accordingly, no taxes payable of deferred tax assets or liabilities are reflected in these financial statements. Additionally, the Company is not aware of any matters to be accrued under ASC 740 – *Income Taxes*.

General and administrative – General, and administrative expenses include all corporate and administrative functions that support existing operations and provide infrastructure to facilitate future growth. The components of these costs include wages and benefits of personnel, advertising, training, legal, supplies, automobile, and various bank fees which are expensed as incurred. Total advertising costs were approximately \$2,900 during the period ended June 30, 2024. These costs were paid for on behalf of the Company by the Ultimate Parent and classified as an equity contribution for approximately \$178,000.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

The Company has evaluated subsequent events through October 15, 2024, which is the date these financial statements were available to be issued, and concluded that there were no additional events or transactions that need to be disclosed.

Note 3 – Member's Equity

The Company's LLC operating agreement has a perpetual life. Excess cash flow, tax liability distributions, and profits and losses are to be distributed to the Member in accordance with the operating agreement. The liability of the Company's Member is limited to their specific capital balance. Upon liquidation of the Company, the net assets shall be distributed to the Member in accordance with the operating agreement.



Report of Independent Auditors and Financial Statements

Sambazon USA Franchising, LLC

October 31, 2023



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Report of Independent Auditors

The Member
Sambazon USA Franchising, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sambazon USA Franchising, LLC which comprise the balance sheet as of October 31, 2023, and the related statements of operations, changes in member's equity, and cash flows for the period from September 11, 2023 (inception) through October 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sambazon USA Franchising, LLC as of October 31, 2023, and the results of its operations and its cash flows for the period from September 11, 2023 (inception) through October 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 Sambazon USA Franchising, LLC 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 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 Sambazon USA Franchising, LLC's ability to continue as a going concern within 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 Sambazon USA Franchising, LLC'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 Sambazon USA Franchising, LLC'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.



Irvine, California
November 8, 2023

Financial Statements

Sambazon USA Franchising, LLC
Balance Sheet
October 31, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 100,000
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Total assets	<u>\$ 100,000</u>
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LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts payable	<u>\$ -</u>
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Total liabilities	<u>-</u>
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MEMBER'S EQUITY

100,000

Total liabilities and member's equity	<u>\$ 100,000</u>
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See accompanying notes.

Sambazon USA Franchising, LLC
Statement of Operations
Period from September 11, 2023 (inception) to October 31, 2023

REVENUES	\$ <u>-</u>
OPERATING EXPENSES	
General and administrative	<u>-</u>
NET INCOME	<u><u>\$ -</u></u>

See accompanying notes.

Sambazon USA Franchising, LLC
Statement of Changes in Member's Equity
Period from September 11, 2023 (inception) to October 31, 2023

BALANCE, September 11, 2023 (inception)	\$ -
Contribution	100,000
Net loss	<u>-</u>
BALANCE, October 31, 2023	<u><u>\$ 100,000</u></u>

See accompanying notes.

Sambazon USA Franchising, LLC
Statement of Cash Flows
Period from September 11, 2023 (inception) to October 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ -
Changes in	
Accounts payable	<u>-</u>
Net cash used in operating activities	<u>-</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Contribution	100,000
Net cash provided by financing activities	<u>100,000</u>

NET CHANGE IN CASH	100,000
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CASH, September 11, 2023	<u>-</u>
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CASH, October 31, 2023	<u><u>\$ 100,000</u></u>
------------------------	--------------------------

See accompanying notes.

Sambazon USA Franchising, LLC

Notes to Financial Statements

Note 1 – Organization and Description of Business

Sambazon USA Franchising, LLC (the “Company”), a Nevada limited liability company (LLC), was formed on September 11, 2023, for the purpose of operating the U.S. franchise operations of Sambazon, Inc. The sole member of the Company is Sambazon Worldwide Licensing, LLC (the “Member”), whose ultimate parent is Sambazon, Inc. (the “Ultimate Parent”), a US based Company. The Ultimate Parent is the owner of all intellectual property rights in certain systems, trademarks, service marks, and other intellectual property used in the operation of Sambazon Retail Cafe shops (the “Sambazon Cafe IP”). The Ultimate Parent owns the Sambazon Cafe IP and has granted the Company a non-exclusive right to use the Sambazon Cafe IP and to franchise the Sambazon, Inc. concept and related IP to franchisees under franchise agreements.

The Ultimate Parent, together with the Member and the Company, is in the business of operating and selling licensed and franchised Açai Bowl shops that seek to be innovators in the quick service restaurant industry. The Company does not operate and has never operated any Sambazon, Inc. locations, and the Company’s future operations are dependent upon the success of the Ultimate Parent’s operations. The franchise agreements are planned to be for 10 years and will require the purchaser to pay an initial franchise fee of approximately \$30,000. Once the franchise begins operations, the Company will charge a royalty fee of 5% of the franchise’s gross sales, and a marketing fee of 2% (with the ability to increase to 3%) of the franchise’s gross sales. As of October 31, 2023, the Company had not sold rights to develop any franchises or licensed locations.

The Ultimate Parent transferred \$100,000 in cash to fund operations. The Company has relied on resources from its Member and Ultimate Parent to support initial operations and the Member and Ultimate Parent have committed to continue to provide financial support to the Company sufficient for the Company during the start-up phase of the franchising operations.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition as of October 31, 2023.

Use of estimates – The preparation of the financial statements, in accordance with U.S. GAAP, requires that management makes certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet date. The actual results could differ significantly from those estimates.

Cash – The Company considers all highly liquid debt instruments purchased with an original maturity of ninety days or less to be cash equivalents. As of October 31, 2023, the Company carried no liquid debt instruments to be classified as cash equivalents.

Concentration of credit risk – Financial instruments, which may potentially be subject to a concentration of credit risk, consist of cash. The Company maintains substantially all of the day-to-day operating cash balances with a major financial institution. The cash balance is not in excess of Federal Deposit Insurance Corporation insurance limits. The Company has experienced no loss or lack of access to cash in its operating account.

Sambazon USA Franchising, LLC

Notes to Financial Statements

Fair value measurements – The Company's financial instruments, none of which are held for trading purposes, include only cash. Management estimates that the fair value of all financial instruments at October 31, 2023, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

Income taxes – The Company is an LLC and is classified as a partnership for income tax purposes. The Company's taxable income or loss is reportable by the Member on its income tax return. Accordingly, no taxes payable of deferred tax assets or liabilities are reflected in these financial statements. Additionally, the Company is not aware of any matters to be accrued under FIN 48.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

The Company has evaluated subsequent events through November 8, 2023, which is the date these financial statements were available to be issued, and concluded that there were no additional events or transactions that need to be disclosed.

Note 3 – Member's Equity

The Company's LLC operating agreement has a perpetual life. Excess cash flow, tax liability distributions, and profits and losses are to be distributed to the Member in accordance with the operating agreement. The liability of the Company's Member is limited to their specific capital balance. Upon liquidation of the Company, the net assets shall be distributed to the Member in accordance with the operating agreement.

Note 4 – Related-Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions, or if they are subject to common control or common significant influence. Significant related-party transactions during the period ended October 31, 2023, consist of contributions from the Member of \$100,000, for use in the normal course of business operations.

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

Sambazon USA Franchising, LLC
Balance Sheet
As of the period ending March 31, 2025

	<u>3/31/25</u>
Cash	87,295
Accounts Receivable	-
Inventory	-
Prepays and Deposits	13,946
Current Assets	101,241
Fixed Assets, net	-
Intangible Assets, net	-
Intercompany AR/(AP)	200
Other Long-Term Assets	-
Long-Term Assets	200
TOTAL ASSETS	101,441
Accounts Payable	-
Other Current Liabilities	-
Income Taxes Payable	-
Line of Credit	-
Current Liabilities	-
Notes Payable	-
Other Long-Term Liabilities	-
TOTAL Liabilities	-
Capital Stock	-
Additional Paid In Capital	(598,274)
Retained Earning - Prior Periods	178,940
Retained Earnings - Current Fiscal Year	317,893
Shareholders' Equity	(101,441)
TOTAL LIABILITIES & EQUITY	(101,441)

Sambazon USA Franchising, LLC
Income Statement
For the nine months ending March 31, 2025

Description	3/31/25
Gross Revenue	-
Sales Discounts	-
Net Revenue	-
Cost Of Goods Sold	782
Gross Margin	(782)
Gross Margin %	0.0%
Marketing Expenses	-
Selling Expenses	-
General & Administrative Expenses	316,753
Total Operating Expenses	316,753
EBITDA	(317,535)
EBITDA %	0.0%
Depreciation & Amortization	-
EBIT	(317,535)
Interest Expense/(Income), net	-
Other Expense/(Income)	359
Pre-Tax Income/(Loss)	(317,893)
Pre-Tax Income/(Loss) %	0.0%
Income Tax Expense	-
Net Income/(Loss)	(317,893)

EXHIBIT C

FRANCHISE AGREEMENT

SAMBAZON® Franchise Agreement

Between

SAMBAZON USA FRANCHISING LLC

209 Avenida Fabricante, Suite 200
San Clemente, CA 92672

And

Name of Franchisee(s)

Street Address

City	State	Zip Code
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Phone Number

Effective Date:

(To be completed by us)

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SAMBAZON® FRANCHISE AGREEMENT

This Franchise Agreement is made as of the Effective Date designated on the cover page of this Agreement by and between SAMBAZON USA FRANCHISING LLC, a Nevada limited liability company with its principal business located at 209 Avenida Fabricante, Suite 200, San Clemente CA 92672 (“we” or “us”), and _____, a(n) _____ whose principal business address is also designated on the cover page (“franchisee” or “you”). If the franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners.

RECITALS

A. We and our affiliates have developed a unique system for the operation of quick-service stores identified by the Trademarks (as defined below) and offering and selling to the public açai and other fruit based food and beverage products, including açai and other fruit based smoothies, bowls, energy drinks, frozen desserts, frozen sorbets, superfruit packs and accessories and other healthy food options, using certain standards and specifications;

B. Many of the food and beverage products are prepared according to specified recipes and procedures, some of which may include proprietary products;

C. Our parent company, SAMBAZON, Inc. (“Parent”), owns the SAMBAZON® Trademark and other Trademarks used in connection with the operation of a SAMBAZON® store, and Parent has granted to us the right to sublicense the right to use the Trademarks to develop and operate SAMBAZON® stores; and

D. You desire to develop and operate a SAMBAZON® store and we, in reliance on your representations, have approved your franchise application.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

1. DEFINITIONS. For purposes of this Agreement, the terms below have the following definitions:

A. “Brand Champion” means the individual who is (i) the Brand Champion for the Store who personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the Store, (ii) meets our training requirements and (iii) qualifies as a SAMBAZON certified trainer before the opening of the Store (i.e., becomes approved and certified by us as a trainer of your other managers and employees at the Store). The Brand Champion must be appointed at least 90 days prior to the Store opening and fully trained 20 days prior to the Store opening.

B. “Control Person” means the individual who has the authority to, and does in fact, actively direct your business affairs in regard to the Store, is responsible for overseeing the general management of the day-to-day operations of the Store and has authority to sign on your behalf all contracts and commercial documents. The Control Person must own at least a 10% interest in the Franchisee entity. The Control Person is identified on the Ownership and Management Addendum attached to this Agreement.

C. “Customer” means any person or entity (1) included on any marketing or customer lists you develop or use, including any such lists provided by us to you; (2) who has purchased or purchases products from you during the term (even if you have solicited the person and/or established a relationship independent of us and without our assistance) or whom you have solicited to purchase any products; (3) for whom you provide products on our behalf or at our direction; and (4) if any of the foregoing is an entity, all employees of such entity.

D. “Customer Information” means any contact information (including name, address, phone and fax numbers, and e-mail addresses), sales and payment history, and all other information about any Customer, including any personal information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular individual or household.

E. “Gross Sales” shall mean and include all revenue from the sale of all System menu items at the Store or under the Proprietary Marks, barter or exchange, complimentary products, and all other income or revenue of every kind and nature (excluding revenue from the sale of stored value gift cards or gift certificates but including revenue when gift certificates are redeemed or stored value gift cards are debited) related to the Store or the Proprietary Marks, whether for cash or credit or redemption of gift certificates or stored value gift cards, and regardless of collection in the case of credit; provided, however, that Gross Sales shall not include (a) any sales tax collected from customers and transmitted by Licensee to the appropriate taxing authority, (b) all refunds and credits made in good faith to arms’ length customers; and (c) the discount value of all authorized coupons, vouchers or other allowances redeemed by Franchisee. For avoidance of doubt, Gross Sales includes all proceeds from any business interruption insurance, the discount value of all unauthorized coupons, vouchers or other allowances redeemed by Franchisee and all refunds and credits not made to arms’ length customers.

F. “Intellectual Property” means patents, rights to inventions, copyright and related rights, the Trademarks, business names and domain names, rights in goodwill and the right to sue for passing off, rights in designs, database rights, rights to use, and protect the confidentiality of, confidential information (including know-how), and all other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection that subsist or will subsist now or in the future in any part of the world relating to the SAMBAZON stores and the System, owned by us and acquired by us from time to time.

G. “Menu Items” means açai and other fruit based food and beverage products, including açai and other fruit based smoothies, bowls, energy drinks, frozen desserts, frozen sorbets, superfruit packs and accessories and other healthy food options, and other products and beverages prepared according to our specified recipes and procedures, as we may modify and change them from time to time.

H. “Principal Owner” means any person or entity who, now or hereafter, directly or indirectly, owns a 10% or greater interest in the franchisee when the franchisee is a corporation, limited liability company, partnership, or other entity. However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 10% interest in the franchisee, we have the right to designate that person or entity as a Principal Owner for all purposes under this Agreement. In addition, if the franchisee is a partnership entity, then each person or entity who, now or hereafter is or becomes a general partner is a Principal Owner,

regardless of the percentage ownership interest. If the franchisee is one or more individuals, each individual is a Principal Owner of the franchisee. Each franchisee must have at least one Principal Owner. Your Principal Owner(s) are identified on the Ownership and Management Addendum. Within 10 days from the date of any and every change in the identity and/or ownership holdings of the Principal Owners, you must update the Ownership and Management Addendum accordingly. As used in this Agreement, any reference to Principal Owner includes all Principal Owners.

I. “Store” means the SAMBAZON® store you develop and operate pursuant to this Agreement.

J. “System” means the SAMBAZON® System, which consists of distinctive and high quality açai and other fruit based food and beverage products, including açai and other fruit based smoothies, bowls, energy drinks, frozen desserts, frozen sorbets, superfruit packs and accessories and other healthy foods and beverages as we may designate, prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, artwork, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, ingredients, business techniques, methods and procedures together with sales promotion programs, all of which we may modify and change from time to time.

K. “Trademarks” means the SAMBAZON® trademark and logo that have been registered in the United States and elsewhere, and such other trade names, trademarks, service marks, logos, trade dress, social media indicators, social media handles, and commercial symbols as we may from time to time expressly authorize or direct you, in writing, to use in connection with the operation of the Store. Trade dress includes the designs, color schemes and image we authorize you to use from time to time.

2. GRANT OF LICENSE. The following provisions control with respect to the license granted hereunder:

A. License Grant; Authorized Location. We grant to you the right and license to establish and operate one retail Store identified by the Trademarks, to be located at the location designated on the front page of this Agreement or a location to be designated within 90 days from the date of this Agreement (the “Authorized Location”). When a location has been designated by you and approved by us, it will become part of this subsection 2.A as if originally stated. You acknowledge and agree that our approval of a site does not constitute a warranty of any kind, express or implied, as to the suitability of the site for your Store and your acceptance of a franchise for the operation of a Store at the Authorized Location is based solely on your own independent investigation. If an Authorized Location is not designated by you and approved by us within 90 days from the date of this Agreement, we have the right to declare this Agreement null and void without any obligation to return any portion of the Initial Franchise Fee or any other amounts paid to us. You accept the license and undertake the obligation to operate the Store at the Authorized Location using the Trademarks and the System in compliance with the terms and conditions of this Agreement. You do not have any right to sublicense or subfranchise the rights granted herein and do not have the right to operate more than one Store under this Agreement.

B. Designated Area. You must locate and operate the Store at an Authorized Location within the area described in Appendix A (the “Designated Area”). To the extent that you and your affiliates are in compliance with the terms of this Agreement and any other agreements with us

and our affiliates, we and our affiliates will not locate and operate or grant to anyone else a franchise to locate and operate a SAMBAZON® store within the Designated Area so long as this Agreement is in effect, except as further provided in subsection 2.D. Your Designated Area may partially overlap (up to 15% of the Designated Area) with the designated areas of neighboring SAMBAZON® franchisees; provided that the distance between your Authorized Location and the neighboring franchisee's SAMBAZON® store location will be at least the radius used to establish your Designated Area.

C. Opening. You agree that the Store will be open and operating by the required open date ("Required Open Date"). If you are entering into this Agreement pursuant to an Area Development Agreement between you and us, the Required Open Date is defined in the Development Schedule. If you are not entering into this Agreement pursuant to an Area Development Agreement, you and we agree that the Required Open Date is the 12 months' anniversary of the Effective Date, unless we authorize an extension in writing. If you fail to have your Store open and operating by the Required Open Date, we may terminate this Agreement pursuant to subsection 13.B.2 without you having an opportunity to cure.

D. Nonexclusivity; Our Reservation of Rights. We, on behalf of ourselves and on behalf of any other entity which we may acquire, or be acquired by, or otherwise are or become affiliated with, retain all rights not expressly granted to you in this Agreement under Section 2.A. and we may exercise such rights without any compensation to you. For avoidance of doubt and without limiting the foregoing, you acknowledge and agree that:

(i) The license granted to you herein does not include (i) any right to sell products or Menu Items identified by the Trademarks at any location other than the Authorized Location (except for authorized catering and delivery services as noted in subsection 2.E) or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), (ii) any right to sell products or Menu Items identified by the Trademarks to any person or entity for resale or further distribution, or (iii) any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned stores (x) under the Trademarks at any time outside of the Designated Area or (y) under different trade names and trademarks at any time whether inside or outside of the Designated Area. You acknowledge that the consumer service area or trade area of another SAMBAZON® store may overlap with your Designated Area.

(ii) Except for the express right we grant to you under Section 2.A., we and our affiliates have the right to operate and franchise others the right to operate stores offering and selling the same, similar or different products or services as SAMBAZON® stores, both within and outside the Designated Area, under the SAMBAZON® Trademarks and/or any other trademarks.

(iii) We and our affiliates have the right to offer, sell or distribute, within and outside the Designated Area, through any other (i.e., non-store) distribution channel or method, any items or other products or services associated with the System (now or in the future) and/or identified by the Trademarks, or any other trademarks, service marks or trade names. The other distribution channels or methods include, without limitation, the Internet (or any other existing or future form of electronic commerce), wholesale distribution, and the Non-Traditional Locations (as defined below).

(iv) Certain locations within and outside the Designated Area are by their nature unique and separate in character from sites generally developed as SAMBAZON® stores. As a result, you agree that we have the right to develop, license or franchise the following locations, whether located

within or outside the Designated Area (“Non-Traditional Locations”): (1) military bases; (2) public transportation facilities, including, without limitation, airports and other transportation terminals; (3) sports facilities, including without limitation arenas, stadiums and race tracks; (4) student unions or other similar buildings on college or university campuses; (5) zoo’s, amusement and theme parks; (6) casinos (7) convention centers or community and special events; (8) fair grounds; (9) hospitals and other health care facilities; (10) grocery stores, club stores and convenience stores; (11) food trucks and (12) business and industry locations (e.g. manufacturing site, office building).

(v) We and our affiliates have the right to (a) acquire the assets or ownership interests of one or more businesses, including businesses providing products and services similar to those provided at the SAMBAZON stores, and may franchise, license or create similar arrangements with respect to these businesses once acquired, under any names or marks, including the Trademarks, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Designated Area); and (b) be acquired (in whole or in part and regardless of the form of transaction) by another business, including a business providing products and services similar to those provided at the SAMBAZON stores, and even if such business operates, franchises and/or licenses a business(es) that competes with you in the Designated Area.

E. Catering and Delivery. You may not engage in catering and delivery services and activities within or outside of the Designated Area, unless we authorize you in writing, as further described in subsection 6.M. We and our affiliate companies will not engage in catering and delivery services and activities in the Designated Area; however, we have no obligation to enforce similar covenants against any other franchisee.

3. TRADEMARK STANDARDS AND REQUIREMENTS. You acknowledge that your right to use the Trademarks is specifically conditioned upon the following:

A. Trademark Ownership. The Trademarks are our and/or our affiliates’ valuable property, and we and our affiliates are the sole and exclusive owner of all right, title and interest in and to the Trademarks and all past, present or future goodwill of the Store and of the business conducted at the Authorized Location that is associated with or attributable to the Trademarks. Your use of the Trademarks will inure to our and our affiliates’ benefit. You may not, during or after the term of this Agreement, engage in any conduct, directly or indirectly, that would infringe upon, harm or contest our or our affiliates’ rights in any of the Trademarks or the goodwill associated with the Trademarks, including any use of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media. You agree that you will not grant or attempt to grant a security interest in, or otherwise encumber, the Trademarks or record any such security interest or encumbrance against any application or registration regarding the Trademarks in the United States Patent and Trademark Office or elsewhere.

B. Trademark Use. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Store except those we from time to time specify in writing. You may use the Trademarks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements and other brand usage guidelines that we may provide from time to time. You may use the Trademarks only in association with products and services approved by us and that meet our standards or requirements with respect to quality, mode and condition of storage, production, preparation and sale, and portion and packaging.

C. Store Identification. You must use the name SAMBAZON® (or such other name that we specify) as the trade name of the Store and you may not use any other mark or words to identify the Store without our prior written consent. You may not use the phrase “SAMBAZON” or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity. You may use the Trademarks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Trademarks on the materials as we prescribe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Trademarks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Trademarks. You must post a prominent sign in the Store identifying you as a SAMBAZON® franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Store and that the SAMBAZON® Trademark is owned by our parent company and your use is under a license we have issued to you. All your internal and external signs must comply at all times with our outdoor/indoor sign guidelines and practices, as they are modified from time to time.

D. Litigation. If any person or entity improperly uses or infringes the Trademarks or challenges your use or our use or ownership of or the validity of the Trademarks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Trademark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Trademarks in violation of this Agreement, in which case you must reimburse us for our fees and expenses.

E. Changes. You may not make any changes or substitutions to the Trademarks unless we direct in writing. We reserve the right to change the Trademarks at any time. Upon receipt of our notice to change the Trademarks, you must cease using the former Trademarks and commence using the changed Trademarks, at your expense within the timeframe we prescribe. If the changes to the Trademarks result in a required change to outdoor signage, such changes will be subject to the provisions in subsection 5.F.

4. TERM AND RENEWAL. The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement commences on the Effective Date (as defined in Section 15.R) and expires 10 years after the Store opens for business or the Required Open Date, whichever happens first, unless this Agreement is sooner terminated in accordance with Section 13.

B. Renewal Term and Conditions of Renewal. You may renew your license for one ten-year renewal term, provided that: (i) you have given us written notice of your decision to renew at least 6 months but not more than 12 months prior to the end of the expiring term; (ii) you sign our then-current form of franchise agreement (modified to reflect no renewal term upon expiration (in accordance with this subsection 4.B) and other modifications to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher/additional fees and smaller or reconfigured Designated Area (in accordance with our then-current Designated Area Policy); (iii) you have complied with the provisions of subsection 5.E regarding modernization and you perform any further items of modernization and/or

replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Store to conform to the standards then applicable to new SAMBAZON stores, regardless of the cost of such modernizations and/or replacements; (iv) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing; (v) if leasing the Store premises, you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period; (vi) you comply with our then-current training requirements; (vii) you pay us, at least 30 days prior to the end of the expiring term, a renewal fee in the amount of \$10,000; and (viii) you and your Principal Owners and guarantors execute a general release of claims in a form we prescribe.

C. Interim Period. If this Agreement expires without you properly exercising your renewal right and you continue to accept the benefits of this Agreement thereafter, then, at our option, we may treat this Agreement either as (i) expired as of the date of expiration, with you then illegally operating a franchise in violation of our rights; or (ii) continued on a month-to-month basis (the “Interim Period”) until both parties agree to enter into our then-current form of franchise agreement for a renewal term or until one party provides the other with written notice of termination, in which case the Interim Period will terminate 30 days after receipt of the notice of termination. In the latter case, all of your obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, except that the Royalty Fee rate during the Interim Period will be increased by an additional 2% of Gross Sales for all types of products/services and without any reductions. All obligations and restrictions imposed on you upon expiration of this Agreement shall take effect upon termination of the Interim Period.

5. FACILITY STANDARDS AND MAINTENANCE. You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of SAMBAZON® stores to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System. Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions:

A. Store Facility; Store Opening; Site Under Control. You are responsible for purchasing or leasing a site that meets our site selection criteria. We must approve the site. In seeking our approval, you must submit third-party demographic information and such other analysis and information related to the site and market as we may require. We will approve your site as long as it meets our site selection criteria and we will attempt to provide our approval or disapproval within 30 days after you submit the location information (together with evidence of compliance with our site selection criteria) to us. You may not use the Store premises or Authorized Location for any purpose other than the operation of a SAMBAZON® Store during the term of this Agreement. We make no guarantees concerning the success of the Store located on any site to which we consent.

You may not open your Store for business until (i) you have obtained a certificate of occupancy for your Store as well as all other necessary licenses and permits to operate your Store, (ii) your Store has been constructed, furnished, equipped, and decorated in accordance with our approved plans and specifications and you have otherwise satisfied your pre-opening obligations as set forth in subsections 5.A and 5.B, (iii) you have completed all required training to our satisfaction, (iv) you have paid in full the Initial Franchise Fee and any other amounts due to us or our affiliates, (v) you have furnished us with certificates of insurance and copies of all insurance policies (if we so request), and (vi) we have notified you in writing that we have approved your opening date. We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date. We also are entitled to

injunctive relief or specific performance under subsection 12.C for your failure to comply with your obligations.

If you plan to lease the Store premises, you and your landlord must sign the Lease Addendum attached as Appendix B. We recommend you submit the Lease Addendum to the landlord at the beginning of your lease review and negotiation, although the terms of the Lease Addendum may not be negotiated without our prior approval. If the landlord requires us to negotiate the Lease Addendum, we reserve the right to charge you a fee, which will not exceed our actual costs associated with the negotiation. You must provide us a copy of the executed lease and Lease Addendum within 5 days of execution. We have no responsibility for the lease; it is your sole responsibility to evaluate, negotiate and enter into the lease for the Store premises.

You must provide us an executed copy of your lease and the Lease Addendum, or the purchase agreement (as applicable), for the approved site for your Store, within 90 days from the Effective Date. If you fail to have your site “under control” (timely execute the lease or the purchase agreement) as required hereunder, we may terminate this Agreement without giving you an opportunity to cure pursuant to subsection 13.B.2.

B. Construction; Future Alteration. You must construct and equip the Store in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, accessory features and design and layout of the building.

You may not commence construction of the Store until you have received our written consent to your building plans. If your Store is not constructed strictly according to the previously consented building plans, we will not approve your Store for opening. You will have 30 days from the date we deny our approval for opening your Store to correct all the construction problems so that your Store is strictly constructed according to the consented building plans. If you fail to correct the problems within the 30-day period we may immediately terminate this Agreement pursuant to subsection 13.B.2. If the Store opening is delayed for the foregoing reasons, you will be responsible for any losses and costs related to such delay.

Without limiting the generality of the foregoing, you must promptly after obtaining possession of the site for the Store: (i) retain the services of an architect; (ii) retain the services of a general contractor and audio/visual equipment providers and installers; (iii) have prepared and submitted for our approval a site survey and basic architectural plans and specifications (not for construction) consistent with our general atmosphere, image, color scheme and ambience requirements as set forth from time to time in the manuals for a SAMBAZON® store (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating); (iv) purchase or lease and then, in the construction of the Store, use only the approved building materials, equipment, fixtures, audio visual equipment, furniture and signs; (v) complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Store in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations; (vi) obtain all customary contractors’ sworn statements and partial and final waiver; (vii) obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act; and (viii) obtain and maintain all required zoning changes, building, utility, health, sanitation and sign permits and licenses and any other required permits and licenses (if this Agreement is for your first SAMBAZON® store or if in any previous franchise agreement executed between you or any of your affiliates and us, you or any of your affiliates have not met your obligations regarding the build out of any previous

SAMBAZON® store, we reserve the right to require you to retain the services of a company specialized in assisting store operators during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Store). It is your responsibility to comply with the foregoing conditions.

You must use the prototype architectural drawings made available to you by us when working with your architect and general contractor. You, your affiliates or your Principal Owners, or any person related to, or any entity controlled by your Principal Owners may not be your general contractor unless you have requested our approval and we have approved your request.

Any change to the building plans or any replacement, reconstruction, addition or modification in the building, interior or exterior decor or image, equipment or signage of the Store to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications we have approved. You may not commence such replacement, reconstruction, addition or modification until you have received our written consent to your revised plans.

You must begin substantial construction (site work, utility infrastructure and building erection) of the Store at least 180 days before the deadline to open the Store if the Store will be in a free standing location or at least 150 days before the deadline to open the Store if the Store will be in a non-free standing location. We may require you to provide us weekly development and construction progress reports in the form we designate from the date you begin development until the date you open the Store. For instance, you may be required to contact the designated project manager and provide construction manual checklists and digital photos during construction on a weekly basis. In addition, on or before the deadlines to start construction you must submit to us executed copies of any loan documents and any other document that proves that you have secured adequate financing to complete the construction of the Store by the date you are obligated to have the Store open and in operation. If you fail to begin construction or to secure financing pursuant to this section, we will have the right to terminate this Agreement without giving you an opportunity to cure pursuant to subsection 13.B.2. You must begin operation of the Store within 30 days after completing construction and must give us 10 days' prior written notice.

C. Maintenance. The building, equipment, fixtures, furnishings, signage and trade dress (including the interior and exterior appearance) used in the operation of your Store must be maintained and refreshed in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon periodic evaluations of the premises by our representatives. Within a period of 30-45 days (as we determine depending on the work needed) after the receipt of any report prepared following such an evaluation, you must effect the items of maintenance we designate, including the repair of defective items and/or the replacement of irreparable or obsolete items of equipment and interior signage. If, however, any condition presents a threat to customers or public health or safety, you must address the items of maintenance immediately, as further described in subsection 6.G. The items of maintenance generally result from common wear and tear over a period of time, accidents or lack of care. Examples include, but are not limited to, repairing or replacing HVAC equipment, plumbing and electrical systems that are not functioning properly; repairing a leaking roof; repairing or replacing broken operational and audio-visual equipment; refreshing general appearance items such as paint (interior and exterior) and landscaping; replacing worn carpet, furniture and other furnishings; and conducting routine maintenance of areas that affect the appearance of the Store and goodwill of the Trademarks such as the appearance of the outdoor signage, the parking lot and dumpster area.

D. Relocation. If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us that is within your Designated Area; provided that (i) you have submitted third-party demographic information and such other analysis and information related to the site and market as we may require; (ii) you are in compliance with the Franchise Agreement, you execute our Lease Addendum for the new site and we have consented in writing to the new site; (iii) the new Store is under construction within 90 days after you discontinue operation of the Store at the Authorized Location; and (iv) the new Store is open and operating within 270 days after construction commences, all in accordance with our then-current standards. If you voluntarily decide to relocate the Store, your right to relocate the Store will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Store, have procured a site that we have consented to in writing within 60 days after closing the prior Store, have opened the new Store for business within 180 days of such closure and complied with any other conditions that we reasonably require. You must pay the costs of any relocation, and you must pay us a Relocation Fee in an amount equal to the expenses we incur, not to exceed \$5,000, due at the time the replacement Store opens.

If your Store is destroyed or damaged and you repair the Store (rather than relocate the Store), you must repair and reopen the Store at the Authorized Location in accordance with our then-current standards for the destroyed or damaged area within 270 days of the date of occurrence of the destruction or damage.

You do not have the right to relocate if you lose the right to occupy the Store premises because of the cancellation of your lease due to your breach. The termination or cancellation of your lease due to your breach is grounds for immediate termination of this Agreement under subsection 13.B.2.

E. Modernization or Remodel. You agree that you will make such capital improvements or modifications necessary to modernize, redecorate and upgrade your Store, including an upgrade of your audio/visual equipment to reflect the current image of new SAMBAZON® stores as we reasonably request during the term of this Agreement (taking into consideration the cost of the modernization, the life expectancy of the equipment and the then-remaining term of this Agreement). We will not impose any new standards or specifications requiring structural changes or remodeling of your Store more frequently than once every five (5) years.

You must complete to our satisfaction any changes we require within a reasonable time, not to exceed 12 months from the date you are notified of any required changes, except for outdoor signage as set forth in subsection 5.F.

You acknowledge and agree that the requirements of this subsection 5.E are both reasonable and necessary to ensure continued public acceptance and patronage of SAMBAZON® stores and to avoid deterioration or obsolescence in connection with the operation of the Store. If you fail to make any improvement as required by this subsection or perform the maintenance described in subsection 5.C, we may, in addition to our other rights in this Agreement, effect such improvement or maintenance and you must reimburse us for the costs we incur and pay us an administrative fee of 15% of the cost of the improvements.

Except for transfers under Subsection 11.G, every other transfer of any interest in this Agreement or your business governed by Section 11 or any renewal covered by Section 4 is expressly conditioned upon your compliance with these requirements at the time of transfer or renewal.

F. Signage. The outdoor signage at your Store must comply with our then-current specifications, which we may modify from time to time due to modifications to the System, including changes to the Trademarks. You must make such changes to the outdoor signage as we require. In any case, your failure to replace the signage within 6 months from the date of notification will constitute a default of this Agreement under Section 13. Any upgrades to the type or size of your outdoor signage will be at your expense.

6. PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS. You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity. The following provisions control with respect to products and operations:

A. Authorized Menu. Your business must be confined to the preparation and sale of only such Menu Items and other food and beverage products as we designate and approve in writing from time to time for sale by your Store. You must offer for sale from the Store all items and only those items listed as Menu Items and other approved food and beverage products. You must offer the full Authorized Menu as we designate from time to time during all hours of operation. We have the right to make modifications to these items from time to time, and you agree to comply with such modifications. You may not offer or sell any other product or service at the Authorized Location without our prior written consent; if you violate this restriction, we will charge you our then-current unauthorized product/service fee (currently \$500/day per unauthorized product or service), in addition to any other remedies available to us under this Agreement and applicable law.

B. Authorized Products and Ingredients. You must use in the operation of the Store and in the preparation of Menu Items and other approved food and beverage products only the proprietary and non-proprietary ingredients, recipes, formulas, products, cooking techniques and processes and supplies, and must prepare and serve Menu Items and approved products in such portions, sizes, appearance, taste and packaging, all as we specify in our most current product preparation materials or otherwise in writing. We will supply to you a copy of the current product preparation materials prior to opening the Store. You acknowledge and agree that we may change these periodically and that you are obligated to conform to the requirements. All supplies, including containers, cups, plates, wrapping, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet our standards of uniformity, sustainability and quality. You acknowledge that the Store must at all times maintain an inventory of ingredients, food and beverage products and other products, material and supplies that will permit operation of the Store at maximum capacity. Upon our request, you agree to participate in tests of new or modified products, services, programs, equipment, technology and procedures (including delivery methods, platforms or systems).

C. Approved Supplies and Suppliers. We will furnish to you from time to time lists of approved supplies or approved suppliers. You must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, “approved supplies”) in connection with the design, construction and operation of the Store as set forth in the approved supplies and approved suppliers lists, as we may amend from time to time. You acknowledge and agree that certain approved supplies may only be available from one source, and we or our affiliates may be that source. You will pay the then-current price in effect for all products and supplies that you purchase from us or our affiliates.

If you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier.

We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. There is no stated fee for processing a request, but you may be asked to pay the cost of reviewing any proposed changes in, or deviations from, approved products or suppliers, including our costs of product or supplier evaluation, not to exceed \$1,000. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. We will notify you within 45 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier. We are not required to make available to you or to any supplier our criteria for product or supplier approval that we deem confidential.

ALTHOUGH APPROVED OR DESIGNATED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO US.

D. Technology System. You must purchase and/or lease and use any computer and other technology, including a suite of technology products and services, that we develop and/or select for the Store, including all future updates, supplements and modifications (collectively, the "Technology System"). The Technology System includes hardware (purchased by you at your own cost), software and other technology products and services used in the operation of the Store, including Point-of-Sale (POS) terminals and back-office programs used to record, analyze and report sales, labor, inventory and tax information. It is your responsibility to make sure that you are in compliance with all laws that are applicable to the Technology System, including all data protection, privacy or security laws as well as PCI compliance. The Technology System developed for use in the Store may in the future include proprietary software. You may be required to license the proprietary software from us, an affiliate or a third party and you also may be required to pay an additional software licensing or user fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. The computer hardware component of the Technology System must conform to specifications we develop. We reserve the right to designate a single source from whom you must purchase each component of the Technology System. You acknowledge and agree that we will have full and complete access to information and data entered and produced by the Technology System. You must, at all times, have at the Authorized Location internet access with a form of high-speed broadband internet connection at our then-current minimum bandwidth specification and you must maintain: (i) an email account for our direct correspondence with the Control Person; and (ii) a separate email account for the Store. The Technology System that you will be required to use at the Store as of the Effective Date, and the corresponding fees you will pay for use of such system, are specified on **Appendix A**.

E. Customer Information. We own all Customer Information and may use the Customer Information as we deem appropriate (subject to applicable law), including disclosing it to vendors or sharing it with our affiliates for cross-marketing or other purposes. You may only use Customer Information for the purpose of operating the Store to the extent permitted under this Agreement, including our manuals, during the term hereof and subject to such restrictions as we

may from time to time impose and in compliance with all data privacy, security and other applicable laws. Without limiting the foregoing, you agree to comply with applicable law in connection with your collection, storage, disclosures and your use and our use of such Customer Information, including, if required under applicable law, obtaining consents from Customers to our and our affiliates' use of the Customer Information. You must comply with all laws and regulations relating to data protection, privacy and security, including data breach response requirements ("Privacy Laws"), as well as data privacy and security policies, procedures and other requirements we may periodically establish. You must notify us immediately of any suspected data breach at or in connection with the Store. You must fully cooperate with us and our counsel in determining the most effective way to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You are responsible for any financial losses you incur or remedial actions that you must take as a result of breach of security or unauthorized access to Customer Information in your control or possession.

If any federal or state Privacy Law, including the California Consumer Privacy Act ("CCPA"), as revised by the California Consumer Privacy Rights Act ("CPRA") Cal. Civ. Code § 1798.100, et seq., and any related regulations, applies to the operation of the Store, whenever and to the extent you operate as a "Service Provider" or "Contractor" under the CCPA, a "Contractor" under the CPRA, a data processor, or in a similar capacity under any federal or state Privacy Law, you represent and warrant that:

- (1) Except for the purpose of operating the Store in accordance with this Agreement, including the manuals, you will not retain, use, combine or disclose any Customer Information;
- (2) You will not sell, share, make available or otherwise disclose any Customer Information to any third party for valuable consideration or for the purpose of performing cross-context behavioral advertising;
- (3) You will not retain, use, or disclose Customer Information outside of the direct business relationship between you and us;
- (4) You will delete any Customer Information upon our request unless you can prove that such request is subject to an exception under applicable law; and
- (5) If you receive a Customer Information data request (e.g., a request to delete Customer Information) directly from a consumer (e.g., a California resident under the CCPA or a resident of another jurisdiction under other applicable Privacy Law), you shall inform us of that request within one business day and cooperate with us to ensure that the consumer receives an appropriate and timely acknowledgement and response. As an example, currently under the CCPA, an acknowledgement is typically required within 10 business days and a final response is required within 45 calendar days.
- (6) You will implement reasonable security procedures and practices appropriate to the Customer Information you collect, retain, use or disclose, in order to protect it from unauthorized or illegal access, including following minimum requirements that may be set forth in the manuals.
- (7) You will cooperate with us if we seek to ensure that you have collected, retained, used, or disclosed Customer Information consistent with Privacy Laws and this Agreement,

including but not limited to providing us with requested compliance documents, or allowing us to assess, audit, or test your privacy and security controls at least annually.

(8) You will cooperate with us to stop or remediate any unauthorized use of Customer Information, including verifying that you no longer retain or personal information that a consumer has asked to delete under applicable Privacy Laws.

(9) You will notify us immediately if you determine you cannot meet your obligations under Privacy Laws or this Agreement regarding your collection, retention, use, or disclosure of Customer Information.

You certify that you understand the restrictions in Paragraphs (1) – (9) of this section and will comply with them. You also acknowledge and agree that we may modify these restrictions from time to time by written notice to you, by issuing updates to our standards and policies pertaining to Privacy Laws, including by adding other similar restrictions that may be required under other state or federal Privacy Laws, and you agree to comply with the same. You also agree to execute any addenda that we may determine are required to conform this Agreement to new or changed Privacy Laws.

To the extent that you engage a third party to collect, use, sell, share, store, disclose, analyze, delete, modify, or to otherwise perform any processing of Customer Information for the purpose of operating the Business (a “Subprocessor”), you will notify us of such engagement, which shall be governed by a written contract that includes the same restrictions as in Paragraphs (1) – (9) of this section and imposes reasonable confidentiality obligations and privacy and security controls on the Subprocessor.

F. Serving and Promotional Items. All sales promotion material, customer goodwill items, cartons, containers, wrappers and paper goods, eating and serving utensils and other items, and customer convenience items used in the sales promotion, sale and distribution of products covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Trademarks. We may require you to carry and offer for sale in the Store a representative supply of approved trademarked clothing and other novelty items, including special promotional items that we develop and market from time to time.

G. Health and Sanitation. Your Store must be operated and maintained at all times in compliance with any and all applicable health and sanitary standards prescribed by governmental authority. You also must comply with any standards that we prescribe. In addition, if the Store is subject to any sanitary or health inspection by any governmental authorities under which it may be rated in one or more classifications, it must be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency inspecting the same. If you fail to be rated in the highest classification or receive any notice that you are not in compliance with all applicable health and sanitary standards, you must immediately notify us of such failure or noncompliance. Although we do not currently do so, we may require you to perform, at your cost, third-party food safety and other operational audits of the Store, including through a specific vendor that we designate.

H. Evaluations. We or our authorized representative have the right to enter your Store at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain your compliance with the provisions of this Agreement, to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies, ingredients and products, as well as the storage, preparation and formulation and the conditions of sanitation

and cleanliness in the storage, production, handling and serving. We and our representatives also have the right to interview you, your employees and subcontractors, marketing contacts and customers pertaining to matters of compliance with this Agreement and the System and to photograph, videotape or audiotape any such interviews and/or observation/inspection of the operation of the Store with or without your knowledge and without prior notice to you. You hereby consent to our use of any such audio or video recording for training, marketing or any other purpose. We also have the right to require you to use guest satisfaction surveys with Customers, in such format and with such providers as we may from time to time specify. If we determine that any condition in the Store presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Store until the situation is remedied to our satisfaction. We are authorized, but not required, to cure any operational deficiencies detected during an inspection of your Store and you agree to reimburse us promptly on demand for any costs and expenses we incur in doing so. Our inspections and evaluations may include a “mystery shopper” program from time to time throughout the term of this Agreement. We hire various vendors who send the “mystery shoppers” into the SAMBAZON® stores. If you fail an evaluation by us or by a mystery shopper or if we receive a specific customer complaint, you must pay for the mystery shopper(s) we send to your Store (until the issue is resolved to our satisfaction). The current fee charged by the vendors is approximately \$150 per visit, which you must pay directly to the vendor. The fee per visit includes the reimbursement of the tab paid by the mystery shopper for the items consumed at your Store and, therefore, the actual fee for each visit will vary. Any evaluation or inspection we conduct is not intended to exercise control over your day-to-day operation of the Store or to assume any responsibility for your obligations under this Agreement.

I. Period of Operation. Subject to any contrary requirements of local law, your Store must be opened to the public and operated with the full Authorized Menu at least 10 consecutive hours each day of the year, although you have the option to close your Store, with prior notification to us, 5 days per year, although never 2 consecutive days (with the exception of Christmas Eve and Christmas Day). Any variance from this provision must be authorized by us in writing. You acknowledge and agree that if your Store is closed for a period of 2 consecutive days or 5 or more days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of the franchise and business and we have the right, in addition to other remedies provided for herein, to terminate this Agreement. Acts of force majeure, as defined in subsection 16.M, preventing you temporarily from complying with the foregoing, will suspend compliance for the duration of such interference.

J. Operating Procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in our manuals or other written materials relating to product preparation, menu, storage, uniforms, financial management, equipment, facility and sanitation. You acknowledge that the manuals are at all times our Intellectual Property and owned exclusively by us. We will revise the manuals and these standards, procedures, techniques and management systems periodically to meet changing conditions of retail operation in the best interest of stores operating under the Trademarks. Any required standards exist to protect our interests in the System and the Trademarks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the manuals or other written materials. The manuals also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to

protect our interests in the System and Trademarks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

You acknowledge having received one copy of the manuals on loan from us for the term of this Agreement. You acknowledge and agree that the manuals and other System communications may only be available on the internet or other online or computer communications. The manuals at all times are our sole property. You must at all times treat the manuals, and the information they contain, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. We may from time to time revise the contents of the manuals and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the manuals is kept current and up to date, and in the event of any dispute as to the contents of said manuals, the terms of the master copy of the manuals that we maintain are controlling.

K. Confidential Information. You, the Principal Owners, the Brand Champion, your guarantors, officers, directors, members, managers, partners, employees or agents, and any other individual or entity related to, or controlled by, you, may not, during the term of this Agreement or thereafter, disclose, copy, reproduce, sell or use any Confidential Information in any other business or in any manner not specifically authorized or approved in advance in writing by us. For purposes of this Agreement, "Confidential Information" means the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding our business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Store, as well as the contents of this Agreement and any other document executed in connection with this Agreement. Any and all Confidential Information, including, without limitation, proprietary ingredients, products, secret formulas and recipes, methods, procedures, suggested pricing, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the Store during the term of this Agreement. In the interest of protecting our System, we may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a minority interest in the franchisee, the Principal Owners, the Brand Champion and other key employees. You must provide executed copies of these agreements to us upon our request. Notwithstanding the foregoing, you are authorized to disclose the terms of this Agreement to any lender providing you financing for the Store as well as to your landlord.

L. Vending Services. If you install or maintain on the Store premises any newspaper racks, video games, jukeboxes, gum machines, games, rides, vending machines, or other similar devices that do not meet with our approval, you must remove them within three days from receiving written notice from us. Pool tables, cigarette vending machines, gambling and gaming machines or games of chance are not allowed. Any income from vending services in the Store or on its premises, regardless of which person or entity collects the money, and regardless of whether we authorized you to install them, must be included in Gross Sales for purposes of your Royalty Fee and Brand Development Fee. Upon our written approval, the money derived from services provided by charitable organizations or services that are for customer convenience, such as pay phones or cash machines, will not be included in Gross Sales.

M. Catering and Delivery Services. If you want to offer catering or delivery service to customers, you must obtain our prior written approval, which we will not withhold unreasonably, although we reserve the right to require you to offer catering service to customers located within

the Designated Area and to use our approved delivery partners and designated software or other technology we specify for digital ordering and/or delivery services. Any catering or delivery services must meet our written standards. You also must charge the same price for products offered by the Store whether delivered or catered by or sold in the Store. Any income from catering or delivery services must be included in Gross Sales for purposes of your Royalty Fee and Brand Development Fee.

N. Compliance with Law; Licenses and Permits. You must at all times maintain your premises and conduct your Store operations in compliance with all applicable laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to your Store.

You acknowledge that you are an independent business and responsible for control and management of your Store, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters, as the sole power, responsibility and liability for such matters rest exclusively with you.

You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your SAMBAZON® business or Store, including any notices of health code violations.

O. Participation in Internet Websites or Other Online Communications. You must, at your expense, participate in our SAMBAZON® website on the internet, our intranet and/or extranet system and/or other online communications as we may require. We have the right to determine the contents and use of our website, intranet and extranet system and will establish the rules under which franchisees may or must participate. You may not separately register any domain name containing any of the Trademarks nor participate in any website or social media account that markets goods and services similar to a SAMBAZON® store. You may not use or reference the Trademarks in any online communication or website (including, without limitation, all current and future social media accounts or platforms) absent our prior approval. We retain all rights, including all Intellectual Property rights, relating to our website, social media accounts, and intranet/extranet system, including all URLs and other identifiers associated with such sites and accounts, and all materials that from time to time appear thereon, and we may alter or terminate our website, social media accounts or intranet or extranet system. Your general conduct on our website, social media accounts, intranet or extranet system or other online communications and specifically your use of the Trademarks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our website, social media accounts, intranet or extranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our website, social media accounts, our intranet or extranet system, or otherwise use the Trademarks or System on the internet or other online communications, will terminate when this Agreement expires or terminates. You acknowledge and agree that you do not have any right to use the Trademarks or other Intellectual Property of the System on any website or any social media platform except as expressly approved by us in writing.

P. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem

appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to the requirements of subsection 5.E and any other express limitations set forth in this Agreement.

Q. Suggested Pricing Policies. We may, from time to time, make suggestions to you with regard to your pricing policies. Any list or schedule of prices we furnish to you may, unless otherwise specifically stated, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between you and us. Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law.

R. Innovations. All ideas, business ventures, concepts, inventions, techniques, or materials concerning a SAMBAZON Store, whether or not protectable Intellectual Property and whether created by or for you or one of your owners or employees, must be promptly disclosed to us and will be deemed to be solely and exclusively our property, part of the System, and “works made-for-hire,” as the phrase is defined in the Copyright Act of 1976 (17 U.S.C. 101 et seq.), for us. To the extent any item does not qualify as a “work made-for-hire” for us, by operation of law or otherwise, you agree to assign and hereby irrevocably assign, for no additional consideration, ownership of that item, and all related rights to that item, to us, our successors and assigns, including without limitation, the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world and agree to take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item. Notwithstanding anything to the contrary, neither the expiration nor the termination of this Agreement shall affect our ownership of the items herein or alter any of our rights or privileges hereunder.

S. Ethical Business Conduct. You agree to adhere to good business practices, observing high standards of honesty, integrity, fair dealing and ethical business conduct and good faith in all business dealings with Customers, vendors, your employees, our corporate employees, and all other SAMBAZON franchisees and licensees. You must not engage in deceptive, misleading or unethical practices or conduct that may have a negative impact on the reputation and goodwill associated with the Trademarks.

T. Crisis Situations. In the interest of protecting the SAMBAZON brand, Trademarks and the System, we have the sole and absolute right to determine a response, including what steps will be taken and what communications will be made, in instances of a Crisis, and you agree to comply with and implement our directions in response to a Crisis. “Crisis” means an event or development that negatively impacts the SAMBAZON brand or System in such a way that we determine may cause substantial harm or injury to the Trademarks, System, the Intellectual Property associated with the System, or the reputation or image of the SAMBAZON brand.

7. PERSONNEL AND SUPERVISION STANDARDS. The following provisions and conditions control with respect to personnel, training and supervision:

A. Supervision. You must have a Control Person and a Brand Champion who meet our standards and qualifications at all times during the term of this Agreement. Your Control Person and Brand Champion must successfully complete all required training, as set forth in subsections 7.B – E. Any new Control Person or Brand Champion must successfully complete our training requirements immediately after being appointed by you. The Control Person and

Brand Champion must ensure that the Store is operated in accordance with the terms and conditions of this Agreement, although this in no way relieves you of your responsibilities to do so. Your Control Person also must be readily and continuously available to us. In addition to the Control Person and your Brand Champion, you must have at least two assistant managers at all times during the term of this Agreement. If, for whatever reason, you do not have a qualified Control Person or Brand Champion to operate the Store, we have the right, but not the obligation, to provide a temporary manager to manage the Store and charge you a management fee (currently the greater of (a) two times the salary paid to individual(s) we assign to operate the Store, or (b) 15% of monthly Gross Sales, plus our travel, lodging and meal expenses) until such time as you are able to have a qualified Control Person and/or Brand Champion.

B. Training. You must, at your expense, comply with all of the training requirements we prescribe for the Store to be developed under this Agreement. The Control Person, the Brand Champion, your store leader and assistant store leader must complete training to our satisfaction. All replacement managers must complete training to our satisfaction, and must begin training within 6 weeks of the time of hire. The training requirements may vary depending on our assessment of the experience of the Control Person, the Brand Champion and the assistant manager or other factors specific to the Store. Our training program currently includes up to five business days of on-site assistance in connection with the opening of the Store; you must reimburse us for our travel, lodging and meal expenses in connection with such assistance. If you are given notice of default under subsection 13.A or B and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require, as a condition of curing the default, that you, the Control Person, the Brand Champion and/or the assistant manager, at your expense, comply with the additional training requirements we prescribe. Under no circumstances may you permit management of the Store's operations by a person who has not successfully completed all applicable training we require. If you request that we provide additional training or that we provide our training program to additional employees, or if we determine that you require additional training, we reserve the right to charge you our then-current training fee for any such additional training.

C. Ongoing Training. We may require the Control Person, the Brand Champion, the assistant managers and other key employees of the Store to attend, at your expense, ongoing training at our training facility, the Authorized Location or other location we designate. In addition, we may develop and require you to purchase an in-store training program.

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to customers in a manner that reflects the customer and client service standards of the SAMBAZON System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You are solely responsible for ensuring that your employees receive adequate training.

D. Staffing. You must employ a sufficient number of competent and trained employees to ensure efficient service to your customers. You must require all your employees to work in clean uniforms approved by us, but furnished at your cost or the employees' cost as you may determine. Each of your managers and other employees we designate must obtain (at your expense) a ServSafe (or similar) certification. It is your responsibility to train your employees. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Trademarks in any way shifts any employee or employment related responsibility from you to us.

E. Attendance at Meetings. You and the Control Person must attend, at your expense, all annual franchise conventions we may hold or sponsor and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, store management, sales or sales promotion, or similar topics. If you or the Control Person are not able to attend a meeting or convention, you must notify us prior to the meeting and must have a substitute person acceptable to us attend the meeting. In addition, your Brand Champion(s) must attend the annual training meeting for Brand Champions that we may hold or sponsor, at your own expense. We reserve the right to require that you and/or your Control Person attend any additional meetings that we deem appropriate under the circumstances.

8. ADVERTISING. You agree to actively promote your Store, to abide by all of our advertising requirements and to comply with the following provisions:

A. Brand Development Fund. Recognizing the value of advertising and marketing to the goodwill and public image of SAMBAZON Stores, we have established and administer and control a Brand Development Fund. You are required to contribute each week to the Brand Development Fund by paying us a Brand Development Fee as set forth in subsection 9.C. All Brand Development Fees are placed in the Brand Development Fund that we own and manage. Non-Traditional Locations are not required to contribute to the Brand Development Fund. Our company and affiliate owned stores contribute to the Brand Development Fund on the same basis as similarly situated franchised stores (based on age of store and type of location) in the same local marketing area. The Brand Development Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Brand Development Fund; provided, however, we make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We use the Brand Development Fund to conduct regional and/or local advertising. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each store or in each advertising market. We have the right to make disbursements from the Brand Development Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. Without limiting the generality of the foregoing, the Brand Development Fund may be used for the following purposes: (1) salaries, benefits and any other payments made to employees or any other individual or entity providing services to the Fund, and administrative costs, salaries and other expenses for marketing support personnel and operating expenses; (2) broadcast, digital, print or other advertising, including outdoor events; (3) the creation, development and production of advertising and promotional materials (*i.e.*, print ads, radio, film and television commercials, digital assets, videotapes, direct mail pieces and other print advertising); (4) any marketing or related research and development (*e.g.*, innovation, technology, and so on); (5) advertising and marketing expenses, including product and food research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, menus and menu designs, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our loyalty program and intranet system, subscriptions to industry newsletters or magazines, and other marketing related expenditures we specify; and (6) reimbursement to the Fund for expenses incurred in prior years. If requested, we will provide you an annual unaudited statement of the financial condition of the Brand Development Fund. We will not use any of the advertising funds for the solicitation of franchise sales, but any marketing materials we produce may designate “Franchises Available.”

B. Required Local Expenditures. You must use your best efforts to promote and advertise the Store and participate in any local marketing and promotional programs we establish

from time to time. In addition to the Brand Development Fee (if applicable), you are required to spend 1% of your Gross Sales on approved local marketing and promotion. Upon our request, you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved local marketing. If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Brand Development Fund. In addition, we reserve the right to collect (on a periodic basis, as we may from time to time designate) the amounts you are required to spend under this Subsection 8.B and in return provide to you local promotional, marketing and advertising materials and related services to promote the Store in the Designated Area. If this Agreement terminates, we reserve the right to contribute any unspent amounts to the Brand Development Fund.

C. Approved Materials. You must use only such advertising materials (including any print, radio, television, electronic, or other media forms that may become available in the future) as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. Furthermore, any promotional activities you conduct in the Store or on its premises are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials or media and activities; provided that they are current, in good condition, in good taste and accurately depict the Trademarks and do not harm the image of our brand. If you have not received our written (including via email) disapproval of the materials within 10 business days from the date we received such materials, the materials will be deemed approved. We may require you (in writing) to withdraw and/or discontinue the use of any promotional or advertising materials, even if previously approved, if in our judgment, such materials may be harmful to the System. You must withdraw and discontinue use of such materials within 5 days of our notice, unless we designate a longer time period in our communication. Any point-of-sale posters or other promotional materials used by you must be current and in good condition. We may make available at a reasonable cost to you annually or at other reasonable intervals, a sales promotion kit containing new (or replacement) point-of-sale and other promotional materials. All materials containing our Trademarks or other intellectual property must include the applicable designation - service mark sm, trademark TM, registered [®] or copyright [©], or any other designation we specify.

D. Local Marketing Groups. We have the right to designate local advertising markets and advertising cooperatives and/or local marketing groups for such markets (collectively, each such cooperative or group, a “LMG”), and if designated, you must participate in the LMG and its programs in your designated local advertising market. If established, you must contribute to the LMG a minimum of 1% of Gross Sales, which satisfies the local marketing requirement described in subsection 8.B. If, however, the LMG votes to spend a percentage greater than 1% of Gross Sales per location, you must contribute such higher percentage. Each SAMBAZON[®] store, including those operated by us and our affiliates (except Non-Traditional Locations) within a designated local advertising area is a member of the LMG and each store has one vote on all matters requiring a vote. We reserve the right to administer the LMG’s funds and require payment from its members via electronic funds transfer. We have the right to require LMGs to be formed, changed, dissolved or merged.

E. Participation in Certain Programs and Promotions. You must participate in all required advertising and promotional programs we may from time to time establish, including, without limitation any customer service, customer recovery, remediation, and customer loyalty and reward programs, and abide by the terms and conditions of such programs. Certain programs may require you to pay transaction fees and/or service fees and may be administered by us or a third-party vendor designated by us. If the promotional program involves any Menu Item that is listed on the then-current SAMBAZON[®] printed menu (including any limited time offers), we may suggest, but will not require, that you offer the item at a price lower than the every-day menu

price. You must use and honor only system-wide gift cards, certificates and checks that we designate and you must obtain all certificates, cards or checks from an approved supplier. We reserve the right to develop a gift card program and require that you participate in any such gift card program.

F. Consent to Use of Certain Information. By executing this Agreement, you hereby grant us the non-exclusive right and license to use, to the extent permitted under applicable law, without any further consent and without payment of any additional consideration, in perpetuity, (i) any photographs or video taken by us or our representatives at or of your Store, (ii) any financial information you provide to us hereunder with respect to your Store's financial performance, and/or (iii) your biographical information provided by you to us hereunder, in each case to be used in connection with our promotional, marketing and advertising activities and efforts promoting the SAMBAZON System and brand, including the sale of additional franchises. You will cooperate with us in connection with the foregoing, including by assisting us in obtaining consents from any other persons appearing in any such photographs or video.

G. Franchise Opportunities Inquiries. Subject to any legal restrictions, you must include a sign (supplied by us) in a conspicuous place within the Premises as well as on all menus, containing substantially the following statement: "SAMBAZON Franchise Opportunities Available." All inquiries must be immediately referred to us. You have no authority to act for us in franchise sales.

H. New Store Opening Promotion. You must conduct certain advertising and public relations activities in connection with the opening (or re-opening) of your Store. We require you to spend, in addition to the required local advertising contribution described above, a minimum of \$10,000 for such opening activities (if it is a new Store opening; or \$5,000 for any re-opening of your Store after approved relocation), which must be spent some time within 45 days prior and 45 days following the opening of your Store, unless otherwise approved by us. In addition, you must perform opening advertising and promotions as required by this section every time that you (i) relocate the Store or (ii) reopen the Store after having it closed for 30 days or more. You must provide to us proof of these expenditures. We have the right, but not the obligation, to collect and administer these funds on your behalf.

9. FEES, REPORTING AND AUDIT RIGHTS. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. You must pay to us a nonrefundable Initial Franchise Fee of \$30,000. The Initial Franchise Fee, payable in full on the date you sign this Agreement, is earned upon receipt and is in consideration for our expenses incurred and services rendered in granting you the franchise rights.

B. Royalty Fee. In addition to the Initial Franchise Fee, during the full term of this Agreement and in consideration of the rights granted to you, you must pay to us a weekly Royalty Fee on a Wednesday of each week. The Royalty Fee for the initial term of this Agreement shall be an amount equal to 5% of Gross Sales. The amount of the Royalty Fee for any renewal term shall be that provided in the franchise agreement executed for such renewal term.

C. Brand Development Fee. In addition, you must pay to us a weekly Brand Development Fee in an amount equal to 2% of Gross Sales (the "Brand Development Fee"). The Brand Development Fee is due at the same time as the Royalty Fee. We reserve the right to increase this percentage upon 60 days' written notice to you; provided, however, that we may not

increase the Brand Development Fee by more than ½% per year and that the Brand Development Fee will not exceed 3% of Gross Sales during the initial term of this Agreement. These fees are not held by us in trust and become our property to be spent in accordance with Section 8 of this Agreement.

D. Computations and Remittances. Except for the Initial Franchise Fee, you must compute all amounts due and owing at the end of each week's operation and remittance for the amounts must be made to us on or before Wednesday of the following week, accompanied (or preceded, as applicable) by any reports we may require under subsection 9.H of this Agreement. We reserve the right to change the reporting day of the week for any or all amounts. You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we reasonably require to verify the accuracy of remittances. You waive any and all existing and future claims and offsets against any amounts due under this Agreement, which amounts you must pay when due. We have the right to apply or cause to be applied against amounts due to us or any of our affiliates any amounts that we or our affiliates may hold from time to time on your behalf or that we or our affiliates owe to you. Further, if you are delinquent in the payment of any amounts owed to us, we may require you to prepay estimated Royalty Fees and Brand Development Fees.

If the Royalty Report has not been received by us when due, then we may process an EFT for the Royalty Fee for the week based on (a) information regarding your Gross Sales for the preceding week, or (b) the most recent Royalty Report provided to us by you; provided that if we receive the Royalty Report after we process the electronic transfer of funds ("EFT") and the Royalty Report reflects (i) that the actual amount of the Royalty Fee due was more than the amount of the EFT processed by us, then we shall be entitled to withdraw additional money through EFT from your designated bank account for the difference; or (ii) that the actual amount of the Royalty Fee due was less than the amount of the EFT processed by us, then we shall return the excess amount to you within five business days of notice by you or discovery by us if the excess is greater than \$150, but if the excess withdrawn by us is \$150 or less, then we will credit the excess amount to the payment of the next Royalty Fee due.

E. Electronic Transfer of Funds. You must sign an electronic transfer of funds authorization, attached as Appendix C, to authorize and direct your bank or financial institution to transfer electronically, on a weekly basis, directly to our or our affiliates' account and to charge to your account all amounts due to us or our affiliates. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subsection.

F. Interest Charges; Late Fees. Any and all amounts that you owe to us or to our affiliates will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In addition to interest charges on late Royalty Fee and Brand Development Fee payments, you must pay to us a service charge of \$50 for each delinquent report or payment that you owe to us under this Agreement. A payment is delinquent for any of the following reasons: (i) we do not receive the payment on or before the date due; or (ii) there are insufficient funds in your bank account to collect the total payment by a transfer of funds on or after the date due. The service charge is not interest or a penalty, it is only to compensate us for increased administrative and management costs due to late payment.

G. Financial Planning and Management. You must record daily all sales on a cash register tape or similar device. You must keep books and records and submit reports as we periodically require, including but not limited to a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, records of prices and special sales, check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, payroll records, cash disbursement journals and general ledger, all of which accurately reflect the operations and condition of your Store operations. You must compile, keep and submit to us the books, records and reports on the forms and using the methods of bookkeeping and accounting as we periodically may prescribe. The records that you are required to keep for your Store must include detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media format and methodology we approve. You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time. You also must preserve and retain the books, records and reports for not less than 36 months. You must allow us electronic and manual access to any and all records relating to your Store.

H. Reports and Audit. By Monday of each week (or the next business day if any Monday is not a business day), you must provide us with a report of Gross Sales for the preceding week ending Sunday ("Royalty Report"). We may require that you submit additional reports, including, but are not limited to, the following information: (i) amount of gross receipts of the Store, amount of sales tax and the computation of the Royalty Fee and the Brand Development Fee; (ii) quantities of products purchased and the sources from which each were obtained; (iii) if we request, copies of your most recent sales tax return, monthly cash register sales summary or details and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items; and (iv) if requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year, prepared on an accrual basis including all adjustments necessary for fair presentation of the financial statements, including a supplemental schedule of revenue and expenses prepared in the format we may periodically prescribe. We may require that the annual financial statements be reviewed or audited by a certified public accountant. You must certify all reports to be true and correct. You must submit to us all reports by the dates and in the form and content as we periodically prescribe. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Store are kept and to evaluate, copy and audit such books and records, including, but not limited to, any and all financial statements, reports, state, federal, personal income tax records or other income tax records covering or related to the Store, sales tax records, payroll records, databases, and other related records, and to remotely access and evaluate, copy and audit your electronic records located on the Technology System, and to evaluate remotely or on the Store premises your compliance with your obligations regarding Customer Information. We also have the right to request information from your suppliers and vendors. You must fully cooperate with us in connection with our exercise of our audit rights. If any evaluation or audit reveals any understatement of your Gross Sales, Royalty Fees or Brand Development Fees in any month by an individual or combined total of 2% or more from data reported to us, then, in addition to any other rights we may have (including collection of amounts owed with respect to any understatement, including accrued interest), you must reimburse us for all audit costs, including, but not limited to, related professional fees, travel, and room and board expenses. Furthermore, we may conduct additional periodic audits and/or evaluations of your books and records, at your sole expense,

as we reasonably deem necessary. You acknowledge and agree that if you intentionally understate or underreport Gross Sales, Royalty Fees or Brand Development Fees, or if a subsequent audit or evaluation conducted within a 3-year period reveals any understatement or a variance of these fees by an individual or combined total of 2% or more, in addition to any other remedies provided in this Agreement, at law or in equity, we have the right to terminate this Agreement in accordance with Subsection 13.B.2. To verify the information you supply, we have the right to reconstruct your sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance. You must fully cooperate with us or our representative in performing these activities and any expenses incurred by us from your lack of cooperation shall be reimbursed by you.

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding or in a manner as set forth in subsection 11.D.8 or where your information is grouped with similar information from other stores to produce shared results like high-low ranges or average gross sales or expenses on a system-wide or regional basis.

I. Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchise shall pay Franchisor a sum equal to the amount of such tax.

10. YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and our affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; (ii) all amounts required to discharge all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Store; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Store. If you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree to reimburse us promptly on demand for any such payment.

B. Indemnification. You hereby waive all claims against us for damages to property or injuries to persons arising out of the operation of your Store. You agree to fully protect, indemnify and hold us and our owners, directors, officers, insurers, successors and assigns and our affiliates harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Store (regardless of cause or any concurrent or contributing fault or negligence of us or our affiliates) or any breach by you or your failure to comply with the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for all our costs and all attorneys' fees immediately upon our request as they are incurred. It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason; however, if we incur any liability, cost, loss or damage as a result of any actions or omissions of you or your employees or independent contractors, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such liability, cost, loss or damage.

C. Insurance. Before you begin construction on the Store, you must obtain the insurance coverage for the Store that is required by the terms of your lease and applicable law, and that we specify in the Manual or otherwise in writing. Your insurance coverage must be maintained during the term of this Agreement. All insurance must be on an “occurrence” basis. As of the date of this Agreement, you must obtain and provide us with evidence of insurance in at least the minimum amounts and with the coverages as follows:

(a) Commercial General Liability insurance on the latest version of ISO form CG 00 01 or its equivalent, with limits not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate. There may be no products liability or completed operations exclusion. There may be no “Injury to Subcontractor Employee” (or its equivalent) exclusion. The Commercial General Liability policy must provide coverage to you for the hold harmless and indemnity clauses contained in the Franchise Agreement;

(b) Umbrella or Excess Liability Insurance with limits of \$2,000,000 per occurrence and \$2,000,000 general aggregate;

(c) Property Insurance for all of your property for its full Replacement Cost written on a Causes of Loss - Special Form or equivalent type policy. Property Insurance must be maintained with a deductible of no more than \$5,000;

(d) Commercial Automobile Liability Insurance, covering any liabilities of yours and ours with respect to the ownership, maintenance, or use of any auto used in connection with the business, on a form equal to the latest version of ISO form CA 00 01 with a limit of a minimum of \$1,000,000 Combined Single Limit;

(e) Workers’ Compensation insurance as required by law;

(f) Employers’ Liability insurance with limits not less than \$1,000,000 each accident, \$1,000,000 each employee by disease and \$1,000,000 policy limit by disease;

(g) Employment Practices Liability Insurance, including third-party coverage, with limits not less than \$1,000,000 per claim and aggregate. We must be endorsed as a Co-Defendant;

(h) Data Breach Expense/Cyber Liability Insurance, including first and third-party coverage with limits no less than \$1,000,000, and regulatory expense coverage of no less than \$250,000; and

(i) all other insurance required by law or that we may from time to time reasonably require.

Each required property insurance policy must name SAMBAZON USA Franchising LLC and Sambazon, Inc. as loss payee as its interests may appear. We have the right to request a complete copy of your insurance policies for the purpose of verifying the required coverages. All contractors and vendors used by you must comply with these insurance requirements and it is your responsibility to monitor any such insurance. Your insurance policies must include a Waiver of Subrogation in favor of SAMBAZON USA Franchising LLC. All policies must be written with insurance companies authorized to do business by the state where your Store will operate. The insurance carriers you choose must be rated at least A minus (policy holders rating) and VII (financial rating) by A.M. Best Company. If you or any of your vendors or contractors utilize a surplus lines insurance company (non-admitted carrier), we must be provided with a complete copy of the policies, in addition to the certificate of insurance. All policies must be endorsed to require

at least 30 days' advance notice of cancellation, non-renewal, or reduction in coverage (or ten days' advance notice in the case of non-payment of premium).

All insurance policies, except for worker's compensation, must name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds. You must provide us with a certificate of insurance showing that you have obtained the required policies before construction of your Store begins and upon each policy's renewal. We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We have the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes. By providing written notice to you, we may from time to time modify the required minimum limits and require additional insurance coverage, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the SAMBAZON system, standards of liability and higher damage awards. If you do not procure and maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice.

D. Noncompete Covenants. You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants and agree that the following noncompetition covenants are reasonable and necessary to protect the System's legitimate business interests, including its Confidential Information, Intellectual Property, and customer goodwill:

1. Unless otherwise specified, the term "you" as used in this subsection 10.D includes, collectively and individually, (a) if you are an entity, the entity, all guarantors and all shareholders, members, partners, as the case may be, and other holders of any ownership interest in the entity (collectively, "Owners"), as well as any spouse, children, parents and siblings of any guarantor and Owner, or (b), if you are an individual, the individual and the individual's spouse, children, parents and siblings. We may require you to obtain from your guarantors and Owners, and/or from your spouse, children, parents and siblings or any spouse, children, parents, and siblings of any Owner or guarantor, as applicable, a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this subsection 10.D.

2. You covenant that during the term of this Agreement you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any quick-service, casual or fast casual restaurant or food business that derives at least 10% of its sales from the sale of açai and other fruit-based food or beverage products other than one authorized by this Agreement or any other agreement between us and you, except any interest you may have, at the Effective Date of this Agreement, in a store or food business the existence of such interest we have approved in writing. Under no circumstances may you be a member of a franchisee advisory council, committee, board or other similar group for a quick-service, casual or fast casual restaurant or food business that derives at least 10% of its sales from the sale of açai and other fruit-based food or beverage products, unless you receive our prior written approval.

3. Except for any interest you or your affiliate have in another store or food business pursuant to an agreement with us or our affiliate, you covenant that you will not, for a period of 2 years after the expiration or termination of this Agreement, regardless of the cause of termination, or within 2 years of the sale of the Store or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any business establishment that is a quick-service, casual or fast casual restaurant or food business that derives at least 10% of its sales from the sale of açai and other fruit-based food or beverage products or that franchises or licenses the operation of such business establishments:

- a. At the premises of the former Store;
- b. Within a 5-mile radius of the former Store; or
- c. Within a 5-mile radius of the location of any other business or store using the SAMBAZON® System, whether franchised or owned by us or our affiliates.

4. You agree that the length of time subparagraph 10.D.3 will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

5. In addition, you agree that during the term of this Agreement and for one year thereafter, you will not, without our prior written consent, directly or indirectly, for yourself or on behalf of any other person, divert, or attempt to divert, any business or customer of the Store or any other SAMBAZON store to any competitor by direct or indirect inducement away from the System.

6. The parties agree that each of the foregoing covenants in this Section 10.D will be construed as independent of any other covenant or provision of this Agreement. To the extent anyone successfully contests the validity or enforceability of any part of this Section 10.D in its present form predicated upon the area of coverage, this provision will not be deemed invalid or unenforceable, but will instead be deemed modified, so as to be valid and enforceable, to provide coverage for the maximum scope that any court of competent jurisdiction or arbitrator will deem reasonable and necessary to protect our legitimate interests.

11. TRANSFER OF FRANCHISE. You agree that the following provisions govern any transfer or proposed transfer:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Store. Consequently, neither your interest in this Agreement or you nor in the Store may be transferred or assigned to or assumed by any other person or entity (the “assignee”), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with subsection 11.F, and, if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in subsection 11.C is paid, and the transfer conditions described in subsection 11.D are satisfied. Any sale (including

installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer that requires compliance with the right of first refusal, consent, transfer fee, and other transfer conditions in this Section 11:

1. Any change or series of changes in the percentage of the franchisee entity owned, directly or indirectly, by any Principal Owner that results in any addition or deletion of any person or entity who qualifies as a Principal Owner;
2. Any change in the general partner of a franchisee that is a general, limited or other partnership entity; or
3. For purposes of this subsection 11.A, a pledge or seizure of any ownership interests in you or in any Principal Owner that affects the ownership of 25% or more of you or any Principal Owner, which we have not approved in advance in writing.

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in subsection 11.F, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in subsection 11.C, and satisfy the transfer conditions described in subsection 11.D. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

You may not place in, on or upon the location of the Store, or in any communication media or any form of advertising, any information relating to the sale of the Store or the rights under this Agreement, without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer; provided that all of the conditions described in this Section 11 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in subsection 11.F must be made by submission of our form of application for consent to transfer. You also agree to submit other information and documents (including a copy of the proposed purchase or other transfer agreement) we require under our then-current transfer procedures. The application must indicate whether you or a Principal Owner proposes to retain a security interest in the property to be transferred. No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer shall be subject to our prior written approval, which approval will not be withheld unreasonably. You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void, your interest in this Agreement will be voluntarily abandoned, and it will provide us with the right to elect either to deem you in default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in subsection 11.C.

C. Transfer Fee. The transfer fee shall be \$5,000; provided, however that if you are transferring multiple Sambazon franchise agreements at the same time to the same buyer, the aggregate transfer fee will not exceed \$50,000. Payment of the transfer fee is a condition of transfer under subsection 11.D. If you are an individual, we will not impose a transfer fee for a one-time transfer to a corporate entity you form for the convenience of ownership.

D. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following:

1. Assignee Requirements. The assignee must meet all of our then-current requirements for any potential new franchisee at the time of the proposed transfer.

2. Payment of Amounts Owed. All amounts owed by you to us or any of our affiliates, your suppliers or any landlord for the Store premises and Authorized Location, or upon which we or any of our affiliates have any contingent liability must be paid in full.

3. Reports. You must have provided all required reports to us in accordance with subsections 9.G and 9.H.

4. Modernization. You must have complied with the provisions of subsection 5.E. Upgrade of the Store to our then-current standards must occur within 90 days of the transfer.

5. Guarantee. In the case of an installment sale for which we have consented to you or any Principal Owner retaining a security interest or other financial interest in this Agreement or the business operated hereunder, you or such Principal Owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

6. General Release. You, each Principal Owner and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your Store or the parties' business relationship, in the form we designate, releasing us and our affiliates.

7. Execution of Then-Current Franchise Agreement. The assignee executes our then-current form of franchise agreement (modified to reflect that the term is only the remainder of the term under this Agreement and other modifications to reflect that the agreement relates to a transfer), the terms of which may differ from this Agreement, including higher/additional fees and modifications to the Designated Area (although in no event will the revised Designated Area have a residential population of less than the residential population in the Designated Area that existed as of the Effective Date).

8. Training. The assignee must, at your or assignee's expense, comply with the training requirements of subsection 7.B.

9. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Store and its operations reasonably necessary or appropriate for assignee and/or us to evaluate the Store and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Store and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose

of permitting the assignees to evaluate the Store and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

10. Other Franchise Agreements. You must be in full compliance with all your obligations under any and all Franchise Agreements and Area Development Agreements executed between you and us.

11. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies; provided, that such conditions will not be more stringent than any conditions otherwise imposed on new franchisees signing the then-current franchise agreement.

E. Death, Disability or Incapacity. If any individual who is a Principal Owner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a Principal Owner, such person or entity must apply for our consent under subsection 11.B, comply with the training requirements of subsection 7.B if the Principal Owner also was the Control Person (unless the heir or successor-in-interest finds another Principal Owner to qualify as the Control Person), pay the applicable transfer fee under subsection 11.C, and satisfy the transfer conditions under subsection 11.D, as in any other case of a proposed transfer, all within 12 months of the death or within six months after notice of the disability or incapacity. During any transition period to an heir or successor-in-interest, the Store still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as set forth in subsection 11.F.

F. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in you or the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by subsection 11.E or any transfer described in subsection 11.A, you first must offer to sell to us your interest under the same terms. In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer.

If the proposed transfer results from a transfer under subsections 11.A.1 through 11.A.3, or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures, and any leasehold interest used in the operation of your Store. Unless otherwise agreed to in writing by us and you, the purchase price for our purchase of assets in the event of a transfer that occurs by a transfer under subsections 11.A.1 through 11.A.3, insolvency or bankruptcy filing will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in subsection 14.B (the formula that includes the value of any goodwill of the business) in connection with an asset purchase upon expiration. In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Authorized Location is located will appoint one upon petition of either party. You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested.

We then have 45 days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you. Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us; provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 45-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Section 11. You may effect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this subsection 11.F. You understand that, for purposes of this Section 11.F, we may effectuate our right of first refusal rights through an affiliate or other third party that we designate.

G. Transfer to Immediate Family Members and among Principal Owners. If the transfer is between an original Principal Owner or an individual who has been a Principal Owner for at least five years and an immediate family member of that owner, or if the transfer is among individuals who have each been Principal Owners for at least five years, then the following apply: (i) \$1,000 transfer fee will be payable to us; (ii) we will waive our right of first refusal described in subsection 11.F; and (iii) we will not require the execution of the then-current franchise agreement, as required by subsection 11.D.7; provided that we must approve in writing any family member assignee. All other provisions of this Section 11 apply in full force and effect to the type of transfer described in this subsection, including without limitation, the requirement that the assignee meet our then-current requirements for new franchisees, including financial qualifications and experience standards.

H. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement.

12. DISPUTE RESOLUTION. The following provisions apply with respect to dispute resolution:

A. Mediation; Arbitration.

(i) Except for disputes that involve injunctive relief or specific performance actions covered under subsection 12.B, the parties agree to mediate any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Store or Authorized Location, the parties' relationship, or the business; provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted in the county in which our headquarters are then located (currently, Orange County, California), or at such other place as may be mutually agreeable to the parties, by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days, or if one party refuses to participate in mediation as outlined herein, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential.

(ii) Except as provided in subsection 12.B., all disputes not resolved through mediation as provided above must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration must take place in the county in which our headquarters are then located (currently, Orange County, California), or

at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties. The arbitrators must follow the law and not disregard the terms of this Agreement. The decision of the arbitrators will be final and binding on all parties to the dispute; however, the arbitrators may not, under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award that extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any court of competent jurisdiction.

B. Injunctive Relief. Notwithstanding subsection 12.A above, you recognize that the Store is one of a large number of stores and stores identified by the Trademarks and similarly situated and selling to the public similar products, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. Similarly, it is mutually agreed that in the event of our breach or threatened breach of any of the terms of this Agreement, you will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, we and our affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons: to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

C. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Store or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs.

13. DEFAULT AND TERMINATION. The following provisions apply with respect to default and termination:

A. Defaults. You are in default if we determine that you or any Principal Owner or guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes making any false report to us, intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us or any of our affiliates, actions by you, a Principal Owner, or a guarantor that infringe upon, harm or contest our parent company's rights in any of the Trademarks or the goodwill associated with the Trademarks or impair or tend to impair your reputation, any felony, filing of tax or other liens that may affect this Agreement, voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise expressly provided in this subsection 13.B or elsewhere in the Agreement: (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults; (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by delivering to you written notice of termination that will identify the grounds for the termination; and (iv) the termination will be effective immediately upon our issuance of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. If any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination: (i) any material misrepresentation or omission in your franchise application, (ii) your voluntary abandonment of this Agreement or the Authorized Location, (iii) the loss of your lease, the failure to timely cure a default under the lease, or the loss of your right of possession or failure to reopen or relocate under subsection 5.D, (iv) the closing of the Store by any state or local authorities for health or public safety reasons, (v) any unauthorized use of the Confidential Information, (vi) voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors, (vii) any default under this Agreement that materially impairs the goodwill associated with any of the Trademarks, (viii) conviction of you, any Principal Owners, the Control Person, or guarantors of (or pleading no contest to) any felony regardless of the nature of the charges, (ix) any actions that infringe upon, harm or contest or parent company's rights in any of the Trademarks or the goodwill associated with the Trademarks or impair or tend to impair your reputation, (x) intentionally understating or underreporting Gross Sales, Royalty Fees or Brand Development Fees or any understatement or 2% variance on a subsequent audit within a 3 year period under subsection 9.H, (xi) failure to open the Store by the Required Open Date, failure to execute the lease (including the Lease Addendum) or the Purchase Agreement for the Store by the date stated subsection 5.A, failure to start substantial construction of the Store by the date established in subsection 5.B, or failure to secure financing for the construction of the Store by the date set forth in subsection 5.B, (xii) any unauthorized transfer or assignment in violation of Section 11 or (xiii) any default by you that is the second same or similar default within any 12-month consecutive period or the fourth default of any type within any 24-month consecutive period even if the default(s) were cured.

3. Immediate Termination After No More than 24 Hours to Cure. If a default under this Agreement occurs that violates any health, safety or sanitation law or regulation, violates any system standard as to food handling, cleanliness, health and sanitation, or if the operation of the Store presents a health or safety hazard to your customers or to the public: (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) if you fail to cure the default within the 24 hour period, this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement; provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within 30 days after our receipt of the written notice. However, if the breach cannot reasonably be cured within 30 days, you have the right to terminate this Agreement if, after our receipt of a written notice from you, we do not within 30 days undertake and continue efforts to cure the breach until completion. Your termination of this Agreement under this Section will not release or modify your Post-Term obligations under Section 14 of this Agreement.

14. POST-TERM OBLIGATIONS. Upon the expiration or termination of this Agreement:

A. Reversion of Rights; Discontinuation of Trademark Use and Use of Intellectual Property. All of your rights to use the Trademarks and Intellectual Property and all other rights and licenses granted herein and the right and license to conduct business under the Trademarks at the Authorized Location will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. Upon our demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the Store (although we will not assume any past due obligations).

You must immediately comply with the post-term non-compete obligations under subsection 10.D, cease all use and display of the Trademarks, all other Intellectual Property associated with the System and of any proprietary material (including the manuals and the product preparation materials) and of all or any portion of point-of-sale materials furnished or approved by us, assign all right, title and interest in the telephone numbers, domain names and social media or digital marketing accounts used for the Store and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You must immediately pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates, such debts being accelerated automatically without further notice to you. In addition, if we terminate your Franchise Agreement for cause, you must pay us, within 15 days after the effective date of termination, liquidated damages equal to the average monthly Royalty Fee you paid or owed to us during the 12-month period immediately preceding termination (or, if the Store was not open for a full year, the highest Royalty Fee paid or payable during the period the Store was open), multiplied by (x) 24 (being the number of months in two full years), or (y) the actual number of months remaining under this Agreement had it not been terminated, whichever is lower. You must immediately return to us, at your expense, all copies of the manuals and product preparation materials then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of subsection 6.J. You must promptly at your expense and subject to subsection 14.B, remove or obliterate all Store signage, displays or other materials (electronic or tangible) in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks and so alter the appearance of the Store as to differentiate the Store unmistakably from duly licensed stores identified by the Trademarks. If you refuse to comply with the provisions of the preceding sentence, we have the right to enter the Authorized Location and remove all Store signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and you must reimburse us for our costs incurred. Notwithstanding the foregoing, in the event of expiration

or termination of this Agreement, you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement.

B. Purchase Option. We have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Store that are owned by you or any of your affiliates, including, without limitation, the land, building, equipment, fixtures, signage, furnishings, supplies, leasehold improvements, and inventory of the Store at a price determined by a qualified appraiser (or qualified appraisers if one party believes it is better to have a real estate appraiser appraise the value of the land and building and a business appraiser appraise the Store's other assets) selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Section within 30 days after the date of the expiration or termination of this Agreement. If the parties cannot agree upon the selection of an appraiser(s), one or both will be appointed by a Judge of the United States District Court for the District in which the Authorized Location is located upon petition of either party.

If the Agreement is terminated, expires or otherwise is cancelled, the price determined by the appraiser(s) will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a SAMBAZON® Store and the appraiser will designate a price for each category of asset (e.g., land, building, equipment, fixtures, etc.), but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Trademarks and the System. In the event of expiration, however, the parties agree that you may elect not to include the land in the appraisal and option to purchase process. In this instance, you may elect to lease the land to us or our designee for a lease term of at least 10 years with two 5-year options to renew and for a primary rate equal to fair market value according to the applicable Building Office Management Association Guidelines, unless otherwise agreed to by the parties.

Within 45 days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report. We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner. We and you will each pay one-half of the appraiser's fees and expenses. Our interest in the assets of the Store that are owned by you or your affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party. Upon our or our designated purchaser's exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause your affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefor and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

If we do not exercise our option to purchase under this subsection, you may sell or lease the Store premises to a third party purchaser; provided that your agreement with the purchaser includes a covenant by the purchaser, which is expressly enforceable by us as a third party beneficiary, pursuant to which the purchaser agrees, for a period of 2 years after the expiration or termination of this Agreement, not to use the premises for the operation of a store business that has a menu or method of operation similar to that employed by our company-owned or franchised stores.

C. Claims. You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or the SAMBAZON® business after the shorter period of the applicable statute of limitations or one year following the

effective date of termination of this Agreement; provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

15. GENERAL PROVISIONS. The parties agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed a bar or an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify Appendices and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the addenda and appendices hereto constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersede all prior agreements and negotiations with respect to the same.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows:

1. If intended for us, addressed to Hospitality Group, SAMBAZON USA FRANCHISING LLC, 209 Avenida Fabricante, Suite 200, San Clemente, CA 92672;

2. If intended for you, addressed to you at _____ or at the Authorized Location; or,

in either case, as the intended party may change such address by written notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subsection.

D. Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by the Control Person or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents.

E. References. If the franchisee is 2 or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement include all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Guarantee. All Principal Owners of a franchisee that is a corporation, limited liability company, partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner pursuant to the provisions of Section 11 or otherwise must execute the form of undertaking and guarantee at the end of this Agreement within 10 days from the date such person or entity becomes a Principal Owner; provided, however, that any person or entity who becomes a Principal Owner shall automatically acquire all the obligations of a Principal Owner under this Agreement at the time such person or entity becomes a Principal Owner. Before approving and entering into any transaction that would make any person or entity a Principal Owner, you must notify such person about the content of this subsection.

G. Successors/Assigns. Subject to the terms of Section 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

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

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 12 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of the Authorized Location. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Authorized Location is located.

2. Our Rights. Whenever this Agreement provides that we have 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, although this right does not modify the requirements of subsection 5.E and other express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree 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. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

I. Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 12, must be brought in the state or federal district court located in the

county in which our headquarters are then located (currently, Orange County, California). Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subsection will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subsection and, with a complete understanding thereof, agree to be bound in the manner set forth.

J. Jury Waiver. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

K. Waiver of Punitive Damages. You and your affiliates and we and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

L. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other 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. Without limiting the generality of the foregoing, we shall have no liability in connection with or related to the products or services rendered to you by any third party, even if we required, approved or consented to the product or service or designated or approved the supplier.

M. Force Majeure. A party's failure of performance of this Agreement according to its terms will not be deemed a breach of this Agreement to the extent such failure was caused by events beyond a party's control and which could not be avoided by the exercise of due care including, but not limited to terrorism, strikes (except those caused by employees or agents), war, riots, civil disorder, and acts of government except as may be specifically provided for elsewhere in this Agreement. Nothing in this provision shall excuse a party from any obligations, or deprive any party of rights, that survive termination of this Agreement, including but not limited to those obligations and rights set forth in Sections 10.B., and 10.D.

N. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the Menu Items and other standards, specifications, and requirements for any franchised store or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such store or store, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

O. Notice of Potential Profit. We and/or our affiliates may from time to time make available to you or require you to purchase goods, products and/or services for use in your Store on the sale of which we and/or our affiliates may make a profit. Further, we and/or our affiliates

may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

P. Effective Date. We will designate the “Effective Date” of this Agreement in the space provided on the cover page. If no Effective Date is designated on the cover page, the Effective Date is the date when we sign this Agreement. However, as described in subsection 5.A, you do not have the right to, and may not, open and commence operation of a Store at the Authorized Location until we notify you that you have satisfied all of the pre-opening conditions set forth in this Agreement.

Q. Franchisor’s Affiliates. You agree that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of SAMBAZON USA FRANCHISING LLC will have any liability for: (i) any obligations or liabilities of SAMBAZON USA FRANCHISING LLC relating to or arising from this Agreement; (ii) any claim against SAMBAZON USA FRANCHISING LLC based on, in respect of, or by reason of the relationship between you and SAMBAZON USA FRANCHISING LLC; or (iii) any claim against SAMBAZON USA FRANCHISING LLC based on any alleged unlawful act or omission of SAMBAZON USA FRANCHISING LLC.

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement on the dates written below.

FRANCHISEE:

Date: _____

By: _____

Its: _____

By: _____

Its: _____

By: _____

Its: _____

US:

SAMBAZON USA FRANCHISING LLC

Date: _____

By: _____

Its: _____

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND
PERSONALLY BY THE TERMS AND CONDITIONS
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement (the "Agreement") between SAMBAZON USA FRANCHISING LLC ("we" or "us") and _____ (the "Franchisee"), dated _____, 20____ and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions in subsection 10.D, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned waive: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

In addition, the undersigned consents and agrees that: (i) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (ii) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (iii) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

FRANCHISEE: _____

PERSONAL GUARANTORS:

Individually		

Print Name		

Address		
_____	_____	_____
City	State	Zip Code

Telephone		

Individually		

Print Name		

Address		
_____	_____	_____
City	State	Zip Code

Telephone		

Individually		
Print Name		
Address		
City	State	Zip Code
Telephone		

Individually		
Print Name		
Address		
City	State	Zip Code
Telephone		

OWNERSHIP AND MANAGEMENT ADDENDUM TO
SAMBAZON® FRANCHISE AGREEMENT

1. Control Person. You represent and warrant to us that the following person, and only the following person, is the Control Person:

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>
-------------	--------------	----------------

2. Ownership. You represent and warrant to us that the following person(s) and entities, and only the following person(s) and entities, have ownership interests in the franchisee entity:

<u>NAME</u>	<u>HOME ADDRESS</u>	<u>PERCENTAGE OF INTEREST</u>
-------------	---------------------	-----------------------------------

3. Change. You must immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information.

4. Effective Date. This Addendum is effective as of this _____ day of _____, 20__.

Your Initials

Our Initials

Appendix A to the Franchise Agreement

The Authorized Location; Designated Area; Technology System

The **Authorized Location** for your Store as set forth in Section 2.A of your Franchise Agreement is as follows: _____.

As stated in Subsection 2.B. of the Franchise Agreement, subject to the terms and conditions of the Franchise Agreement, the **Designated Area** in which you will locate and operate the Store is defined as follows:

The Designated Area is considered fixed as of the date of the Franchise Agreement.

Technology System: As stated in subparagraph 6.D of the Franchise Agreement, as of the Effective Date, you will be required to use the following Technology System at the Store, and pay the corresponding fees set forth below:

Technology System Product and/or Service	Third-Party Vendor	Technology System Fees and Payee
POS System	Toast	\$_____, payable to Toast
Reward and loyalty program; [2] SAMBAZON email addresses and access to our customer database.		\$250/month, payable to us

The Technology System fees are payable directly to the applicable third-party vendor and are subject to change.

FRANCHISEE:

By: _____
Its: _____

By: _____
Its: _____

By: _____
Its: _____

US:

SAMBAZON USA FRANCHISING LLC

By: _____
Its: _____

Appendix B to the Franchise Agreement

Addendum to Lease

This Addendum to Lease (“Addendum”), dated _____, 20____, is entered into between _____ (“Landlord”), and _____ (“Tenant”).

RECITALS

- A. The parties have entered into a Lease Agreement, dated _____, 20____, (the “Lease”) pertaining to the premises located at _____ (the “Premises”).
- B. Landlord acknowledges that Tenant has agreed to operate a Store at the Premises pursuant to Tenant’s Franchise Agreement (the “Franchise Agreement”) with SAMBAZON USA FRANCHISING LLC (“FRANCHISOR”) under the name “SAMBAZON” or other name designated by FRANCHISOR (the “Store”).
- C. The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum to provide FRANCHISOR the opportunity to preserve the Premises as a FRANCHISOR branded store as provided herein.

AGREEMENT

Landlord and Tenant agree to amend the Lease as follows:

- 1. Remodeling and Decor. Landlord agrees that Tenant has the right to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a Store on the Premises. Any remodel of the building and/or its signs shall be subject to Landlord’s prior and reasonable approval.
- 2. Assignment by Tenant.
 - (a) Tenant does not have the right to sublease or assign the Lease to any third party without FRANCHISOR’s and Landlord’s written approval.
 - (b) So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title and interest in the Lease to FRANCHISOR, its affiliates or its parent company, during the term of the Lease, including any extensions or renewals, without first obtaining Landlord’s consent. No assignment will be effective, however, until FRANCHISOR or its designated affiliate (the “FRANCHISOR Entity”) gives Landlord written notice of its acceptance of the assignment. FRANCHISOR will be responsible for the lease obligations incurred after the effective date of the assignment.
 - (c) If FRANCHISOR elects to assume the Lease, under this subsection or unilaterally assumes the lease as provided for in subsection 3(a) or 4(a), Landlord and Tenant agree that (i) Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption, and (ii) FRANCHISOR will have the right to sublease the Premises to another franchisee with Landlord’s prior reasonable approval, provided the franchisee meets FRANCHISOR’s then-current

standards and requirements for franchisees and agrees to operate the Store as a SAMBAZON store pursuant to a Franchise Agreement with FRANCHISOR. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of Tenant to be performed under the Lease, FRANCHISOR shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgment of such release by Landlord.

3. Default and Notice.

- (a) Landlord shall send FRANCHISOR copies of all notices of default it gives to Tenant concurrently with giving such notices to Tenant. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give FRANCHISOR written notice thereof, specifying the defaults Tenant failed to cure. FRANCHISOR has the right, but not the obligation, to unilaterally assume the Lease if Tenant fails to cure. FRANCHISOR shall have 15 days from the date FRANCHISOR receives such notice to exercise, by written notice to Landlord and Tenant, its right for FRANCHISOR or a FRANCHISOR Entity to assume the Lease. FRANCHISOR shall have an additional 15 days from the expiration of Tenant's cure period in which to cure the default or violation.
- (b) All notices to FRANCHISOR must be sent by registered or certified mail, postage prepaid, to the following address:

SAMBAZON USA FRANCHISING LLC
209 Avenida Fabricante, Suite 200
San Clemente, CA 92672
Attention: _____

FRANCHISOR may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and FRANCHISOR of any change in Landlord's mailing address to which notices should be sent.

- 4. Termination, Non-Renewal, Expiration. If the Franchise Agreement is terminated for any reason during the term of the Lease or any extension thereof, FRANCHISOR has the right, but not the obligation, to unilaterally assume the Lease by giving Landlord written notice. Within 30 days after receipt of such notice, Landlord shall give FRANCHISOR written notice specifying any defaults of Tenant under the Lease.
- 5. Access to Premises Following Expiration or Termination of Lease. Upon the expiration or termination of the Lease, Landlord will cooperate with and assist FRANCHISOR in gaining possession of the Premises and if a FRANCHISOR Entity does not elect to enter into a new lease for the Premises with Landlord on terms reasonably acceptable to the FRANCHISOR Entity, Landlord will allow FRANCHISOR to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, except for any damages caused by FRANCHISOR's willful misconduct or gross negligence, to remove all signs, awnings, licensed art work and all other items identifying the Premises as a SAMBAZON® Store and to make such other modifications (such as repainting) as are reasonably necessary to protect the SAMBAZON® marks and system. If FRANCHISOR exercises its option to purchase assets of Tenant, Landlord must permit FRANCHISOR to remove all such assets being purchased by FRANCHISOR.

6. Additional Provisions.

- (a) Landlord hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum.
- (b) Landlord further acknowledges that Tenant is not an agent or employee of FRANCHISOR and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind FRANCHISOR or any affiliate of FRANCHISOR, and that Landlord has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against FRANCHISOR or any affiliate of FRANCHISOR, unless and until the Lease is assigned to, and accepted in writing by, FRANCHISOR or its affiliate.
- (c) FRANCHISOR Entity may elect not to assume or be bound by the terms of any amendment to the Lease executed by Tenant without obtaining FRANCHISOR's prior written approval, which shall not be unreasonably withheld or delayed.

7. Modification. No amendment or variation of the terms of this Addendum is valid unless made in writing and signed by the parties and the parties have obtained the written consent of FRANCHISOR.

8. Reaffirmation of Lease. Except as amended or modified in this Addendum, all of the terms, conditions and covenants of the Lease remain in full force and effect and are incorporated by reference and made a part of this Addendum as though copied herein in full. In the event of any conflict between the terms of this Addendum and those in the Lease, the terms of this Addendum shall control.

9. Beneficiary. Landlord and Tenant expressly agree that FRANCHISOR is a third-party beneficiary of this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the dates written below.

TENANT:

LANDLORD:

By _____
Its _____

By _____
Its _____

Appendix C to the Franchise Agreement
Electronic Transfer of Funds Authorization

Franchisee: _____

Location: _____

Date: _____

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes SAMBAZON USA FRANCHISING LLC, its parent company or any affiliated entity (collectively, "SAMBAZON"), to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Brand Development Fees or other amounts that become payable by the undersigned to SAMBAZON. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by SAMBAZON.

This authorization is binding and will remain in full force and effect until 90 days' prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

Sincerely yours,

*** We also need a VOIDED Check ***

Account Name

Bank Name

Street Address

Branch

City State Zip Code

Street Address

Telephone Number

City State Zip Code

By _____

Bank Telephone Number

Its _____

Bank's Account Number

Date _____

Customer's Account Number

**ACKNOWLEDGMENT ADDENDUM TO
SAMBAZON® FRANCHISE AGREEMENT**

THIS ACKNOWLEDGMENT ADDENDUM DOES NOT APPLY TO CALIFORNIA FRANCHISEES AND CALIFORNIA FRANCHISEES SHOULD NOT SIGN THIS ACKNOWLEDGMENT ADDENDUM. DO NOT SIGN THIS ACKNOWLEDGMENT ADDENDUM IF YOU ARE A RESIDENT OF MARYLAND OR THE BUSINESS IS TO BE OPERATED IN MARYLAND. THIS ACKNOWLEDGMENT ADDENDUM DOES NOT APPLY TO CANDIDATES LOCATED IN, OR FRANCHISED BUSINESSES TO BE LOCATED IN, ANY OF THE FOLLOWING FRANCHISE REGISTRATION STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, or WI.

As you know, you and we are entering into a Franchise Agreement for the operation of a SAMBAZON® franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations.

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least (a) 14 calendar days prior to signing the Franchise Agreement; **or** (b) if you are a resident of **New York**, at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement (or other agreement) or payment of any consideration; **or** (c) if you are a resident of **Iowa or Michigan**, at the earlier of 10 business days before the execution of any binding agreement or payment of any consideration? Check one: ☐ Yes ☐ No. If no, please comment: _____

2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____

3. If the Franchisor made any unilateral changes to the Franchise Agreement, did you receive a copy of the complete revised agreement at least 7 calendar days prior to the date on which the Franchise Agreement was executed? Check one: ☐ Yes ☐ No. If no, please comment: _____

4. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____

5. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document? Check one: ☐ Yes ☐ No. If yes, please state in detail the oral, written or visual claim or representation: _____

6. Except as stated in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of SAMBAZON USA FRANCHISING LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earnings, income or profit levels at any SAMBAZON® location or business, or the likelihood of success at your SAMBAZON store? Check one: ☐ Yes ☐ No. If yes, please state in detail the oral, written or visual claim or representation: _____

7. Did any employee or other person speaking on behalf of SAMBAZON USA FRANCHISING LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document? Check one: ☐ Yes ☐ No. If yes, please comment: _____
8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Store, meaning that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding? Check one: ☐ Yes ☐ No. If no, please comment: _____
9. Do you understand that the success or failure of your Store will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the SAMBAZON® trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Store may change? Check one ☐ Yes ☐ No. If no, please comment: _____
10. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Subsection 10.D and that an injunction is an appropriate remedy to protect the interests of the SAMBAZON® system if you violate the covenant(s)? Further, do you understand that the term “you” for purposes of the non-compete covenants is defined broadly in subsection 10.D, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one ☐ Yes ☐ No. If no, please comment: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under any applicable law that prohibits releases, estoppels or waivers of liability under such law. Should one or more clauses of this Addendum be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Addendum shall be valid and in full force and effect.

Signed: _____
Print Name: _____
Date: _____

EXHIBIT D
AREA DEVELOPMENT AGREEMENT

Sambazon® Area Development Agreement

SAMBAZON USA FRANCHISING LLC

209 Avenida Fabricante, Suite 200, San Clemente, CA 92672

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APPENDICES

- A. DATA SHEET
 - B. DEVELOPMENT TERRITORY
 - C. DEVELOPMENT SCHEDULE
- Acknowledgement Addendum

Sambazon®
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement is made this ____ day of _____, 20____, by and between SAMBAZON USA FRANCHISING LLC, a Nevada limited liability company with its principal business located at 209 Avenida Fabricante, Suite 200, San Clemente, CA 92672 (“we” or “us”), and “Developer” or “you” as identified on the Data Sheet attached as Appendix A (the “Data Sheet”). If the developer is a corporation, partnership, limited liability company or other legal entity, certain provisions of the Agreement also apply to its owners.

RECITALS

A. We and our affiliates have developed a unique system for the operation of quick-service stores identified by the Trademarks (as defined below) and offering and selling to the public açai and other fruit based food and beverage products, including açai and other fruit based smoothies, bowls, energy drinks, frozen desserts, frozen sorbets, superfruit packs and accessories and other healthy food options, using certain standards and specifications;

B. Many of the food and beverage products are prepared according to specified recipes and procedures, some of which include proprietary products;

C. Our parent company, SAMBAZON, Inc. (“Parent”), owns the SAMBAZON® Trademark and other Trademarks used in connection with the operation of a SAMBAZON® store, and Parent has granted to us the right to sublicense the right to use the Trademarks to develop and operate SAMBAZON® stores;

D. You desire to develop and operate several SAMBAZON® stores; and

E. We have agreed to grant you the right to develop several SAMBAZON® stores subject to the terms and conditions of this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

DEFINITIONS

1. For purposes of this Agreement, the terms below have the following definitions:

A. “Gross Sales” shall mean and include all revenue from the sale of all System menu items at the Store or under the Proprietary Marks, barter or exchange, complimentary products, and all other income or revenue of every kind and nature (excluding revenue from the sale of stored value gift cards or gift certificates but including revenue when gift certificates are redeemed or stored value gift cards are debited) related to the Store or the Proprietary Marks, whether for cash or credit or redemption of gift certificates or stored value gift cards, and regardless of collection in the case of credit; provided, however, that Gross Sales shall not include (a) any sales tax collected from customers and transmitted by Licensee to the appropriate taxing authority, (b) all refunds and credits made in good faith to arms’ length customers; and (c) the discount value of all authorized coupons, vouchers or other allowances redeemed by Franchisee. For avoidance of doubt, Gross Sales includes all proceeds from any business interruption insurance, the discount value of all unauthorized coupons, vouchers or other allowances redeemed by Franchisee and all refunds and credits not made to arms’ length customers.

B. “Menu Items” means açai and other fruit based food and beverage products, including açai and other fruit based smoothies, bowls, energy drinks, frozen desserts, frozen sorbets, superfruit packs and accessories and other healthy food options, and other products and beverages prepared according to our specified recipes and procedures, as we may modify and change them from time to time.

C. “Owner” means any person or entity who, now or hereafter, directly or indirectly owns an interest in the developer when the developer is a corporation, limited liability company, or a similar entity other than a partnership entity. If the developer is a partnership entity, then each general partner is an Owner, regardless of the percentage of ownership interest. If the developer is one or more individuals, each individual is an Owner of the developer. Your Owner(s) are identified on the Data Sheet. Every time there is a change in the persons who are your Owners, you must, within 10 days from the date of each change, update the Data Sheet. As used in this Agreement, any reference to Owner includes all Owners.

D. “Stores” means the SAMBAZON® Stores you develop and operate pursuant to this Agreement.

E. “System” means the SAMBAZON® System, which consists of distinctive and high quality açai and other fruit based food and beverage products, including açai and other fruit based smoothies, bowls, energy drinks, frozen desserts, frozen sorbets, superfruit packs and accessories and other healthy foods and beverages as we may designate, prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, artwork, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, ingredients, business techniques, methods and procedures together with sales promotion programs, all of which we may modify and change from time to time.

F. “Trademarks” means the SAMBAZON® trademark and logo that have been registered in the United States and elsewhere, and such other trade names, trademarks, service marks, logos, trade dress, social media indicators, social media handles, and commercial symbols as we may from time to time expressly authorize or direct you, in writing, to use in connection with the operation of the Store. Trade dress includes the designs, color schemes and image we authorize you to use from time to time.

GRANT OF DEVELOPMENT RIGHTS

2. The following provisions control with respect to the rights granted hereunder:

A. We grant to you, under the terms and conditions of this Agreement, the right to develop and operate the number of SAMBAZON® Stores set forth in **Appendix C** (the “Stores”) within the territory described on **Appendix B** (the “Development Territory”).

B. You are bound by the development schedule set forth in **Appendix C** (the “Development Schedule”). Time is of the essence for the development of each Store in accordance with the Development Schedule. Each Store must be developed and operated pursuant to a separate Franchise Agreement that you enter into with us pursuant to Section 4.B below.

C. If you are in compliance with the Development Schedule, we will not develop or operate or grant anyone else a franchise to develop and operate a SAMBAZON® Store (except for Non-Traditional Locations as defined in Section 2.D or as otherwise set forth in Section 2.D) in the

Development Territory prior to the earliest of (i) the expiration or termination of this Agreement; (ii) the date on which you must execute the Franchise Agreement for your last Store pursuant to the terms of the Development Schedule or (iii) the date on which the Authorized Location for your final Store under this Agreement is determined. Notwithstanding anything in this Agreement, upon the earliest occurrence of any of the foregoing events, (a) your development rights hereunder to the Development Territory will expire and (b) we will be entitled to develop and operate, and/or to franchise others to develop and operate, SAMBAZON® Stores in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated. At the time you execute your final Franchise Agreement under the Development Schedule, you must have an Authorized Location for your final Store.

D. The rights granted under this Agreement are limited to the right to develop and operate Stores located in the Development Territory, and do not include (i) any right to sell products and Menu Items identified by the Trademarks at any location or through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), other than at the Stores developed hereunder by you within the Development Territory, (ii) any right to sell products and Menu Items identified by the Trademarks to any person or entity for resale or further distribution, or (iii) any right to exclude, control or impose conditions on our development or operation of franchised, company or affiliate owned Stores at any time or at any location outside of the Development Territory. You may not use the words SAMBAZON® or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other entity.

You acknowledge and agree that except for the express right we grant to you under Section 2.A., we and our affiliates have the right to develop, operate and franchise others the right to develop and operate stores offering and selling the same, similar or different products or services as SAMBAZON® stores, both within and outside the Development Territory, under the SAMBAZON® Trademarks and/or any other trademarks.

We and our affiliates have the right to offer, sell or distribute, within and outside the Development Territory, any other products or services associated with the System (now or in the future) or identified by the Trademarks, or any other trademarks, service marks or trade names, through any other (i.e., non-store) distribution channels or methods, without compensation to any franchisee. These other distribution channels or methods include, without limitation, the Internet (or any other existing or future form of electronic commerce), wholesale distribution, and the Non-Traditional Locations (as defined below).

You acknowledge and agree that certain locations within the Development Territory are by their nature unique and separate in character from sites generally developed as SAMBAZON® stores. As a result, you agree that we have the right to develop or franchise the following locations, whether located inside or outside the Development Territory ("Non-Traditional Locations"): (1) military bases; (2) public transportation facilities, including, without limitation, airports and other transportation terminals; (3) sports facilities, including without limitation arenas, stadiums and race tracks; (4) student unions or other similar buildings on college or university campuses; (5) zoo's, amusement and theme parks; (6) casinos (7) convention centers or community and special events; (8) fair grounds; (9) hospitals and other health care facilities; (10) grocery stores, club stores and convenience stores; (11) food trucks and (12) business and industry locations (e.g. manufacturing site, office building).

We and our affiliates have the right to (a) acquire the assets or ownership interests of one or more businesses, including businesses providing products and services similar to those provided at the SAMBAZON® stores, and may franchise, license or create similar arrangements with respect to these businesses once acquired, under any names or marks, including the Trademarks, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Development Territory); and (b) be acquired (in whole or in part and regardless of the form of transaction) by another business, including a business providing products and services similar to those provided at the SAMBAZON® stores, and even if such business operates, franchises and/or licenses a business(es) that competes with you in the Development Territory.

E. This Agreement is not a Franchise Agreement and you have no right to use in any manner the Trademarks or operate a SAMBAZON® store by virtue of this Agreement. You have no right under this Agreement to sublicense or subfranchise others to operate a business or store or use the System or the Trademarks.

DEVELOPMENT FEE

3. Simultaneously with the execution of this Agreement, you must pay a Development Fee as described below:

A. As consideration for the rights granted in this Agreement, you must pay us a “Development Fee” in the amount designated on the Data Sheet, representing the entire Initial Franchise Fee for your first Store and 50% of the Initial Franchise Fee for each additional Store to be developed under this Agreement.

The Development Fee is consideration for this Agreement and not consideration for any Franchise Agreement, is fully earned by us upon receipt and, except as may be noted in the Franchise Agreement associated with that portion of the Development Fee, is nonrefundable. The part of the Initial Franchise Fee that is included in the Development Fee is credited against the Initial Franchise Fee payable upon the signing of each individual Franchise Agreement as specified in Section 3.B.

B. You must submit a separate application for each Store to be established by you within the Development Territory as further described in Section 4. Upon our consent to the site of your Store, a separate Franchise Agreement must be executed for each such Store, at which time the balance of the Initial Franchise Fee for that Store is due and owing. Such payment represents the balance of the appropriate Initial Franchise Fee, as described above in Section 3.A. Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of such Store.

DEVELOPMENT SCHEDULE

4. The following provisions control with respect to your development rights and obligations:

A. You are bound by and strictly must follow the Development Schedule. By the dates set forth in the Development Schedule, you must enter into Franchise Agreements with us pursuant to this Agreement for the number of Stores described in the Development Schedule. You also must comply with the Development Schedule requirements regarding (i) the opening date for each Store and (ii) the cumulative number of Stores to be open and continuously operating for business in the Development Territory. If you fail to either execute a Franchise Agreement or to

open a Store according to the dates set forth in this Agreement, we have the right to immediately terminate this Agreement pursuant to Section 7.B.

B. You may not develop a Store unless (i) at least 45 days, but no more than 60 days, prior to the date set forth in the Development Schedule for the execution of each Franchise Agreement, you send us a notice (a) requiring that we send you our then-current disclosure documents, (b) confirming your intention to develop the particular Store and (c) sending us all information necessary to complete the Franchise Agreement for the particular Store, and (ii) all of the following conditions have been met (these conditions apply to each Store to be developed in the Development Territory):

1. Your Submission of Proposed Site. You must find a proposed site for the Store which you reasonably believe to conform to our site selection criteria, as modified by us from time to time, and submit to us a complete site report (containing such demographic, commercial, and other information and photographs as we may reasonably require) for such site.

2. Our Consent to Proposed Site. You must receive our written consent to your proposed site. We agree not to unreasonably withhold consent to a proposed site. In approving or disapproving any proposed site, we will consider such matters as we deem material, including demographic characteristics of the proposed site, traffic patterns, visibility, business mix, parking, layout and dimensions of location, physical characteristics of the site, and other commercial characteristics (including the purchase or lease obligations for the proposed site). We may conduct on-site evaluations, as we deem advisable, as part of our evaluation of the site for the Store. Our consent to a proposed site, however, does not in any way constitute a guaranty by us as to the success of the Store.

3. Your Submission of Information. You must furnish to us, at least 30 days prior to the earliest of (i) the date set forth in the Development Schedule by which you must execute a Franchise Agreement or (ii) the actual date in which the Franchise Agreement would be executed, a franchise application for the proposed Store, financial statements and other information regarding you, the operation of any of your other Stores within the Development Territory and the development and operation of the proposed Store (including, without limitation, investment and financing plans for the proposed Store) as we may reasonably require.

4. Your Compliance with Our Then-Current Standards for Franchisees. You must receive written confirmation from us that you meet our then-current standards for franchisees, including financial capability criteria for the development of a new Store. You acknowledge and agree that this requirement is necessary to ensure the proper development and operation of your Stores, and preserve and enhance the reputation and goodwill of all SAMBAZON® stores and the goodwill of the Trademarks. Our confirmation that you meet our then-current standards for the development of a new Store, however, does not in any way constitute a guaranty by us as to your success.

5. Good Standing. You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us or any of our affiliates. You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Stores.

6. Execution of Franchise Agreement. You and we must enter into our then-current form of Franchise Agreement for the proposed Store. You understand that we may modify the then-current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations. You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement. The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Store must be in accordance with the terms of the applicable Franchise Agreement.

C. You must construct and equip each Store in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, design and layout of the building. You may not commence construction on any Store until you have received our written consent to your building plans.

D. You acknowledge that you have conducted an independent investigation of the prospects for the establishment of Stores within the Development Territory, and recognize that the business venture contemplated by this Agreement involves business and economic risks and that your financial and business success will be primarily dependent upon the personal efforts of you and your management and employees. We expressly disclaim the making of, and you acknowledge that you have not received, any estimates, projections, warranties or guaranties, express or implied, regarding potential gross sales, profits, earnings or the financial success of the Stores you develop within the Development Territory except as set forth in Item 19 of our franchise disclosure document.

E. You recognize and acknowledge that this Agreement requires you to open Stores in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, and that future Stores likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Agreement. You are obligated to execute all the Franchise Agreements and open all the Stores on the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment, (ii) the financial condition or performance of your prior Stores, or (iii) any other circumstances, financial or otherwise. The foregoing will not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every condition necessary to develop the Stores.

TERM

5. Unless sooner terminated in accordance with Section 7 of this Agreement and subject to the terms detailed in Section 2.C, the term of this Agreement and all rights granted to you will expire on the date that your last SAMBAZON® Store is scheduled to be opened under the Development Schedule.

YOUR DUTIES

6. You must perform the following obligations:

A. You must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement.

B. You and your owners, officers, directors, shareholders, partners, members and managers (if any) acknowledge that your entire knowledge of the operation of a SAMBAZON® Store and the System, including the knowledge or know-how regarding the specifications, standards and operating procedures of the services and activities, is derived from information we disclose to you and that certain information is proprietary, confidential and constitutes our trade secrets. The term “trade secrets” refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the Internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Stores. You and your owners, officers, directors, shareholders, partners, members and managers (if any), jointly and severally, agree that at all times during and after the term of this Agreement, you will maintain the absolute confidentiality of all such proprietary information and will not disclose, copy, reproduce, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from the individuals identified in the first sentence of this paragraph and other key employees.

C. You must comply with all requirements of federal, state and local laws, rules and regulations.

D. You will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of the Development Fee or other fees that are referenced in this Agreement, whether assessed against you through withholding or other means or paid by us directly. In either case, you shall pay us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us not been required.

DEFAULT AND TERMINATION

7. The following provisions apply with respect to default and termination:

A. The rights and territorial protection granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in Sections 2, 4 and 6 of this Agreement, including the condition that you comply strictly with the Development Schedule.

B. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between you or your affiliates and us or our affiliates. All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency, (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority, (iii) you make a general assignment or other similar arrangement for the benefit of your creditors, (iv) a final judgment remains unsatisfied of record for 30 days or longer (unless supersedeas bond is filed), (v) execution is levied against your business or property, (vi) suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days, or is not in the process of being dismissed, (vii) you fail to

meet the development obligations set forth in the Development Schedule attached as Appendix C, (viii) you fail to comply with any other provision of this Agreement and do not correct the failure within 30 days after written notice of that failure is delivered to you, or (ix) we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

C. If you fail to comply with the Development Schedule, we may terminate this Agreement, reduce the number of Stores you have the right to develop hereunder, terminate or reduce the Development Territory, repurchase any Stores open by you under this Agreement or exercise any other rights and remedies that we may have under the law.

RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION

8. Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate, and:

A. All remaining rights granted to you to develop Stores under this Agreement will automatically be revoked and will be null and void. You will not be entitled to any refund of any fees. You will have no right to develop or operate any business for which a Franchise Agreement has not been executed by us. We will be entitled to develop and operate, or to franchise others to develop and operate, SAMBAZON® Stores in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated.

B. You must immediately cease to operate your business under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former developer of ours except in connection with the business operations of any existing, Stores that have been developed prior to the termination of this Agreement and that are still operating under a valid Franchise Agreement.

C. You must take such action as may be necessary to cancel or assign to us or our designee, at our option, any assumed name or equivalent registration that contains the name or any of the words SAMBAZON® or any other Trademark of ours, and you must furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement.

D. You must assign to us or our designee all your right, title, and interest in and to your telephone numbers and must notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number in any regular, classified or other telephone directory listing associated with the Trademarks and to authorize transfer of same at our direction.

E. You must within 30 days of the termination or expiration pay all sums owing to us and our affiliates.

All unpaid amounts will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In the event of termination for any default by you, the sums due will include all damages, costs, and expenses, including reasonable attorneys' fees and expenses, incurred by us as a result of the default. You also must pay to us all damages, costs and expenses, including reasonable attorneys' fees and expenses that we incur subsequent to the termination or expiration of this

Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

F. If this Agreement is terminated, you may continue to operate any Stores open and operating at the time of the termination, unless the termination of this Agreement constitutes a termination under the terms of the separate Franchise Agreement for each Store. Under such circumstances, we will have the option to purchase from you all assets used in the Stores that have been developed prior to the termination of this Agreement.

We have the unrestricted right to assign this option to purchase. We or our assignee will be entitled to all customary warranties and representations given by the seller of a business including, without limitation, representations and warranties as to (i) ownership, condition and title to assets; (ii) liens and encumbrances relating to the assets; and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise. The purchase price for the assets of the Stores will be determined in accordance with the post-termination purchase option provision in the individual Franchise Agreement for each Store (with the purchase price to include the value of any goodwill of the business attributable to your operation of the Store if you are in compliance with the terms and conditions of the Franchise Agreement for that Store). The purchase price must be paid in cash at the closing of the purchase, which must take place no later than 90 days after your receipt of notice of exercise of this option to purchase, at which time you must deliver instruments transferring to us or our assignee: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you; and (ii) all licenses and permits of the Stores that may be assigned or transferred. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. We have the right to set off against and reduce the purchase price by any and all amounts owed by you to us, and the amount of any encumbrances or liens against the assets or any obligations assumed by us. You and each holder of an interest in you must indemnify us and our affiliates against all liabilities not so assumed. You must maintain in force all insurance policies required pursuant to the applicable Franchise Agreement until the closing on the sale.

G. All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

TRANSFER

9. The following provisions govern any transfer:

A. We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity.

B. This Agreement is entered into by us with specific reliance upon your personal experience, skills and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and will remain personal to you. You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent and you transfer your rights and interests under the relevant Franchise Agreements for Stores in the Development Territory as dictated by the circumstances. In this event, the transferee will be required, as a condition of approval of the transfer, to assume transferor's development obligations, including the payment of any remaining initial franchise fees. Accordingly, the assignment terms

and conditions of the Franchise Agreements will apply to any Transfer of your rights and interests under this Agreement. As used in this Agreement, the term "Transfer" means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you.

MISCELLANEOUS

10. The parties agree to the following provisions:

A. You agree to indemnify, defend, and hold us, our affiliates and our officers, directors, managers, members, shareholders, representatives and employees harmless from and against any and all claims, losses, damages and liabilities, however caused, arising directly or indirectly from, as a result of, or in connection with, the development, use and operation of your Stores, as well as the costs, including attorneys' fees, of defending against them ("Franchise Claims"). Franchise Claims include, but are not limited to, those arising from any death, personal injury or property damage (whether caused wholly or in part through our or our affiliates' active or passive negligence), latent or other defects in any Store, or your employment practices. If a Franchise Claim is made against us or our affiliates, we reserve the right in our sole judgment to select our own legal counsel to represent our interests, at your cost.

B. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses.

C. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. This Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us.

D. This Agreement together with all schedules, addenda and appendices to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document we furnished to you.

E. Except as otherwise provided in this Agreement, any notice, demand or communication provided for must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows:

1. If intended for us, addressed to:

SAMBAZON USA FRANCHISING LLC
209 Avenida Fabricante, Suite 200
San Clemente, CA 92672

2. If intended for you, addressed to you at the address set forth on the Data Sheet; or,

in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

F. Any modification, consent, approval, authorization or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by the Owner or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents.

G. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 10.N of this Agreement, the parties' rights under this Agreement, and the relationship between the parties, is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state in which the Development Territory is located, excluding any conflicts of laws provisions.

2. Our Rights. Whenever this Agreement provides that we have 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, although this right does not modify the express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree 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. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

H. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 10.N must be brought in the state or federal district court located in Orange County, California. Both parties irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding, agree to be bound in the manner set forth.

I. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

J. You and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

K. If you are a corporation, partnership, limited liability company, partnership or other legal entity, all of your owners must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes an owner must also execute the form of undertaking and guarantee at the end of this Agreement.

L. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other 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.

M. In the event of any failure of performance of this Agreement according to its terms by any party (other than payment of money), the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, strikes, wars, riots and acts of government except as may be specifically provided for elsewhere in this Agreement.

N. Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or the business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis, and the parties and arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or proceeding involving third parties. If a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts. The arbitration must take place in Orange County, California, or such other place as we mutually agree. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least 5 years of significant experience in franchise law. A judgment may be entered upon the arbitration award by any state or federal court in the state where we maintain our headquarters. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set.

Before any party may bring an action in court or against the other, or commence an arbitration proceeding (except as noted below), the parties must first meet to mediate the dispute. Specifically, no litigation or arbitration action may be commenced until the earlier of thirty (30) days from written notice by one party to the other of a request to initiate mediation, or the mutual agreement by both parties that mediation has been unsuccessful if the notified party fails to respond to the requesting party within thirty (30) days of notification. The mediation will be held in Orange County, California. Any such mediation will be non-binding and conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. Prior to the mediation, each party involved in the mediation must sign the standard confidentiality agreement designated by us or the mediator. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the dispute or any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law

governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purposes; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation. The parties will share equally all fees and expenses of the mediator.

Nothing in this Agreement bars either party's right to obtain injunctive relief against threatened conduct that will cause loss or damages to the other party, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Furthermore, we and our affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons: to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Store or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs.

O. We will designate the "Effective Date" of this Agreement in the space provided on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement.

IN WITNESS WHEREOF, the parties have executed the foregoing Agreement as of the dates written below.

DEVELOPER:

FRANCHISOR

SAMBAZON USA FRANCHISING LLC

Date: _____

Date: _____

By: _____

By: _____

Title: _____

Title: _____

Witness: _____

(Please type or print)

Signature: _____

Date: _____

By: _____

Title: _____

Witness: _____

(Please type or print)

Signature: _____

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND

PERSONALLY BY THE TERMS AND CONDITIONS
OF THE AREA DEVELOPMENT AGREEMENT

In consideration of the execution of the Area Development Agreement (the "Agreement") between SAMBAZON USA FRANCHISING LLC ("we" or "us") and _____ (the "Developer"), dated _____, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Developer, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned waives (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Developer or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Developer.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Developer or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Developer's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Developer with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

DEVELOPER: _____

PERSONAL GUARANTORS:

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City

State

Zip Code

Telephone

Individually

Print Name

Address

City

State

Zip Code

Telephone

APPENDIX A

DATA SHEET

1. **Developer:** _____

2. **Development Fee.** The amount of the Development Fee you must pay to us pursuant to Section 3.A is \$ _____.

3. **Owner(s).** You represent and warrant to us that the following person(s) or entity(ies), and only the following person(s) or entity(ies), will be your Owner(s):

Name	Home Address	Percentage of Ownership

4. **Effective Date:** _____

YOU:

WE: SAMBAZON USA FRANCHISING LLC

By: _____ By: _____

Title: _____ Title: _____

APPENDIX B

DESCRIPTION OF DEVELOPMENT TERRITORY

DEVELOPER:

FRANCHISOR

SAMBAZON USA FRANCHISING LLC

By: _____

Title: _____

By: _____

Title: _____

By: _____

Title: _____

APPENDIX C

DEVELOPMENT SCHEDULE

You acknowledge and agree that a material provision of the Area Development Agreement is that the following number of SAMBAZON® Stores must be opened and continuously operating in the Development Territory in accordance with the following Development Schedule:

Store Number	Date by Which Franchise Agreement Must be Signed	Date by Which the Store Must be Opened and Continuously Operating for Business in the Territory	Cumulative number of Stores Required to be Open and Continuously Operating for Business in the Development Territory as of the Date in Preceding Column
1			1
2			2

For purposes of determining compliance with the above Development Schedule, only the Stores actually open and continuously operating for business in the Development Territory as of a given date will be counted toward the number of Stores required to be open and continuously operating for business.

DEVELOPER:

FRANCHISOR

SAMBAZON USA FRANCHISING LLC

By: _____

Title: _____

By: _____

Title: _____

By: _____

Title: _____

**ACKNOWLEDGMENT ADDENDUM TO
SAMBAZON®™ AREA DEVELOPMENT AGREEMENT**

THIS ACKNOWLEDGMENT ADDENDUM DOES NOT APPLY TO CALIFORNIA FRANCHISEES AND CALIFORNIA FRANCHISEES SHOULD NOT SIGN THIS ACKNOWLEDGMENT ADDENDUM. DO NOT SIGN THIS ACKNOWLEDGMENT ADDENDUM IF YOU ARE A RESIDENT OF MARYLAND OR THE BUSINESS IS TO BE OPERATED IN MARYLAND. THIS ACKNOWLEDGMENT ADDENDUM DOES NOT APPLY TO CANDIDATES LOCATED IN, OR FRANCHISED BUSINESSES TO BE LOCATED IN, ANY OF THE FOLLOWING FRANCHISE REGISTRATION STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, or WI.

As you know, you and we are entering into Area Development Agreement for the development and operation of SAMBAZON®™ stores. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the California Franchise Relations Act, the California Franchise Investment Law, the Illinois Franchise Disclosure Act, the Maryland Franchise Registration and Disclosure Law or any other applicable law that prohibits releases, estoppels or waivers of liability under such law. Should one or more clauses of this Addendum be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Addendum shall be valid and in full force and effect.

Acknowledgments and Representations.

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Area Development Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____

2. Have you studied and reviewed carefully our Disclosure Document and Area Development Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____

3. Did you understand all the information contained in both the Disclosure Document and Area Development Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____

4. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document? Check one: ☐ Yes ☐ No. If yes, please state in detail the oral, written or visual claim or representation: _____

5. Except as stated in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of SAMBAZON USA FRANCHISING LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any SAMBAZON® location or business, or

the likelihood of success at your franchised business? Check one: ☐ Yes ☐ No. If yes, please state in detail the oral, written or visual claim or representation: _____

6. Did any employee or other person speaking on behalf of SAMBAZON USA FRANCHISING LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document? Check one: ☐ Yes ☐ No. If yes, please comment: _____

7. Do you understand that the success or failure of the development and operation of your Stores will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the SAMBAZON® trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Store may change? Check one ☐ Yes ☐ No. If no, please comment: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under any applicable law that prohibits releases, estoppels or waivers of liability under such law. Should one or more clauses of this Addendum be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Addendum shall be valid and in full force and effect.

Signed: _____

Print Name: _____

Date: _____

Signed: _____

Print Name: _____

Date: _____

Signed: _____

Print Name: _____

Date: _____

EXHIBIT E
OPERATIONS MANUAL TABLE OF CONTENTS

<u>Subject</u>	<u>Number of Pages per Subject</u>
-----------------------	---

1. Who We Are	15
2. Brand Design Standards	20
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6. Appendix	7

Total Number of pages: 118

EXHIBIT F
SAMPLE RELEASE

RELEASE OF CLAIMS

For and in consideration of the agreements and covenants described below, SAMBAZON USA FRANCHISING LLC (“Franchisor”), and _____ (“Franchisee”), enter into this Release of Claims (the “Agreement”) as of the date Franchisor signs below (the “Effective Date”).

RECITALS

A. Franchisor and Franchisee entered into a Franchise Agreement dated _____, _____, pursuant to which Franchisee received the right and the obligation to operate a SAMBAZON store at the following location _____ (the “Store”).

B. [NOTE: Describe the circumstances relating to the release.]

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release of Claims by Franchisor.** [NOTE: Only included in the event of a termination or transfer.] Except as provided below and in consideration of, and only upon full payment of \$_____ to Franchisor, and the other terms and conditions of this Agreement, the receipt and sufficiency of which are hereby acknowledged, Franchisor, for itself and for each of its affiliates, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives (collectively, “Franchisor Releasor”), does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns (collectively, “Franchisee Releasees”) of, from, in respect of and in relation to any and all actions, causes of actions, suits, proceedings, claims (including, but not limited to, claims for attorney’s fees), complaints, charges, judgments and demands, executions, debts, obligations, liabilities, costs and expenses, damages, of any kind whatsoever, whether liquidated or unliquidated, joint or several, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, which the Franchisor Releasor ever had, now has or which Franchisor Releasor hereinafter can, will or may have, against Franchisee Releasees related to, arising from, for, upon or by reason of any matter, cause or thing whatsoever, through the Effective Date, related to the Franchise Agreement. This release does not release Franchisee Releasees for any post-termination obligations, including any indemnification, confidentiality or covenant not to compete obligations contained in the Franchise Agreement. Further, this release does not release Franchisee Releasees from any obligations he or they may have under this Agreement.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which are hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns and on behalf of any other party claiming an interest through Franchisee, in their corporate and individual capacities (collectively, “Franchisee Releasor”), does hereby release and forever discharge Franchisor and its affiliates, subsidiaries, divisions, insurers, indemnitors, attorneys, predecessors, successors, and assigns, together with all of their respective past and present directors, officers, shareholders, employees, attorneys, agents, heirs, executors, administrators, assigns and representatives, in their corporate and individual capacities (collectively, “Franchisor Releasees”), of, from, in respect of and in relation to any and all actions, causes of actions, suits, proceedings, claims (including, but not limited to, claims for attorney’s fees), complaints, charges, judgments and demands, executions, debts, obligations, liabilities, costs and expenses, damages, of any kind whatsoever, whether liquidated or unliquidated, joint or several, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, which the Franchisee Releasor ever had, now has or which Franchisee Releasor hereinafter can, will or may have, against Franchisor Releasees related to, arising from, for, upon or by reason of any matter, cause or thing whatsoever, through the Effective Date, for known or unknown damages or other losses, including but not limited to any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any agreement between the Franchisee Releasor and Franchisor Releasees or the relationship between Franchisee Releasor and Franchisee Releasees through and including the Effective Date.

6. **Unconditional General Release.** The releases of the claims as set forth above in Section 4 and Section 5 are intended by the Franchisor Releasor and Franchisee Releasor (each a “Releasor”) to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all

claims of any nature, whether or not known, expected or anticipated to exist in favor of the Franchisee Releasees and Franchisor Releasees (each a “Releasee”), respectively, regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, each Releasor acknowledges that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasor’s intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. Each Releasor acknowledges that Releasor has had adequate opportunity to gather all information necessary to enter into this Agreement and to grant the releases contained herein, and needs no further information or knowledge of any kind that would otherwise influence the decision to enter into this Agreement and the releases contained herein. Each Releasor, for itself and its heirs, successors and assigns, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties’ relationship. Each Releasor acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor or released party.”

7. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the laws of the state in which the Store is located.

10. **Attorneys’ Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party’s attorneys’ fees and costs incurred by reason of the breach.

Dated: _____

SAMBAZON USA FRANCHISING LLC

By _____

Its _____

Dated: _____

FRANCHISEE: _____

By _____

EXHIBIT G
LIST OF FRANCHISEES

Below are the names, addresses and telephone numbers for each franchisee (and affiliated area developers*) that had a Store open as of June 30, 2024:

None.

Franchisees and area developers that had not opened a Store yet as of June 30, 2024:

None.

Franchisees that Left the System During the fiscal year ended June 30, 2024:

None.

EXHIBIT H
STATE ADDENDA

**RIDER TO THE STATE ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA,
MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND,
SOUTH DAKOTA, VIRGINIA, WASHINGTON, AND WISCONSIN**

This Rider to the State Addendum to the Franchise Disclosure Document and Franchise Agreement is entered into by and between SAMBAZON USA FRANCHISING LLC, a Nevada limited liability company with an address of 209 Avenida Fabricante, Suite 200, San Clemente CA 92672 (“Franchisor”) and _____, individually, with an address of _____ (“Franchisee”).

A. This Rider is being signed because (i) the franchised Store that Franchisee will operate under the Agreement will be located in one of the states listed in the heading of this Rider (the “Applicable Franchise Registration State”); and/or (ii) any of the franchise offering or sales activity with respect to the Agreement occurred in the Applicable Franchise Registration State.

B. Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement and/or an Area Development Agreement (collectively, the “Agreement”) and wish to amend the Agreement as provided herein.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. The following language is hereby added to the end of the Agreement:

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

2. Except as provided in this Rider, the Agreement remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

Signed on this _____ day of _____, 20__.

FRANCHISEE: _____

By: _____

Name/Title: _____

Accepted as of the _____ day of _____, 20__, in _____.

SAMBAZON USA FRANCHISING LLC

By: _____

Name/title: _____

CALIFORNIA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

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.

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

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

The following statement is added to Item 3:

Neither Franchisor nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 8.78(a) et seq., suspending or expelling such persons from membership in such association or exchange.

The following statements are added to Item 17:

1. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring 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 Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
2. California Corporations Code, Section 31125 requires us to give you a Disclosure Document, approved by the Department of Business Oversight prior to a solicitation of a proposed material modification of an existing franchise.
3. 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.
4. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
5. 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.
6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

7. The franchise agreement requires binding arbitration. The arbitration will occur in the county where our headquarters are then located (currently, Orange County, California) with the costs being borne by the non-prevailing party.

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.

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

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR CALIFORNIA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____ between SAMBAZON USA FRANCHISING LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of California; (b) Franchisee is a resident of the State of California; and/or (c) the Franchised Business will be located or operated in the State of California.
2. California Business and Professions Code Sections 20000 through 20043, the California Franchise Relations Act, 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.
3. 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.
4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISOR:
SAMBAZON USA FRANCHISING LLC

FRANCHISEE:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
REQUIRED FOR CALIFORNIA DEVELOPERS

This Addendum to the Area Development Agreement (“Development Agreement”) dated _____ between SAMBAZON USA FRANCHISING LLC (“Franchisor”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Developer was made in the State of California; (b) Developer is a resident of the State of California; and/or (c) the Development Territory will be located or operated in the State of California.
2. California Business and Professions Code Sections 20000 through 20043, the California Franchise Relations Act, provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Area Development Agreement contains a provision that is inconsistent with the law, the law will control.
3. 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.
4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
5. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

FRANCHISOR:
SAMBAZON USA FRANCHISING LLC

DEVELOPER:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF HAWAII**

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

BASED UPON THE FRANCHISOR'S FINANCIAL CONDITION, THE STATE OF HAWAII HAS IMPOSED A FEE DEFERRAL. THEREFORE, ALL INITIAL FEES AND PAYMENTS OWED BY FRANCHISEES SHALL BE DEFERRED UNTIL THE FRANCHISOR COMPLETES ITS PRE-OPENING OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. IN ADDITION, ALL DEVELOPMENT FEES AND INITIAL PAYMENTS BY AREA DEVELOPERS SHALL BE DEFERRED FOR EACH FRANCHISED OUTLET TO BE DEVELOPED PURSUANT TO THE AREA DEVELOPMENT AGREEMENT.

ILLINOIS ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosures. The following statement is added to Item 17:

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

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

Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois may be unenforceable as to any cause of action which otherwise is enforceable in the courts of the State of Illinois.

Except for those cases in which Franchisor is entitled to the entry of temporary and permanent injunctions and orders of specific performance in accordance with the terms of the Franchise Agreement and claims of promissory fraud, all disputes must be arbitrated in the county in which Franchisor's principal offices are located at the time the demand for arbitration is filed.

The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Illinois law governs the franchise agreements.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Franchise Agreement (“Franchise Agreement”) dated _____ between SAMBAZON USA FRANCHISING LLC (“Franchisor”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois; (b) Franchisee is a resident of the State of Illinois; and/or (c) the Franchised Business will be located or operated in the State of Illinois.
2. The following sentence is added to the end of Section 15.I:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.
3. The last sentence of Section 15.H(1) is deleted and replaced by the following:

Notwithstanding anything herein to the contrary, Illinois law governs the agreements between the parties to this franchise.
4. 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.
5. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of the State of Illinois is void.” To the extent that any provision in the Franchise Agreement is inconsistent with Illinois law, Illinois law will control.
6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
7. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.

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

FRANCHISOR:
SAMBAZON USA FRANCHISING LLC

FRANCHISEE:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
REQUIRED FOR ILLINOIS DEVELOPERS

This Addendum to the Area Development Agreement (“Development Agreement”) dated _____ between SAMBAZON USA FRANCHISING LLC (“Franchisor”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Developer was made in the State of Illinois; (b) Developer is a resident of the State of Illinois; and/or (c) the Development Territory will be located or operated in the State of Illinois.

2. Section 10.G(1) is modified to include the following:

Notwithstanding anything herein to the contrary, Illinois law governs the agreements between the parties to this franchise.

3. The following Sentence is added to the end of Section 10.H:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Area Development Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Area Development Agreement may provide for arbitration in a forum outside of Illinois.

4. Your rights upon termination and non-renewal of the Development Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of the State of Illinois is void.” To the extent that any provision of the Area Development Agreement is inconsistent with Illinois law, Illinois law will control.

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

6. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.

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

FRANCHISOR:
SAMBAZON USA FRANCHISING LLC

By: _____

Printed Name: _____

Title: _____

Date: _____

DEVELOPER:

By: _____

Printed Name: _____

Title: _____

Date: _____

INDIANA ADDENDUM TO DISCLOSURE DOCUMENT

Nothing in this disclosure document or the franchise agreement is intended to be contrary to the provisions of the “Deceptive Franchise Practices” law of Indiana, which is contained in Indiana Code, Title 23, Article 2, Chapter 2.7, Sections 1 through 7 as amended (“Indiana Franchise Practices Law”). In the event of any conflict between any provision of the franchise agreement and the Indiana Franchise Practices Law the Indiana law will control, but in that case, the provision of the franchise agreement affected will be limited only to the extent necessary to bring it within the requirement of the law and, to that extent, that provision shall be deemed to have been omitted from the franchise agreement as of the date of execution of the franchise agreement. This will not affect the validity of any remaining portion of the franchise agreement.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

1. Item 11: To obtain an accounting of the Brand Development Fund, the franchisee should contact the Franchisor's President or Vice President in writing.
2. Items 17 (c) and (m) are modified to state that any general releases you sign as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Item 17(h) is modified to state that the agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce it to the extent the law allows.
4. Item 17(v) is modified to state that you may, subject to your obligations in the franchise agreement, bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law; provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland.
5. Item 17(w) is modified to state that the law of the Authorized Location applies, except as otherwise required by applicable law for claims arising under the Maryland Franchise Registration and Disclosure Law.
6. Item 17 is modified to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise and Disclosure Law (MD CODE ANN., BUS. REG. §§ 14-201 through 14-233) are met independently without reference to this Addendum.

**ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF MARYLAND**

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between SAMBAZON USA FRANCHISING LLC, a Nevada limited liability company with an address of 209 Avenida Fabricante, Suite 200, San Clemente CA 92672 (“Franchisor”) and _____, individually, _____ with _____ an _____ address _____ of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) Franchisee is a resident of the State of Maryland, and/or (b) the Franchised Business will be located or operated in Maryland.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 8.A, **Brand Development Fund**, is amended by adding the following language:

“To obtain an accounting of the Brand Development Fund, you should contact our President or Vice President in writing.”

3. Section 4.B, **Renewal**, and Section 11.D, **Conditions of Transfer** are amended by adding the following language:

“However, such general release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.”

4. Section 13.B, **Termination by Us**, is amended by adding the following language:

“(Termination upon insolvency might not be enforceable under federal insolvency law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce this provision to the maximum extent the law allows.)”

5. Section 15.H.1, **Applicable Law and Waiver**, and Section 15.I, **Venue**, are amended by adding the following language:

“Subject to your arbitration obligations, a franchisee in Maryland may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law; provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland.”

6. Section 14.C, **Claims**, is amended to add the following:

“However, the limitation of such claims shall not act to reduce the three (3) year statute of limitations afforded to you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.”

7. The Franchise Agreement is amended by adding the following language at the end of the document:

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

8. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise and Disclosure Law (MD CODE ANN., BUS. REG. §§ 14-201 through 14-233) are met independently without reference to this Addendum.

9. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

FRANCHISOR:
SAMBAZON USA FRANCHISING LLC

FRANCHISEE:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

The following information applies to franchises and franchisees subject to Minnesota statutes and regulations.

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
3. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name to the extent required by Minn. Stat. Sec. 80C.12, Subd. 1(g). Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
6. Any limitation on claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
7. 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.

ADDENDUM TO FRANCHISE AGREEMENT FOR RESIDENTS OF MINNESOTA

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between SAMBAZON USA FRANCHISING LLC, a Nevada limited liability company with an address of 209 Avenida Fabricante, Suite 200, San Clemente CA 92672 (“Franchisor”) and _____, individually, with an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the franchised business that Franchisee will operate under the Agreement will be located in Minnesota; and/or (b) any of the franchise offering or sales activity with respect to the Agreement occurred in Minnesota.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 4.B, **Renewal**, is amended by adding the following language:

“Unless the failure to renew your license is for good cause as defined in Minnesota Statutes Section 80C.14, Subdivision 3, Paragraph (b), and you have failed to correct the reasons for termination as required by Subdivision 3, we may not fail to renew your license unless:

(1) You have been given written notice of the intention not to renew at least 180 days in advance of the expiration of this Agreement; and

(2) You have been given an opportunity to operate the franchised business over a sufficient period of time to enable you to recover the fair market value of the franchised business as a going concern, as determined and measured from the date of the failure to renew. We may not refuse to renew your license if our refusal is for the purpose of converting the franchised business premises, or the franchise, to an operation that will be owned by us for our own account.

Any release required by us as a condition of renewal of the franchise will not apply to the extent that such release is specifically prohibited by the Minnesota Franchise Law.”

3. Section 3.D, **Litigation**, is amended by adding the following language

“The Minnesota Department of Commerce requires that we indemnify you against liability to third parties resulting from claims by third parties that your use of our Mark infringes the trademark rights of the third party. We do not indemnify against the consequences of your use of our Mark except in accordance with the requirements of this Agreement, and, as a condition to indemnification, you must provide notice to us of any such claim and tender defense of the claim to us. If we accept the tender of defense, we have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, or whether to appeal a final determination of the claim.”

4. Section 11.D.6, **General Release**, is hereby deleted from the Agreement in accordance with Minnesota Rule 2860.4400D.

5. Section 13.B, **Termination By Us**, is hereby amended by adding the following language:

“Pursuant to Minn. Stat. Sec. 80C.14, Subdivisions 4 & 5, no person may terminate or cancel a franchise unless (i) that person has given notice setting forth all the reasons for the termination or cancellation at least 90 days in advance of termination or cancellation, and (ii) the recipient of the notice fails to correct the reasons stated for termination or cancellation in the notice within 60 days of receipt of the notice; except that the notice is effective immediately upon receipt where the alleged grounds for termination or cancellation are:

- (1) voluntary abandonment of the franchise relationship by you;
- (2) the conviction of you of an offense that is directly related to the business conducted pursuant to the franchise; or
- (3) failure to cure a default under this Agreement which materially impairs the goodwill associated with our trade name, trademark, service mark, logotype or other commercial symbol after you have received written notice to cure at least twenty-four (24) hours in advance thereof.

No person may terminate or cancel a franchise except for good cause. “Good cause” means failure by you to substantially comply with the material and reasonable franchise requirements imposed by us including, but not limited to:

- (1) your bankruptcy or insolvency;
- (2) a voluntary or involuntary assignment for the benefit of creditors or any type of similar disposition of the assets of the Business;
- (3) voluntary abandonment of the Business;
- (4) your conviction or your plea of guilty or no contest to a charge of violating any law relating to the Business; or
- (5) any act or conduct which materially impairs the goodwill associated with our trademark, trade name, service mark, logo or other commercial symbol.”

6. Section 12.B, **Injunctive Relief**, is amended by adding the following language:

“Under Minnesota law, we may seek a restraining order, injunction and such other equitable relief as may be appropriate, but we are not automatically entitled to such relief and you have not automatically consented to such relief.”

7. Section 15.H.1, **Applicable Law and Waiver**, and Section 14.J., **Jury Waiver**, are amended by adding:

“Pursuant to Minnesota Statutes Section 80C.21 and Minnesota Rule Part 2860.4400J, and subject to your arbitration obligations, this section shall not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota and the right to bring a cause of action within three years after the cause of action accrues. You cannot be required to consent to the waiver of a jury trial.”

8. The Franchise Agreement is amended by adding the following language at the end of the document:

“No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii)

disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

9. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota state franchise law (MINN. STAT. §§ 80C.01 through 80C.22) are met independently without reference to this Addendum.

FRANCHISOR:
SAMBAZON USA FRANCHISING LLC

FRANCHISEE:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.

REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

5. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDENDUM TO FRANCHISE AGREEMENT FOR RESIDENTS OF NEW YORK

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between SAMBAZON USA FRANCHISING LLC, a Nevada limited liability company with an address of 209 Avenida Fabricante, Suite 200, San Clemente CA 92672 (“Franchisor”) and _____, individually, with an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously entered into a Franchise Agreement (the “Agreement”) and wish to amend certain items of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the franchised Business that you will operate under the Agreement was made in the State of New York, and/or (b) Franchisee is a resident of New York and will operate the franchised Business in New York.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties hereby agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 4.B, **Renewal**, and Section 10.D.6, **General Release**, are amended by adding the following:

“All rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied.”

3. Section 9.B, **Indemnification**, is amended by adding the following:

“Notwithstanding anything contained herein to the contrary, you shall not be required to indemnify for any claims arising out of our breach of this Agreement or other civil wrongs by us.”

4. Section 12.C, **Termination by You**, is amended to provide that Franchisee may terminate the Franchise Agreement on any grounds available to Franchisee pursuant to applicable law.

5. Section 14.G.1, **Applicable Law and Waiver**, and Section 14.H, **Venue**, are amended by adding:

“The foregoing choice of law shall not be considered a waiver of any right conferred upon us or you by the provisions of Article 33 of the General Business Law of the State of New York.”

6. Section 13.B, **Claims**, is amended to add the following:

“However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.”

7. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York state franchise law (N.Y. GEN. BUS. LAW §§ 680 through 695) are met independently without reference to this Addendum.

FRANCHISOR:
SAMBAZON USA FRANCHISING LLC

FRANCHISEE:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

1. Item 17(v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act (19 R.I. GEN. LAWS §§ 19-28.1-1 through 19-28.1-34) are met independently without reference to this Addendum.

**ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF RHODE ISLAND**

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between SAMBAZON USA FRANCHISING LLC, a Nevada limited liability company with an address of 209 Avenida Fabricante, Suite 200, San Clemente CA 92672 (“Franchisor”) and _____, individually, with an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that Franchisee will operate under the Agreement was made in the State of Rhode Island, and/or (b) Franchisee is a resident of Rhode Island and the Franchised Business will be located in Rhode Island.

NOW, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 14.G.1, **Applicable Law and Waiver**, and Section 14.H, **Venue**, are amended by adding:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Each provision set forth in this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act (19 R.I. GEN. LAWS §§ 19-28.1-1 through 19-28.1-34) are met independently without reference to this Addendum.

FRANCHISOR:
SAMBAZON USA FRANCHISING LLC

FRANCHISEE:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

VIRGINIA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosure. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Franchisor for use in the Commonwealth of Virginia shall be amended as follows:

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

EXHIBIT I
ASSIGNMENT AND CONSENT

ASSIGNMENT AND CONSENT AGREEMENT

This Assignment and Consent Agreement (this “Agreement”) is made effective as of the date Franchisor signs below (the “Effective Date”) and is entered into by and among [] (“Franchisee”), and [] (a “Franchisee Principal(s)”) (Franchisee and Franchisee Principal(s) collectively referred to as “Assignor”), [] (“Assignee”), and SAMBAZON USA FRANCHISING LLC, a Nevada limited liability company having a principal place of business at 209 Avenida Fabricante, Suite 200, San Clemente, CA 92672 (“Franchisor”). All capitalized terms not defined in this Agreement have the respective meanings set forth in the Old Franchise Agreement (as defined below).

RECITALS

A. Franchisor and Assignor are parties to a SAMBAZON® Franchise Agreement dated [] (the “Old Franchise Agreement”), pursuant to which Assignor was granted the right to operate SAMBAZON® store at the following location: _____ (the “Franchised Business”).

B. Assignor desires to assign to Assignee all right, title and interest in the Franchised Business, including the franchise rights for the Franchised Business (the “Assignment”); Assignee wishes to accept the Assignment and, as of the Effective Date, assume all of the duties, obligations, and liabilities of Assignor related thereto by entering into a purchase and sale agreement with Assignor and by signing a franchise agreement with Franchisor.

C. Assignor represents that there is no dispute related to the offer and sale of the Old Franchise Agreement or Franchised Business, and further represents that Assignor has no claims against Franchisor under applicable laws.

D. In consideration of Assignor’s request for the Assignment and the representations set forth in Recital C above, Franchisor is willing to consent to the Assignment as of the Effective Date, subject to the provisions stated below, and Assignor agrees to settle all known and unknown disputes it may have against Franchisor, if any, that exist as of the Effective Date.

AGREEMENTS

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignment and Assumption. Assignor assigns to Assignee all right, title and interest in and to the Franchised Business, including the franchise rights for the Franchised Business. Assignee unconditionally assumes and accepts the Assignment of the Franchised Business, including the franchise rights for the Franchised Business, and agrees to be bound by all duties, obligations, and liabilities of the Assignor related thereto.

2. Signing of Current Form of Franchise Agreement. As a condition of Franchisor’s consent to the Assignment, Assignee agrees to sign Franchisor’s then-current form of franchise agreement (the “New Franchise Agreement”). Assignee acknowledges that the terms and conditions of the New Franchise Agreement may be different from the terms and conditions of the Old Franchise Agreement. Prior to the Effective Date, Assignee shall deliver to Franchisor two signed copies of the New Franchise Agreement, along with the executed copies of this Agreement.

3. Termination of Old Franchise Agreement. All parties agree that the Old Franchise Agreement is terminated as of the effective date of the New Franchise Agreement with no further force and effect, except for the post-termination obligations identified in Section 12 below.

4. Status of Assignor Following Assignment. Upon and after the Effective Date and subject to Section 12 below, Assignor will have no interest in and will no longer be responsible or liable for (a) the Franchised Business, (b) the franchise rights for the Franchised Business, or (c) the Old Franchise Agreement. Assignor, however, will remain liable for any responsibilities, obligations, and liabilities related to the Old Franchise Agreement and the Franchised Business up to the Effective Date, including all monetary obligations due to Franchisor, its affiliates, and other third parties under the Old Franchise Agreement that have accrued as of the Effective Date and all post-termination obligations identified in Section 12 below.

5. Assignee Principals. If Assignee is an entity, Assignee represents and warrants to Franchisor and Assignor that the following individuals and/or entities are the sole owners of Assignee (the “Assignee Principals”):

Name of Principal Owner	Percentage of Ownership in Assignee (total must equal 100%)
Total	100%

6. Payment of Transfer Fee. On or before the Effective Date, Franchisor must receive a transfer fee in the amount of \$[_____], as referenced in Section 11.C. of the Old Franchise Agreement.

7. Training. On or before the Effective Date, Assignee must complete Franchisor’s training requirements.

8. Payment of Fees Owed to Franchisor; Delivery of Reports. On or before the Effective Date, all fees owed by Assignor to Franchisor, its affiliates or suppliers or upon which Franchisor or its affiliates have any contingent liability, under or related to the Old Franchise Agreement (the “Fees Owed”) must be paid in full. Accordingly, on or before the Effective Date, Assignor or Assignee must deliver the full amount of Fees Owed to Franchisor, its affiliate(s) and/or suppliers. In addition, on or before the Effective Date, Assignor must deliver to Franchisor any and all reports required to be delivered under the Old Franchise Agreement, including without limitation reports related to any Fees Owed and any financial and other reports relating to the Franchised Business and its operations as Franchisor may request pursuant to Section 9.H of the Franchise Agreement in order for Franchisor and/or assignee to evaluate the Franchised Business and the proposed transfer.

9. Personal Guarantee. Each Assignee Principal who is a Principal Owner must execute a personal guarantee in the form attached to the New Franchise Agreement.

10. Representations.

- A. Assignor and Assignee represent and warrant to each other that they have the authority to execute this Agreement.
- B. Assignor represents and warrants to Franchisor and Assignee that it owns all right, title and interest in and to the Franchised Business and the Old Franchise Agreement, free and clear of any mortgage, lien or claims, and has not assigned any or all of its interest in the Franchised Business or the Old Franchise Agreement to any third party.

- C. Assignor and Assignee represent and warrant to Franchisor that they have consummated the asset purchase and sale transaction that is related to the Assignment contemplated hereunder as of the Effective Date.

11. Indemnification.

- A. Assignor, for itself, its heirs, successors and assigns, agrees to indemnify and hold harmless Franchisor, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees), or expenses of any nature resulting, directly or indirectly, from any of the following: (i) any misrepresentations or breach of warranty by Assignor under this Agreement; (ii) the Assignment; or (iii) any claim, suit or proceeding initiated by or for a third party(s), now or in the future, that arises out of or relates to the Old Franchise Agreement or the Franchised Business operated by Assignor prior to the Effective Date.
- B. Assignee, for itself, its heirs, successors and assigns, agrees to indemnify and hold harmless Franchisor, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, damages, actions, claims, costs (including reasonable attorneys' fees) or expenses of any nature resulting, directly or indirectly, from any of the following: (i) any misrepresentations or breach of warranty by Assignee under this Agreement; or (ii) the Assignment.

12. Assignor's Post-Termination Obligations. Assignor agrees that, upon transfer of its interest in the Franchised Business to Assignee, Assignor will comply with all post-termination obligations set forth in Section 14 of the Old Franchise Agreement, which obligations shall be incorporated herein by reference. Further, Assignor shall comply with any other provisions of the Old Franchise Agreement which, by their nature, survive termination or expiration of the Old Franchise Agreement.

13. Consent to Assignment. Franchisor consents to the Assignment subject to the terms and conditions of this Agreement. Franchisor's consent to the Assignment will not result in any waiver of any rights nor a release under the Old Franchise Agreement or New Franchise Agreement, and it is not a consent to any additional or subsequent transfers or assignments.

14. Release and Settlement of Claims by Assignor. Except as may be prohibited by applicable law, Franchisee and Franchisee Principals (individually and as owners of Franchisee) and each of their respective heirs, successors, assigns, affiliates, shareholders, officers, directors, employees, and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the "Assignor Parties" for purposes of Sections 14, 15 and 16 hereof), release and forever discharge Franchisor, its predecessors, successors, affiliates, directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the "Franchisor Parties" for purposes of Sections 14, 15 and 16) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action (collectively, "Claims"), whether known or unknown, vested or contingent, which Assignor Parties may now or in the future own or hold, that in any way relate to the Old Franchise Agreement, any other agreement between Assignor and Franchisor, the Franchised Business, or the relationship between Assignor and Franchisor through the Effective Date (collectively, "Assignor Claims"), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Old Franchise Agreement or any other agreement between Assignor and Franchisor through and including the Effective Date.

15. Release by Assignee. Except as noted in this Section 15, Assignee, Assignee Principals (if any), and their respective affiliates, successors, assigns, officers, directors, employees, agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the “Assignee Parties” for purposes of this Section 15 and Section 16 below), release and forever discharge the Franchisor Parties of and from any and all Claims, whether known or unknown, vested or contingent, which Assignee may now or in the future own or hold, that in any way relates to the Franchised Business or the New Franchise Agreement (collectively referred to as “Assignee Claims” for purposes of this Section 15 and Section 16).

As to the New Franchise Agreement, the Assignee Parties and Franchisor Parties acknowledge and agree that the release by the Assignee Parties does not relate to the offer and sale of the New Franchise Agreement. Further, the parties agree that the release as it relates to the New Franchise Agreement is effective as to Assignee Claims arising through the Effective Date of this Agreement, and not to any claims arising after the Effective Date.

16. Acknowledgement of Releasors. The release of Assignor Claims set forth in Section 14 and Assignee Claims in Section 15 are intended by the Assignor Parties and Assignee Parties (collectively, the “Releasors”) to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of one of the Releasors against any other Releasor. In making this voluntary express waiver, the Releasors acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasors’ intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Releasors acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Agreement and release, and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Agreement. The Releasors, for themselves and their heirs, successors and assigns, hereby expressly, voluntarily, and knowingly waive, relinquish and abandon each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties’ relationship. The Releasors acknowledge that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor or released party.”

This release is and shall be and remain a full, complete, and unconditional general release. The Releasors acknowledge and agree that this release and the foregoing waiver are an essential, integral and material term of this Agreement. The Releasors further acknowledge and agree that no violation of this Agreement shall void the releases set forth in Sections 14 and 15.

17. Confidentiality. Assignor and Assignee acknowledge and agree that this Agreement and matters discussed in relation thereto are entirely confidential. It is therefore understood and agreed by Assignor and Assignee that they will not reveal, discuss, publish or in any way communicate any of the terms, amount or fact of this Agreement to any person, organization or other entity, except to their respective officers, employees or professional representatives, or as required by law.

18. Miscellaneous. This Agreement, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof. No amendment will be binding

unless in writing and signed by the party against whom enforcement is sought. All representations, warranties, agreements and all other provisions of this Agreement which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it.

19. Representation by Counsel. The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of claims set forth herein.

20. Governing Law/Venue. This Agreement will be construed and enforced in accordance with the laws of the state in which the Franchised Business is located, without regard to principles of conflicts of law. The parties further agree that any legal proceeding relating to this Agreement or the enforcement of any provision herein shall be brought or otherwise commenced only in the courts of the county in which Franchisor's headquarters are then located (currently, Orange County, California).

21. Counterparts. This Agreement may be executed in more than one counterpart, each of which shall constitute an original copy.

ASSIGNOR:

[_____]

By: _____

Name:

Title:

Date: _____

ASSIGNEE:

[_____]

By: _____

Name:

Title:

FRANCHISOR:

SAMBAZON USA FRANCHISING LLC

By: _____

Name:

Title:

Effective Date: _____, 20__

EXHIBIT J
STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California:	PENDING
Hawaii:	PENDING
Illinois:	PENDING
Indiana:	PENDING
Maryland:	PENDING
Michigan:	PENDING
Minnesota:	PENDING
New York:	PENDING
Rhode Island:	PENDING
Virginia:	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.

EXHIBIT K

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Sambazon Franchising USA LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Sambazon Franchising USA 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Randy McBrayer 209 Avenida Fabricante, Suite 200, San Clemente, CA 92672 (310) 545-9977		
--	--	--

Issuance Date: October 15, 2024

I received a Disclosure Document dated _____, that included the following Exhibits:

EXHIBIT A.	LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS
EXHIBIT B.	FINANCIAL STATEMENTS
EXHIBIT C.	FRANCHISE AGREEMENT
EXHIBIT D.	AREA DEVELOPMENT AGREEMENT
EXHIBIT E.	OPERATIONS MANUAL TABLE OF CONTENTS
EXHIBIT F.	SAMPLE RELEASE
EXHIBIT G.	LIST OF FRANCHISEES AND AREA DEVELOPERS
EXHIBIT H.	STATE ADDENDA
EXHIBIT I.	ASSIGNMENT AND CONSENT AGREEMENT
EXHIBIT J.	STATE EFFECTIVE DATES
EXHIBIT K.	RECEIPTS

Date Received: _____
(If other than date signed)

DATE: _____

(Signature of recipient)

(Printed name of recipient)

Legal residence address

Please return signed receipt to Sambazon Franchising USA LLC
209 Avenida Fabricante, Suite 200, San Clemente, CA 92672

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Date Received: _____
(If other than date signed)

DATE: _____

(Signature of recipient)

(Printed name of recipient)

Legal residence address

KEEP FOR YOUR RECORDS