

# FRANCHISE DISCLOSURE DOCUMENT

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Franchisor: BOCONCEPT FRANCHISE, INC.

Type of Business Organization: Corporation

State of Organization: Kansas

Business Address: 210 Mountain Avenue, #48, Springfield, New Jersey 07081-2211

Telephone Number: (201) 433-4461

Home Page: [www.boconcept.us](http://www.boconcept.us)



The franchise offered is for the business of selling retail furniture and related products, under the name of BoConcept® and which is owned by BOCONCEPT FRANCHISE, INC. and its affiliated companies.

The total investment necessary to begin operation of a BoConcept Franchise, Inc., franchised business is between \$420,900.00 to \$877,500.00, dependent upon the size and location of each store. This includes \$194,000.00 to \$249,000.00 that must be paid to Franchisor or affiliate.

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

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

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

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

Issuance Date: August 1, 2023

## STATE COVER PAGE-BOCONCEPT FRANCHISE, INC.

### How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only BoConcept business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement and Appendix 1, describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a BoConcept franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-Country Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Denmark. Out-of-Country mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Denmark than in your own state.
2. **Spousal liability:** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial risk factor:** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Minimum performance required.** You must maintain minimum performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **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.
6. **Required minimum payments.** You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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.

## **DISCLOSURES REQUIRED BY CONNECTICUT LAW**

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

Franchisor: BoConcept Franchise, Inc.  
Issue Date: August 1, 2023

## TABLE OF CONTENTS

1.	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES...	7
2.	BUSINESS EXPERIENCE.....	8
3.	LITIGATION .....	8
4.	BANKRUPTCY .....	9
5.	INITIAL FEES .....	9
6.	OTHER FEES .....	10
7.	ESTIMATED INITIAL INVESTMENT .....	12
8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	14
9.	FRANCHISEE’S OBLIGATIONS .....	15
10.	FINANCING .....	17
11.	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	17
12.	TERRITORY .....	22
13.	TRADEMARKS .....	24
14.	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	25
15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	25
16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	25
17.	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	26
18.	PUBLIC FIGURES .....	27
19.	FINANCIAL PERFORMANCE REPRESENTATIONS.....	28
20.	OUTLETS AND FRANCHISEE INFORMATION.....	28
21.	FINANCIAL STATEMENTS .....	30
22.	CONTRACTS .....	30
23.	RECEIPT.....	30

## **EXHIBITS**

Exhibit A	Audited Financial Statements as of April 30, 2023, April 30, 2022 and April 30, 2021 and internal unaudited Verified information as of July 31, 2023
Exhibit B	Franchise Agreement and Appendices 2, 3, 4, 5, 7, 8, 10, 12, 13, 14, and 15
Exhibit C	List of Agents for Service of Process and State Administrators
Exhibit D	Listing and contact information of current franchisees
Exhibit E	State Addendums

## **ACKNOWLEDGMENTS**

ACKNOWLEDGMENT OF RECEIPT OF FRANCHISE-RELATED DOCUMENTS  
ACKNOWLEDGMENT OF RECEIPT OF THE BOCONCEPT FRANCHISE DISCLOSURE  
DOCUMENT

**Item 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

The franchisor is BOCONCEPT FRANCHISE, INC. For ease of reference, BOCONCEPT Franchise, Inc., will be referred to as “BOCONCEPT”, “we”, or “us” and includes our affiliates that provide goods or services to franchisees. We will refer to the person who buys the franchise as “you” throughout the Disclosure Document. If you are a corporation, limited liability company, partnership or other legally recognized entity your owners will have to personally guarantee and be bound by the obligations contained in the franchise agreement to be signed by you as described in this Disclosure Document.

The name of the Franchisor is BoConcept Franchise, Inc., and our current principal business address in the United States is 210 Mountain Avenue, #48, Springfield, New Jersey 07081-2211.

We primarily do business under our company name of BoConcept®.

We have certain predecessors or affiliates as defined in the Disclosure Document guidelines. BoConcept USA, Inc. is a Kansas corporation owned by BoConcept North America, Inc. (Delaware) which is owned by BoConcept A/S of Denmark. BoConcept USA, Inc. was originally formed on June 22, 1993 as Bo Concept Holding, Inc. and the name was changed to Club 8 Company, Inc., on January 6, 2000 and then changed to BoConcept USA on April 4, 2006.

On January 6, 2004, we formed Club 8 Franchise, Inc., as a separate Kansas corporation solely to franchise BoConcept® in the United States and the name was changed to BoConcept Franchise, Inc., on April 4, 2006. BoConcept Franchise, Inc. is also owned by BoConcept North America, Inc., which is owned by BoConcept A/S of Denmark. BoConcept A/S is owned by 3i Group plc, a multinational private equity company based in London, United Kingdom, founded in 1945 and now organized as a public limited company, listed on the London Stock Exchange as: LSE: III. Through predecessors and affiliates these companies have been in the business of furniture manufacturing and sales since 1952. The principal business address of our parent company in London United Kingdom is: 16 Palace Street, London SW1E 5JD UK.

The Agent for Service of Process in certain States is set forth in Exhibit C. Unless otherwise set forth in Exhibit C, our agent for service of process is Mark W. Arensberg, 10300 Howe LN, Leawood, KS 66206. We through our affiliates own the rights to the name BoConcept® and BoConcept®.

**The Business of the Franchise.** We franchise the business of retailing contemporary furniture and accessories (the “Franchised Business”) under the “BOCONCEPT®” trade names and service marks (the “Marks”) using certain inventory procedures, techniques, business methods, business forms, business policies and a body of knowledge pertaining to the establishment and operation of the Franchised Businesses (the “System and sometimes the “Concept”). The franchise offered is for the right to operate a BoConcept® business using the Marks and the System at a specific location sometimes also referred to as the (“store” or “Brand Store”). You must sign our franchise agreement (the “Franchise Agreement”) when you purchase a franchise. The Franchise Agreement provides for identification of you as either a “First” franchise if you are starting your first BoConcept® Franchise Business or an “Additional” franchise if you are already operating a BoConcept® Franchise Business.

**Competition.** Your competitors would include national, international and local contemporary furniture retailers. The market for contemporary furniture in general is developed, and we believe the market for contemporary furniture continues to expand.

**Regulations.** We are not aware of regulations specific to the operation of your franchise with which you must comply. You will be required to comply with all local, state and federal laws applicable to the operation of any business. There may be other laws applicable to your business and we urge you to make further inquiries about these laws.

**Operating BoConcept Businesses.** As of July 31, 2023, there are twenty two (22) operating BOCONCEPT businesses in the United States and Canada. These include twenty (20) total US/Canada franchises, with sixteen (16) franchises in the US and four (4) franchises in Canada, (see Exhibit “D”), plus 2 additional Company owned stores in New York.

In forming this franchise program, we have chosen to combine and operate under the BOCONCEPT® name the retail contemporary furniture business. We have obtained a license to use and sublicense the use of the Mark and the System (See Item 13). We have not offered franchises of the type to be offered prior to January 1, 2003 either through BoConcept Retail, Inc. or BoConcept Franchise, Inc. Neither we nor our affiliates have offered franchises, or engaged in, any other lines of business.

## **Item 2. BUSINESS EXPERIENCE**

President/Chief Executive Officer: Henrik Eriksen, Mr. Eriksen has over 35 years’ experience in the retail furniture industry and has been employed by BoConcept A/S since 2008 and has been CEO of BoConcept USA, Inc. since 2016. In 2017, he became President of BoConcept Franchise Inc., and oversees all functions for BoConcept North America and is in charge of Business Development and Retail Division for North America.

Treasurer/Chief Financial Officer: Mike Hillyer-has been with BoConcept USA, Inc. since 2006. He has a BA in Finance and is responsible for the Accounting and Finance Department, Human Resources and Information Technology.

Secretary: Mark W. Arensberg-has been Secretary and Corporate Legal Counsel for BoConcept USA since 1994 and Secretary and Corporate Legal Counsel for Franchisor since 2004. He is responsible for legal representation and franchising matters for BoConcept Franchise, Inc. and its affiliated companies.

## **Item 3. LITIGATION**

**BoConcept Franchise, Inc. vs. HS Holdings NY LLC d/b/a BoConcept Westchester, Sanjay Chadha and Meenu Chadha**, United States District Court Southern District Of New York, Case No. 7:21-cv-07641-PMH, filed September 13, 2021. This former Westchester New York, Franchisee had been in default of their Franchise Agreement (primarily payment terms) for a substantial amount of time and after numerous demands BoConcept filed a lawsuit against the franchisee to collect amounts owed (initially) in the amount of \$375,998.59 plus interest, late fees, and attorneys’ fees. No response was filed, so on March 8, 2022, BoConcept obtained a Default Judgement and now collection proceedings may be pursued by BoConcept. However, due to the lack of financial information on the defendants, is difficult to determine whether BoConcept will recover the amount still owing by this franchise pursuant to the Default Judgement.

**Allan Rosenblum as Special Trustee for the Rosenblum Living Trust dated January 4, 1999 vs. BCLA-LA BREA, LLC, d/b/a BoConcept, BoConcept USA Inc., TEVA LA, LLC, Stephanie Duval, Stephane Duval**, Los Angeles County, California, Superior Court of the State of California, filed September 29, 2021, Case No. 21STCV35863 (the “Lawsuit”). This Lawsuit was filed by the former landlord of the Los Angeles, CA BoConcept Franchisee, (TEVA LA, LLC, Stephanie Duval and Stephane Duval) for past due rent and damages of at least \$105,255.43 and attorney’s fees/costs, pursuant to a Lease. The Lease term began December 1, 2013 and was originally with a former Los Angeles Franchisee-BCLA-LA BREA, LLC), who sold this BoConcept franchise store in March 2018 to TEVA LA, LLC, Stephanie Duval and Stephane Duval (“Teva-Duvals”), who also assumed the Lease. BoConcept USA, Inc. (“BoConcept USA”) guaranteed the Lease for up to \$200,000.00 (USD) during the initial term (December 1, 2013 thru February 28, 2021), so landlord was suing BoConcept USA for breach of Guaranty. BoConcept USA filed its Answer on November 19, 2021 as a general denial.



The lawsuit was fully and finally settled by all parties pursuant to a confidential Settlement Agreement on October 31, 2022, with neither the Franchisee nor BoConcept admitting any liability. The lawsuit was dismissed on November 7, 2022 as to all parties.

**BoConcept Princeton, LLC and BoConcept of New Jersey, LLC, d/b/a BoConcept Paramus, vs. BoConcept Franchise, Inc.** Superior Court of New Jersey, Chancery Division, Docket No. C-106-20, filed June 3, 2020. This Franchisee, with locations in Princeton and Paramus New Jersey, filed this lawsuit alleging BoConcept Franchise, Inc., engaged in a scheme to eliminate franchises in the United States, in favor of corporate owned stores and as part of this alleged scheme, Franchisor wrongfully claimed Franchisee was in default and threatened to terminate both franchises. Franchisee requested an Order determining that Franchisor may not terminate these two franchises and compensatory damages, attorneys fees and costs. On September 11, 2020, BoConcept Franchise, Inc, filed an Answer denying all claims and also filed Counterclaims against Franchisee, for numerous past and continued defaults under both Franchise Agreements and a Promissory Note used to settle previous defaulted debt, requesting Judgement for all amounts past due and also currently owing, attorney's fees and costs. Discovery was completed and the parties were in serious settlement negotiations for several months. Then, effective August 5, 2022, the parties settled this lawsuit as to all claims, with Franchisee paying certain amounts to BoConcept and BoConcept agreeing to a new Franchise Agreement covering both existing New Jersey franchised stores and 2 additional stores to be opened by Franchisee. The case was dismissed on October 13, 2022 as to all parties.

Other than these actions, no litigation is required to be disclosed in this item.

**Item 4. BANKRUPTCY.** No bankruptcy information is required to be disclosed in this item.

**Item 5. INITIAL FEES**

For a BOCONCEPT® franchise, the initial entrance or franchise fee is \$30,000.00. The initial franchise fee is not refundable. However, if BoConcept fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your Agreement, you may notify BoConcept in writing and demand that the Agreement be cancelled. The amount of the initial franchise fee may vary dependent upon the location of the franchise and number of franchises purchased which are determined on a case-by-case basis and there is no range of fees currently available. Certain States, may require us to defer payment of the initial entrance fee until we have completed our pre-opening obligations under the Franchise Agreement and the initial entrance or franchisee fee shall be payable to us upon your store opening which is after we have completed our pre-opening obligations, (see State Addendums, Exhibit E) .

Depending upon the size of your store, you also pay one of our affiliates (BoConcept USA, Inc. or BoConcept A/S) between \$125,000.00 and \$160,000.00 for initial inventory including accessories and furniture displays, and between \$15,000.00 and \$35,000.00 for store design, stylists and shopfitters, and \$20,000 for an Interim Store Manager for 6 weeks, and an initial fee of \$2,300.00 for AXAPTA (inventory, sales, delivery software) and User license of \$1,700.00, payable as purchased. Except for the \$30,000.00 franchise fee, there are no other fees or payments you would pay us before you open for business. The total of all of the above initial fees to us are between \$194,000.00 and \$249,000.00.

**Item 6. OTHER FEES**

Name of Fee	Amount	Due Date	Remarks
Inventory pricing	No additional fees over inventory prices for	As purchased, per terms	See Notes 1 & 2 & paragraph 14 in Franchise Agreement

	purchases from Franchisor affiliates		
Regional and Local Advertising and Ad-coverage Area Promotions	Minimum of 8% of Annual Gross Turnover for Local Advertising	To be spent quarterly & accounted for by you.	Payable to advertising vendors and coop as incurred-See Franchise Agreement cl. 10 & Supply Agreement Appendix 8
Marketing (Mapping) Fee	\$1,000 - \$3,000 per year; varies based on store size, layout, and windows	Monthly.	Payable to BoConcept for Annual Activity Wheel - which includes Point of Sale marketing, Social Media, and Website
Training-BoConcept Retail Academy	\$3,000. Min., per year, plus cost of transportation, lodging and other expense	Monthly.	See item 11
Software (Currently AXAPTA)	\$150.00 per month, per user	Monthly.	Varies by store size and location, See Items 7, 8 and 11.
Customer Insight Tracking (CIT)	Up to \$100.00 per month – includes Online Customer Satisfaction Survey, Mystery Shopping, and Exit Interviews	Monthly	Varies by store traffic volume and options selected.
Other Annual fees	Business Intelligence - \$375.00/yr; Fabric Samples - \$1,000.00/yr minimum;	Monthly	Varies by store size and location, See Note 6 and Items 8 and 11.
Business Meetings	Cost of transportation, lodging and other expenses.	As incurred.	Varies depending upon subject matter, See item 11
Specialized Assistance	Additional specialized assistance is currently \$550. per day plus cost of transportation, lodging & other expenses.	As incurred.	Tailored to experience of franchisee See Note 3 and Item 11.
Renewal Fee	No new entrance fee upon renewal		Franchisees in good standing who are eligible to renew their agreement will not pay an entrance fee
Transfer fee	\$25,000.00	At time of transfer.	If you transfer franchise to a wholly owned corporation, limited liability company or partnership, we charge for our legal expenses and related costs but no transfer fee is due.
Audit	Cost of inspection or audit	As incurred.	Payable only if you fail to furnish reports or

			records or if the audit reveals you have understated your Gross Sales by more than 2%.
Interest	Maximum rate allowed by applicable law	As incurred.	---
Late Fee	in addition to interest and additional late fee may be charged for every notification, non-sufficient funds check or demand for payment.	As incurred.	Payment Demands, non-sufficient funds checks & other Franchise Agreement violations- i.e. failure to timely provide reports & financial statements.
Lease Renewal Fee	Currently there is no Lease Renewal Fee paid to Franchisor.		
Management Fee	To be determined under circumstances.	As incurred.	Payable during period that our appointed manager manages the Franchised Business upon your default, death or disability.
Costs and Attorneys' Fees	Will vary under circumstances.	As incurred.	You have to reimburse us if we are held liable for claims arising from your operations.
System of Fines	19.3, Competition and 20.3, Confidentiality and 22.2 Termination alternative.	As incurred	19.3, 20.3, 22.2, Additional fines may be assessed in the future for Violations of policies in Company Operating Guidelines

- (1) You must purchase all inventory and accessories from one of our affiliated companies (BoConcept USA, Inc. or BoConcept A/S). Purchases are defined as the cost of all inventory, accessories (except for special shipment requests from franchisee) or other purchases directly or indirectly from the Company and its affiliates (currently including shipping), exclusive of handling, taxes, insurance and duties. Inventory prices and terms may be changed by Company or its affiliates at any time upon thirty (30) calendar day's prior written notice to Franchisee. Annual Gross sales include all revenue collected by Franchisee from sales of all items by Franchisee.
- (2) No Commission shall be due from you for purchases from us.
- (3) At your request, we will provide additional assistance beyond our standard support, at a cost to you based on our then current daily fee for the respective personnel performing such assistance plus other reasonable expenses including all transportation, lodging and other expenses.
- (4) All other fees except Regional and Local Advertising and Promotion are imposed by and payable to us and are non-refundable. Regional and Local Advertising and Promotion are payable to advertising vendors as incurred or to BoConcept A/S.
- (5) All daily fees listed for training, consultation and assistance are for each separate person providing the consultation per day.

- (6) Annual fees include: AXAPTA \$1,800.00 per year per user, Retail Academy training \$3,000.00, Mystery Shopping \$1,200.00 which are all payable monthly (plus other fees which vary, samples, in-store TV, etc.).
- (7) Although some fees may vary where indicated, fees charged by us are uniformly imposed on all franchisees.
- (8) The highest interest rate allowed by California law is 10% annually.

**Item 7. ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT** (assumes average store size of 4,000 to 6,000 square feet):

<b>Type of Expenditure</b>	<b>Actual or Estimated Amounts</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is To Be Made</b>
Initial Franchise Fee (1)	\$30,000.	Lump Sum.	\$3,000. on signing Letter of Intent – \$27,000. At Store Opening.	Us.
Travel & Living Expenses During Training	\$2,000. to \$3,000.	As incurred.	Prior to Opening.	Other suppliers.
Office Supplies, Equipment and furniture	\$4,000. to \$5,000.	As incurred.	Prior to Opening.	Other suppliers.
Business Insurance	\$1,500. to \$2,500. (per month)	As incurred.	Each month.	Other suppliers.
Computer Equipment	\$15,000. to \$20,000.	As incurred	Prior to Opening	Other suppliers
AXAPTA Software entrance and user license	\$4,000.	As incurred	Prior to Opening	Us.
Accounting and Legal Professional Fees	\$5,000. to \$10,000.	As incurred.	Prior to Opening	Other suppliers.
Local Architect	\$20,000 to \$50,000	As incurred	Prior to Opening	Other suppliers
Interim Store Manager	\$0 to \$20,000	As incurred	Prior to Opening	Us
Initial Inventory, depends on store size-see Accessories and Furniture	See below-in Accessories and Furniture/Product Displays	As incurred.	Prior to Opening.	Us.
Accessories	\$40,000. to \$60,000.	As incurred	Prior to Opening	Us.
Furniture/Product Displays	\$75,000. to \$110,000.	As incurred.	Prior to Opening.	Us.

Lease, Utility and Security Deposit	\$20,000. to \$50,000.	As incurred.	Prior to Opening.	Landlord Utilities.
Leasehold Improvements	\$50,000. to \$150,000.	As incurred.	Prior to Opening.	Other suppliers.
Store Buildout by merchandisers/ shop fitter and stylist	\$20,000. to \$35,000.	As incurred	Prior to Opening	Us
Signage	\$5,000. to \$20,000.	As incurred.	Prior to Opening.	Other suppliers.
Store Fixtures including Lighting and Flooring	\$100,000. to \$160,000.	As incurred.	Prior to Opening.	Other suppliers.
Equipment and Tools	\$2,500. to \$5,000.	As incurred	Prior to Opening.	Other suppliers.
Vehicles-leased	\$900.to \$1,500, per month	As incurred.	Prior to Opening.	Other suppliers.
Business Licenses and Permits	\$1,000 to \$1,500.	As incurred.	Prior to Opening.	Other suppliers.
Grand Opening Advertising	\$25,000. to \$40,000.	Lump Sum.	Between 1 month before and 3 months after scheduled store Opening.	Other Suppliers.
Additional Funds for 1st 90 days (2)	\$0,000. to \$100,000.	As incurred.	As incurred.	Third Parties.
TOTAL (3)(4)(5)	\$420,900. to \$877,500.	---	---	---

Explanatory Notes to Table:

- (1) References to "Us" in this table and elsewhere includes our affiliates listed in Item 1 (currently all of the expenditures in this table referencing Us are paid to BoConcept USA, Inc. and BoConcept A/S).
- (2) Initial Franchise Fee. As described in Item 5, for a BOCONCEPT® franchise, the initial franchise fee is \$30,000.00.
- (3) Vehicles- there currently are no specified requirements for the "Vehicles".
- (4) Additional Funds. This item estimates your initial startup expenses. These expenses do not include any draw or salary for you. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how thoroughly you follow our methods and procedures; your personal discipline, dedication and commitment; your sales-ability; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; location of your store and lease rates and expenses; advertising expenditures; competition; and the sales level reached during the initial period. These estimates are provided solely to indicate possible working capital requirements and we make no representation that any franchise will experience these costs. We relied on the experience of opening and operating other retail contemporary furniture businesses, however expenses will also vary significantly by location.
- (5) You should review these figures carefully with a business advisor before making any decision to purchase the franchise.
- (6) We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and lending policies of financing institutions.

- (7) Amounts paid to others may not be refundable.
- (8) All amounts owed to us are the personal obligation of each individual owner of franchisee and are secured by a security interest in any Lease for the Franchised Business premises and all inventory, proceeds and other collateral per the Franchise Agreement.

**Item 8.                    RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

**Required Purchases.** You must purchase all inventory and accessories from us or our affiliated companies and except for having access to our product line no other material benefits are provided to you. No officer of the franchisor holds any ownership interest in any third-party supplier.

**Revenue from Franchisee purchases.** In the year ending April 30, 2023 BoConcept A/S sold \$14,995.42 (USD) of inventory and accessories directly to franchisees which is 8.74% of the total revenue of BoConcept A/S. The cost of initial inventory and accessories purchased by you will represent 100% of your total inventory and accessories purchases in establishing your business and 100% of your total inventory and accessories purchases during operation of the business.

**Shipping and Delivery of Inventory.** We manufacture some items while other third parties manufacture or produce items for us. Due to the logistics involved in furniture manufacturing and distribution (including material and labor shortages and delivery and customs issues) we cannot guarantee shipping or delivery times. Franchisee is fully responsible for all costs and services required to deliver and set-up all inventory to Franchisee's customers. Franchisee shall either employ delivery personnel and obtain appropriate delivery equipment or utilize a qualified independent vendor to provide delivery and set-up services. Regardless of which method is utilized, all delivery personnel (whether employed directly by or hired by you) shall be properly trained and managed by Franchisee. Company retains the right to approve all equipment and personnel utilized to deliver inventory to Franchisee's customers to insure compliance with Company standards.

**Operating and Maintaining the Franchised Business.** You must operate and maintain the Franchised Business, at your sole cost and expense, in accordance with our specifications and procedures contained in the Company Operating Guidelines as defined in the next paragraph, as available. You must use only those items, equipment, inventory, décor, supplies, apparel and signs, that we have approved for a Franchised Business as meeting our specifications and standards for appearance, function, trade dress, design, quality and performance and to purchase or lease them only from us, our affiliates or suppliers approved by us. If you propose to purchase, lease, or otherwise use any equipment, inventory, décor, supply, apparel or sign which is not then approved by us or from a supplier not then approved by us, you must first notify us in writing and shall submit to us sufficient specifications, photographs, drawings, samples, and information, along with our then current daily fee (which is currently \$550.00 per day) for each person which we provide for this determination plus reasonable expenses, for a determination by us of whether such inventory, décor, supply, apparel or sign, or proposed supplier complies with our specifications and standards relating to among other factors quality, price, consistency, reliability, financial capability, and customer relations, which determination shall be made and communicated in writing to you within forty-five (45) days from receipt of the submission from you. We and our affiliates may be making a profit on your purchases when you purchase any goods or services from us or our affiliates or an approved supplier. You must maintain the Franchised Business inventory, equipment, and furnishings in good repair, attractive appearance, and sound operating condition. You at your expense shall do the repairs, re-equipping and upgrading/remodeling reasonably requested by us from time to time. You must make no material replacements of or alterations to the store, vehicles, equipment, signs or other assets of the Franchised Business without prior written approval by us.

**Purchase and Maintain Insurance.** You must at all times during the term of the Franchise Agreement maintain in force at your sole expense such insurance coverage as we may, in our sole discretion, prescribe from time to time, including but not limited to fire and flood insurance, the normal business liability, business

injury and consequential loss insurance policies. Such insurance coverage must be maintained under one or more policies of insurance of the types and containing such terms and conditions and minimum liability protection in such amounts, as are specified from time to time by us and issued by insurance carriers we approve of. All insurance policies required hereunder must provide that we will receive advance written notice of termination, expiration or cancellation of any such policy. Prior to your commencement of operations, and annually thereafter, you agree to furnish to us a copy of the certificate, or other evidence of the insurance, renewal, or extension of each such insurance policy, together with evidence of payment of premiums, evidencing the required limits if any are specified.

**Computer Software.** Our computer and certain related reporting requirements are provided in Item 11 of this Disclosure Document. The cost of all of the above-referenced purchases described in this Item and in Item 7 of this Disclosure Document, the cost of these required purchases and leases typically represents up to 90% to 95% of your total purchases in connection with the establishment of your Franchised Business. We estimate that of all purchases and leases to establish and operate the franchise 90% to 100% must be made from approved suppliers or in accordance with our specifications or standards.

We currently negotiate purchasing arrangements for the benefit of franchisees with the suppliers of the furniture and accessories from whom you are required to purchase your inventory. The negotiations cover price terms, adequate supply, delivery, and other terms. No purchasing or distribution cooperatives for the Franchised Business currently exist.

#### **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.**

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure document item</b>
a. Site selection and acquisition/lease	Sections 7.3, 7.4, 7.5,	Items 8 and 11
b. Pre-opening purchases/leases (prepay orders-Security Deposit)	Sections 5.6,	Items 5, 6, 7, 8 and 11
c. Site Development and other pre-opening requirements	Sections 6.2, 7.3, 7.4, 7.5, 8.1	Items 5, 7, 8 9 B. and 11
d. Initial and ongoing training	Sections 3.1.3, 3.1.4, 4.2-i, all of 12	Items 6 and 11
e. Opening	Sections 4.1, 5.13, 5.14, 6.2, 6.3	Items 8 and 11
f. Fees	Sections 5.5, 6.1,6.3, 8.4.1, 8.4.2, 9.2, 9.5, 18.7,	Items 5, 6 and 7
g. Compliance with standards/policies- Operating Guidelines- Minimum Turnover- and reporting.	Sections 1.1, 2.1.2, 2.1.4, 2.1.9, 2.1.17, 2.1.18, 3.1.2, 3.1.4, 3.1.7, 4.1, 4.2 c, 4.2 g, 4.6, 5.14, 8.1, 8.2, 8.5, 9.1, 9.5, 10, 11.2, 11.3, 12.1, 12.2.1, 12.2.2, 12.2.6, 12.3, 13.1, 13.2.1, 14.1, 14.4.1, 14.4.2, 14.4.3, 15.1.1, 21.3.14, 25.1.3,	Items 8 and 11
h. Trademarks & proprietary information	Sections 1.1, 1.2, 1.3, 2.1.27, 4.1, 4.2 5.10, 26 E.	Items 13 and 14
i. Restrictions on	Section 14 and Appendix 8	Items 8, 11 and 16

products/services offered		
j. Warranty and customer service requirements	Section 4.2 c.	Item 8
k. Territorial development-Development Plan	Sections 5 and Appendix 4	Item 12
l. On-going product/service purchases	Sections 14 and Appendix 8	Item 8
m. Maintenance appearance remodeling	Section 8	Item 8
n. Insurance	Section 16	Items 7 and 8
o. Advertising	Section 11 and Appendix 8	Items 5, 6, 7, and 11
p. Indemnification-Personal Guaranty-Security Agreement	Sections 5.5 and 5.6 and Acknowledgement	Items 1, 6, 7, 9, 11, 15 and 22
q. Security deposit in EUR-cash or Bank Guarantee as security for payment and other obligations	Section 5.6	Item 15
r. Owner's participation/management/staffing	Section 5.15, 12, 17	Item 15
s. Records and reports	Section 15	Items 6, 8 and 11
t. Inspections/Audits	Sections 15.1.3 and 15.3	Item 6
u. Transfer	Section 17.1.1, 17.1.3, 17.1.4, all of 18, 21.3 (2),	Items 6 and 17
v. Renewal	Section 23	Items 6 and 17
w. Post-termination obligations	Sections 21 and 25	Item 17
x. Non-competition covenants	Sections 19 and 20	Item 18
y. Dispute resolution	Section 27	Item 17
z. Other	Not Applicable	Not Applicable

**Item 10. FINANCING.**

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

**Item 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, TRAINING**

**Except as listed below, BoConcept Franchise, Inc., is not required to provide you with any assistance.**

**Our Support Services Prior to Opening.** Before you open your Franchised Business, we will:

(1) Designate your Territory. (Franchise Agreement – Sections 2.1.26, 4.1, 5.10 to 5.13 and Appendix 3.) (See Item 12.)



(2) Provide an initial training program for the operation of the Franchised Business using the BOCONCEPT® System. (Franchise Agreement – Sections, 3.1.3, 3.1.4, 4.2 i, 12) (See below.)

(3) After you select a site, you must obtain our approval of the site location and the lease. The factors which we may (but are not required to) consider for our approval include demographic radius characteristics and growth factors in the area, traffic patterns, ease of access, parking, visibility, allowed signage, competition from other businesses providing similar products and services, the proximity to other businesses, the nature of the businesses in proximity to the proposed site, and other commercial characteristics (including rental obligations and other lease terms for the proposed site) and the size, appearance and other physical characteristics of the proposed site location. We recommend that the size of the location be a minimum of 4,500 to 6,000 square feet. We approve or disapprove locations or leases by a written notice, which is delivered to you. We use our reasonable best efforts to deliver such notification to you within thirty (30) days after the location evaluation or lease information is available. If we cannot agree on a site after thirty (30) days from the date of our notice of disapproval, your Franchise Agreement shall automatically terminate and any deposit shall be retained by us. You must lease the premises for your location in the form and manner required by us pursuant to your Franchise Agreement incorporated therein and deliver a copy of the executed lease to us immediately after its execution. You must not execute any lease, which has not been approved in writing by us. You must not execute or agree to any modification of the lease without our prior approval. You must agree that any new, amended, restated, extended or renewed lease for the location will include the above terms and conditions required to be included in a lease for a location. If you want to relocate, you must notify us in writing at least sixty (60) days prior to the relocation. We reserve the right to refuse to approve a proposed relocation if we believe that the proposed relocation is for any reason not acceptable to us. Our judgment may be based on factors such as the proximity to existing or proposed locations owned by other franchisees or us, the suitability of the proposed facilities, compliance with our then current franchise location requirements, the competitiveness within the market place or other factors. Our approval of the location and the lease does not constitute a guaranty or a representation of the likelihood of success of the location or the viability of the lease terms. We will not be responsible for the failure of any location approved by us to meet your expectations as to revenue or operational criteria. (Franchise Agreement – Section 7.3.)

(4) Provide pre-opening and opening supervision and assistance by our personnel at your location. (Franchise Agreement –13.1) You will complete New Franchisee Introductory training week prior to your store opening.

(5) Provide written specifications for store construction or remodeling and for all required and replacement equipment, inventory and supplies (Franchise Agreement-Section 8 (See item 11 below).

**Our Support Services During Operation.** During the operation of your Franchise Business, we will:

(1) Provide you a continuing advisory service through a Head of Market or other similar company representative (‘HOM’) available to the Franchisee, concerning the operation of your Franchised Business. The HOM shall provide support and advice, e.g. regarding sales, marketing, product training, store evaluation, financial performance of the Brand Stores. The HOM may either physically or virtually visit the Franchisee one to two times a year, as determined by us. (Franchise Agreement – Section 13.1).

(2) Furnish you, at your request, additional assistance beyond our standard support. (See Item 6 above).

(3) Provide you with access to advertising and marketing materials we may develop. (Franchise Agreement –Section 4 and 11 and Appendix 8.) (See Item 6 above and Item 11 below).

Provide you with access during the term of the Franchise Agreement to our online Company Operating Guidelines as available and updated. The Company Online Operating Guidelines will contain mandatory and suggested specifications, standards, and operating procedures, which we prescribe from time to time for

BOCONCEPT® Franchised Businesses, as well as information relative to other obligations you have in the operation of the Franchised Business. Currently there are the following subjects covered in the PowerBook (Operations Manual):

- BoConcept webpage
- BoConcept intranet
- BoConcept Universe
- Basket Size Check List
- Traffic Counter
- Media Portal
- Staff management
- Products
- Marketing & visuals
- Logistic & inventory
- Administration & IT
- Finance & key figures
- Store routines

We will provide you the opportunity to a supervised view of the Operations Manual (BoConcept Manual) before buying the franchise. The Company Operations Manual or Operating Guidelines may be modified from time to time to reflect changes in the specifications, standards, operating procedures and other obligations in operating BOCONCEPT® Franchised Businesses. (Franchise Agreement –Section 3.1.4, and Appendix 2).

**Local Advertising and Promotion.** You must spend at least a total of eight percent (8%) of your Annual Gross Turnover for all Local Advertising, Regional and Local advertising and promotion of the Franchised Business and the Marks, each year, (See Franchise Agreement clause 10 and Appendix 8, Supply Agreement). We may review your books and records from time to time to determine your expenditures for such advertising and promotion. If we determine that you have not spent the requisite amount, we may require you to pay such unexpended amounts to us directly.

You also agree to list and advertise the Franchised Business in the principal regular (white pages) and classified (yellow pages) telephone directories distributed within your Territory, as are specified by us utilizing our standard forms of listing and advertisements. You shall at your expense arrange for the telephone numbers of the Franchised Business to be owned by us but to be billed to you.

Before you use them, samples of all local advertising, promotion and public relations materials not prepared or previously approved by us must be submitted to us for approval, which will not be unreasonably withheld. You may not use any advertising, promotion or public relations materials that we have disapproved. Provided that a majority of the BOCONCEPT® locations in our ad-coverage area agree to participate in the program, you shall participate in and contribute your share to additional advertising and promotional programs in your ad-coverage area in the future. The cost of the program shall be allocated among the locations in such area and each location's share shall be in proportion to its sales during the preceding twelve (12)-month period; but the aggregate of such additional contribution during any twelve-month period shall not exceed two percent (2%) of your Gross Sales during said twelve (12)-month period. "Ad-coverage area" shall be defined as the area covered by the advertising medium (television, radio or other media) as recognized in the industry. At the time a program is submitted, we will submit a list of all operating locations within the ad-coverage area. There are currently no advertising councils or local or regional advertising cooperatives.

Websites (as defined below) are deemed "advertising" under the Franchise Agreement and are strictly prohibited. The term "Website" means an interactive electronic document, contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the Franchised Business, the Marks, us and/or the System. The term Website includes but is not limited to the Internet and World Wide Web home pages, as well as domains, social media accounts and similar mediums. Franchisees are not allowed to establish any homepage, website, domain or similar medium for sale of BoConcept Products or any other purpose. However, the Franchisee is entitled to create profiles on social media such as Facebook, Twitter, Instagram, etc., for the purpose of marketing the Products within

Franchisee's Territory, provided that all such accounts are solely owned and administered by BoConcept and all content and revisions are preapproved in writing by BoConcept and all content, administration, access and passwords are established and controlled only by BoConcept in accordance with Section 11.5 of the Franchise Agreement and Appendix 7.

**Training Program.** Before the start of your Franchised Business, we will provide initial training on the operation of a BOCONCEPT® Franchised Business to you and your manager. You will complete New Franchisee Introductory training week prior to your store opening. Although there are no additional fees for this training, you are responsible for all travel and living expenses, which you and any of your employees incur in connection with training. You and your manager must complete the training program to our satisfaction. If you do not complete the training program to our satisfaction, we can terminate your franchise agreement. We encourage you to begin training before incurring any costs or expenses related to the planned opening of the Franchise Business. We will not be liable to return any franchise fee or pay any costs or expenses you incur if we terminate your franchise agreement because you do not pass the training program. You will participate fully in training as well as continuing franchise/industry seminars conducted in the U.S. and in Denmark/Europe as determined by us. We expect that most of the training will be conducted for you and your employees at your store location or another BoConcept store, however training may also occasionally occur at our main facility in Denmark or New Jersey. We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. There currently are no fixed (i.e., monthly or bimonthly) training schedules. The training program will be outlined by BoConcepts' U.S. Retail organization using instructors with a minimum of 3 years (on the job) experience in each subject taught and includes subjects such as:

**Sales and Product Information; and  
Software Systems (Axapta); and  
Visual Merchandising; and  
Marketing; and  
Logistics and Supply Chain; and  
Customer Service.**

The hours of training (both classroom and on-the-job) as well as the location may differ for each franchise (based upon the background and experience of each franchisee) and accordingly there is no table regarding training topics/subjects, hours of classroom and on-the-job training and location.

In addition to the above training, we provide you pre-opening and opening on-the-job supervision and assistance at your store premises as needed, near the time of the opening of your store.

**Ongoing Training.** You must participate, if we require, in up to two weeks per calendar year in refresher training in the operations and marketing of the Franchised Business, although we currently are not requiring this. The refresher training may or may not take place at an annual convention or business meeting of franchisees, which we can require you to attend at your expense each calendar year.

**TRAINING PROGRAM:**

<b>Subject taught</b>	<b>Hours of classroom or online training</b>	<b>Hours of on the job training</b>	<b>Location</b>
New franchise introductory training-operation of a franchised business	Tailored to the background and experience of individual franchisees	Tailored to the background and experience of individual franchisees	Either at corporate offices or at franchisee's location or virtual
Sales training	15-20	5-10	Corporate offices and franchisee's location or virtual
Interior decoration	25-30	5-12	Corporate offices and franchisee's location or virtual

Product training	8-12	5-10	Corporate offices and franchisee's location or virtual
Onboarding of Sales Associates first 3 months	n/a	10-18	Online and Franchisee's location or virtual
AXAPTA	0	32	Franchisee's location or virtual
Visual merchandising/styling	0	16 hours per year	Franchisee's location or virtual
Marketing	4-6	2-4	Corporate offices and franchisee's location or virtual
Continuing franchise industry seminars Including BoConcept Retail Academy	Varies based upon subject matter	Varies based upon subject matter	In the US or in Denmark/Europe or possibly virtual

**Computer System.** You must keep books and business records according to our formats. To facilitate your reporting to us and other communications, you must maintain certain systems in operating the Franchised Business. We may require from time to time that you use specific computer hardware and software, at your expense. You will utilize the accounting program known as AXAPTA. Axapta is a live program which you obtain from us and to be used in stores and our offices to manage our inventory, sales and deliveries. Axapta is a live system updated on a daily basis. There is a onetime initial entrance fee for AXAPTA of \$2,300.00, and an AXAPTA User license of \$1,700.00 that are both payable to us prior to store opening. There is also a maintenance fee of \$150.00 per month per user (minimum 3 users).

These annual fees (plus other annual fees i.e., Mystery Shopping, samples, In-Store TV etc.,) are payable to us monthly beginning on the 15<sup>th</sup> day of the first calendar month after your store opens and by the 15<sup>th</sup> day of each month thereafter. Average store typically has 3 users. All store sales must be recorded and reported on the AXAPTA system. You are not required to purchase any hardware from us. The specific hardware and software minimum requirements are: Cisco router from Denmark to get access to Axapta (ordered by IT-servicedesk); Switch 8 or 32 port; standard pc with keyboard and mouse; MS Office 365; a monitor; printers HP, Canon or Ricoh, one with compatible-two paper trays (whitepaper/confirmation paper); Traffic counter; Suitable Antivirus/Security suite; X number of netcables RJ45 (CAT 6) for everything stated above. Cash computer: for one-1 receipt printers (Should be Epson TM-T88II, TM-T88III, TM-T88IV); 1 Cash Drawers with connection to Epson Receipt printer; Flatscreen monitor; Standard PC with keyboard and mouse; 1 Barcode scanner supporting EAN13

Telephone requirements are: one dedicated separate phone line and number per retail store.

Additional specifications can be obtained from our accounting department at (201) 433-4461. We may have independent access to the information and data you maintain; and there are no contractual limitations on our right to access the information and data. We may change the accounting system software at any time at our sole discretion and you shall be responsible for all transfer and initial set-up costs. We are not obligated to repair the hardware or software and have no obligation to provide maintenance, repairs, upgrades or updates. We recommend you obtain a maintenance contract with a reputable organization for our computer hardware and software. You may be required to upgrade or update any computer hardware or software program during the term of the Franchise Agreement, at your expense. There are no contractual limitations on the frequency or costs associated with this obligation.

**Construction of the Location.** You must promptly after obtaining possession of the site for the Franchised Business: (i) submit for approval by us a site survey and any modifications to our basic plans and specifications (not for construction) for a typical Franchised Business (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for

the development of the Franchised Business at the site leased or purchased, provided that you may modify our basic plans and specifications only to the extent required to comply with all applicable laws, building codes and permit requirements and with prior notification to and approval by us (such approval shall not be construed as a guarantee or representation concerning the likelihood of success of such location); (ii) obtain all required zoning changes, building, utility, health, sanitation and sign permits and licenses and any other required permits and licenses; (iii) purchase or lease equipment, fixtures, furniture and signs provided herein; (iv) complete the construction and/or remodeling, equipment, furniture and sign installation and decorating of the Franchised Business in full and strict compliance with plans and specifications previously approved by us and all applicable ordinances, building codes and permit requirements; (v) obtain all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling and installation services and materials; (vi) purchase in accordance with our specifications and requirements an opening inventory of products and supplies required for the Franchised Business (however we shall not be liable for your choices of inventory purchases); (vii) establish filing, accounting and inventory control systems conforming to the requirements presented by us; and (viii) otherwise complete development of and have the Franchised Business ready to open and commence business in accordance with the terms of the Franchise Agreement.

**Conduct the Franchised Business According to System Standards-BoConcept Manual.** You must conduct the Franchised Business offering only such products as we authorize from time to time. In the development and operation of the Franchised Business you must follow our specifications, standards, methods and operating procedures (the "System Standards"). You must develop and operate the Franchised Business in accordance with each and every System Standard, as periodically modified or supplemented by us, including without limitation the BoConcept Manual, Appendix 2. System Standards may govern all aspects of the development and operation of the Franchised Business, including without limitation, the following: (1) performance, quality and other relevant characteristics of the services and products offered by the Franchised Business; (2) use of the Marks and protection of confidential information; (3) types of authorized equipment, supplies and products; (4) designated and approved suppliers; (5) minimum hours of operation; (6) participation in market research and testing and product and service development programs prescribed by us; (7) qualifications, training, appearance and attitude of the Franchised Business' employees; (8) use and retention of standard forms; (9) use of standard formats; (10) use of computer software/AXAPTA; (11) adoption of technological developments or advances; (12) suppliers of inventory; (13) warranty work for customers; and (14) the addition or deletion of new products and/or services. You shall bear all costs and expenses pertaining to the development, operation, and maintenance of the Franchised Business and your compliance with the System Standards as periodically modified or supplemented by us.

**Operate in Compliance with Law and Company Operating Guidelines.** You must operate the Franchised Business in compliance with applicable laws and governmental regulations and the withholding and payment of all taxes. You must obtain at your expense, and keep in force, and permits, licenses or other consents required for the leasing, construction or operation of your Franchised Business. In addition, you shall operate your Franchised Business in accordance with guidelines currently accessed in the BOCONCEPT PowerBook and BOCONCEPT Intranet ("Company Operating Guidelines" and also sometimes "BoConcept Manual"), which may be amended from time to time as a result of experience, changes in the law or changes in the marketplace. You must conform to such amendments, and make all reasonable expenditures necessitated by the amendments, within the time periods reasonably established by us. The Company Operating Guidelines are intended to further the purposes of the Franchise Agreement and is specifically incorporated into the Franchise Agreement such that they shall constitute provisions of the Franchise Agreement as if fully set forth therein. You shall not copy any part of the Company Operating Guidelines, permit any part of it to be copied, allow any portion to be used by anyone other than you, or disclose it or allow access to anyone not having a need to know the contents for purposes of operating the Franchised Business without our permission. You shall refrain from conducting any business or selling any services or products other than those approved by us. You must use your best efforts to promote and enhance the business of the Franchised Business for the full term of the Franchise Agreement. We may operate for the benefit of franchisees that are in compliance with the franchise system a system of fines, which you would pay for violations of some policies of the Company Operating Guidelines. For example, if your employees do not wear the proper attire, then you would pay a fine. There is currently no system of fines and if

one is adopted, it would be described and updated in the Company Operating Guidelines. We reserve the right to utilize the electronic funds transfer system to implement the operations fine system when implemented.

## **Item 12.        TERRITORY**

**Non-Exclusive Territory.** You receive a franchise for a specific location in a Territory, as defined in Appendix 3 to your Franchise Agreement and which shall be designated, measured and defined by either zip codes, population size, actual legal boundaries and/or a map attached as an additional Exhibit to your Agreement, which would be in effect at the time you sign and during the term of your Franchise Agreement. The form of measurement Franchisor shall utilize for your Territory will depend upon each particular geographic location and its population, demographics and proximity to existing franchises, Franchisor company outlets or customers. You are prohibited from selling products or services by the Internet or by mail order or catalog. We will not, so long as the Franchise Agreement is in force and effect and you are not in default under any of the terms, enfranchise or operate any other BOCONCEPT® full store location within your Territory. However, we can conduct direct marketing and sale of the Products (or grant third parties the right to conduct direct marketing and sale of the Products) to commercial customers as well as consumers within your Territory, including but not limited to marketing and sale of the Products via inter-net shops and web-based market places operated by a third party (Section 5.10 and 5.11 of Franchise Agreement).

If you want to relocate, you must notify us in writing prior to the relocation. We reserve the right to refuse to approve a proposed relocation if we believe that the proposed relocation is for any reason not acceptable to us. Although we have not developed specific criteria to determine whether to approve a new location proposed by you, our judgment may generally be based on factors such as the proximity to existing or proposed locations owned by other franchisees or us, the suitability of the proposed facilities, compliance with our then current franchise location requirements, the competitiveness within the market or other factors.

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

**Development Plan.** You have the right and obligation to open additional stores within your Territory pursuant to your development Plan (see clauses 4.1, 5.10 thru 5.15 of Franchise Agreement and Appendix 4). As part of this Agreement, we and you shall prepare and agree to a Development Plan, set out in Appendix 4, which shall contain your expansion plans. If your Development Plan is not strictly and timely complied with, this is a material breach of your Franchise Agreement and (in addition to all other remedies available under your Agreement, including termination cf. clause 21, including without limitation, termination of your Franchise Agreement), you shall be deemed to have forfeited your exclusive right to operate stores in the Territory as specified in clauses 5.10, 5.11, 5.13, and consequently we may enter into franchise agreements with other franchisees regarding the opening of Brand Stores in the Territory. In addition to this Agreement, if you or a company within the same group as you as Franchisee, cf. Appendix 9, has entered into other franchise agreements with us regarding the same territory as the Territory, failure to comply with Development Plan of one or more of such franchise agreements shall be deemed to constitute failure to comply with the Development Plan of all such franchise agreements. In such event you (and the relevant company/companies with-in the same group) will be deemed to have forfeited your exclusive rights to open Brand Stores within the Territory in respect of each such franchise agreement, and BoConcept may thus operate or grant any third party the right to operate Brand Stores within the Territory. We may also enfranchise or operate any other BOCONCEPT® location anywhere else, outside your Territory without offering you a right of first refusal. You do not have a right of first refusal over any locations outside of your Territory. We may sell products to other retailers without your permission, however not within your Territory.

We are allowed to operate and enfranchise anywhere any business under different trademarks (including in your Territory). However, neither we nor any of our affiliates, have any current plans to operate or conduct a business similar to that being offered in this Franchise Disclosure Document. We shall be allowed to conduct

business using the marks or System on the Internet or by any other channel of distribution (including in your Territory). We have established one or more homepages on which our products are presented and described. You shall have the right and agree to be mentioned on such homepage(s) by name, address, telephone number, e-mail address and opening hours.

**Our Option to Purchase your store and/or stores.** As a franchisee you will sign a separate Call Option Agreement, whereby you grant us (or our affiliate) the option (but not the obligation) to purchase your company (entity) that owns all of your store assets at any time whether or not you are in default. This may include more than one store. Upon our exercise of this Call/purchase Option the amount we will pay for all of your ownership entity (owing all your store's assets) will be valued upon formula specified in the Call Option Agreement.

Subject to the terms in the above paragraph, we grant you the conditional exclusive right as specifically described above within the Territory on the conditions specified in your franchise agreement. If you fail to satisfy any material term or provision of your franchise agreement, we have the right but not the obligation to (i) terminate your franchise agreement or (ii) eliminate the conditional exclusivity of your right to operate BOCONCEPT® store within the Territory during the franchise agreement's remaining term, in which case we or our affiliates or another franchisee may operate, or allow one or more franchisees to operate, a BOCONCEPT® store within the Territory.

Pursuant to clause 10 of your Franchise Agreement, you are required to achieve a minimum amount of Gross Turnover as specified in clause 10, for a specified operating period or calendar year. Gross Turnover, means all gross retail order entry amount generated by your BoConcept business including the sale of Products, regardless of the manner of payment or method of consideration (e.g. transfer of goods as employee benefits) excluding: Sales Discount and Assembly and Delivery Fees; and VAT (value added tax) or Sales tax (tax collected on retail sales), or its equivalent on your sale of Products; and Cash refunds to customers in connection with customer complaints. If the total minimum amount of Gross Turnover fixed for an operating period or calendar year is not achieved for all your operating Brand Stores, we shall be entitled to terminate the Franchise Agreement at six (6) months' written notice to you.

Except as described above and in clause 10 of your Franchise Agreement specifying required amounts of Gross Minimum Turnover you must achieve for certain periods of time, your conditional territorial exclusivity will not depend on achievement of a certain sales volume, market penetration or other contingency. Except for material breach of your franchise agreement, there are no other current foreseeable circumstances that would allow us to modify your Territorial rights.

### **Item 13.        TRADEMARKS**

**BOCONCEPT® Service Marks.** The principal trademarks to be licensed to you are "BOCONCEPT®". The rights to the U.S. trademark are owned by our affiliate BoConcept A/S and we are authorized to license the name. The trademark has been registered on the principal register of the United States Patent and Trademark Office on December 25, 2007 as number 3360070 and all filings and affidavits are up to date. By having a Principal Register federal registration for BOCONCEPT®, we have certain presumptive legal rights granted by a registration. There are no currently effective material determinations of the U.S. Patent and Trademark Office, Trademark Trial Appeal Board, the trademark administrator of any state or any court. There is no pending infringement, opposition or cancellation action, nor any pending material litigation involving the principal trademark. There are no agreements currently in effect which significantly limit our right to use or license the use of the principal trademark in any manner material to the franchise.

**Use of Service Mark.** You must use the Marks as the sole identification of the Franchised Business, provided that you must identify yourself as the independent owner of the Franchised Business in the manner we prescribe. You may not use any Mark as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Mark in

connection with the sale of any unauthorized service or product or in any other manner not expressly authorized in writing by us. You must prominently display the Marks on or in connection with, signs, posters, displays, service contracts, stationery, and other forms we designate. You shall not use our name or mark nor shall you utilize any alternative medium of advertising such as a web-site or internet whatsoever. We reserve the right to utilize and license any such alternative source of advertising or medium. You must, in the manner we prescribe, give such notices of trademark and service mark registrations and copyrights as we specify and to obtain such fictitious or assumed name registrations as may be required under applicable law. All bank accounts, licenses, permits or other similar documents shall contain the actual name of the person or entity owning the Franchised Business and may contain “d/b/a BOCONCEPT®”.

**Infringements.** You must immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights in any Mark, and you may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We and our affiliates will have sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation or U.S. Patent and Trademark Office or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. We shall take all necessary actions deemed solely by us that are necessary to maintain and protect the BOCONCEPT® name and mark. You agree to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of our or our affiliates’ counsel, be necessary or advisable to protect and maintain our interests in any such litigation or U.S. Patent and Trademark Office or other proceeding or to otherwise protect and maintain our interests in the Marks.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade or service marks, you agree to comply with our instructions within a reasonable time after notice from us, and our sole obligation in any such event will be to reimburse you for your out-of-pocket costs of complying with this obligation. We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Mark, pursuant to and in compliance with the Franchise Agreement, is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any such claim brought against you or in any such proceeding in which you are named as a party, provided that you have timely notified us of such claim or proceeding and have otherwise complied with the Franchise Agreement. We, in our discretion, will be entitled to defend any proceeding arising out of your use of any Mark pursuant to this Franchise Agreement, and, if we undertake the defense of such proceeding, we have no obligation to indemnify or reimburse you for any fees or disbursements of counsel you retain. We do not know of either superior prior rights or infringing uses that could materially affect your use of our principal trademark.

#### **Item 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

No patents or registered copyrights are material to the franchise and no patent applications material to this franchise have been made or are pending. We and our affiliates claim copyright protection of our Company Operating Guidelines and related materials although these materials have not been registered with the United States Registrar of Copyrights. The Company Operating Guidelines and related materials are considered proprietary and confidential and are considered the property of us and our affiliates and may be used by you only as provided in the Franchise Agreement. You may not use our confidential information in any unauthorized manner and must take reasonable steps to prevent its disclosure to others. You will be entitled to use of the copyrighted and certain proprietary materials during the term of the franchise. There are no infringing uses known to us or our affiliate, which would affect your use of the proprietary and/or copyrighted materials. There are no agreements in effect that significantly limit our rights to use or license the use of the copyrighted or proprietary materials. There is no provision in the Franchise Agreement specifically obligating us to protect your rights to use of the proprietary or copyrighted materials, but we will respond to this information as we deem appropriate.



**Item 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF FRANCHISE BUSINESS**

We recommend, but do not require, that you participate personally in the direct operation of the Franchised Business. If you do not personally supervise the operation of the Franchised Business, then you must employ a manager to assist you or your managing shareholder or partner in operating the Franchised Business. All managers must complete the initial training program to our satisfaction and sign a confidentiality and non-competition agreement in the form we prescribe. The manager need not have an ownership interest in the entity owning the franchise. Each individual who owns any interest in the franchise entity and their spouse must sign an agreement assuming and agreeing personally to discharge all obligations of the Franchisee under the Franchise Agreement Section 5 and Guaranty (the Personal Guaranty).

**Item 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

We require that you offer and sell only those goods, which we have provided and sell to you. We have the right to add additional authorized goods. There are no specific limitations in the Franchise Agreement on this right. See Section 14 and Appendix 8 and Items 8, 9 and 12. There are no restrictions regarding customers to whom you may sell goods as long as to residential consumers and not “business to business” and are solely from your physical retail store, within your Territory and not VIA internet or other alternative means of communication. Franchisor is allowed to recommend minimum and maximum prices for goods sold by you and currently does so.

**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.**

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 21.1	5 years
b. Renewal or extension of the term	Section 23	If you have substantially complied with the Franchise Agreement, you can renew for one additional 5-year term.
c. Requirements for you to renew or extend	Section 23, Appendix 14	You must timely send written notice of intent to renew, sign new franchise agreement with materially different terms and conditions than their original agreement and refurbish or remodel the premises, and replace equipment to be in compliance with standards.
d. Termination by you	Section 21.4 and 21.6	If we breach a material provision of the Franchise Agreement & do not cure within 14 calendar days after your notice to us, you may terminate the Agreement.
e. Termination by us without cause (Not Applicable)	Section 21.2	We can terminate on 3 months prior notice if you engage in any of several listed activities.
f. Termination by us with cause	Sections 5.6, 5.10, 5.13, 21.2, 21.4, 21.5, 21.8,	We can terminate only if you commit any one of several listed violations

g. "Cause" defined - defaults which can be cured	Sections 21.4, 21.5	If you breach a material provision of the Franchise Agreement & do not cure within 14 calendar days after our notice to you, we may terminate the Agreement.
h. "Cause" defined - noncurable defaults	Sections 5.6, 5.10, 5.13, 21.2, 21.4, 21.5, 21.8	
i. Your obligations on termination/non-renewal	Section 25	Pay all amounts owed; return the Software Program & return or destroy all other materials; stop using Marks, System & confidential information; de-identify yourself from us; cancel assumed names; return to us any BOCONCEPT® signs; provide us with information about all customers; stop using e-mail and internet addresses, websites, domain names & search engine identifiers;
j. Assignment of Franchise Agreement by us	Section 18.1	No restriction on our right to assign.
k. "Transfer" by you - definition	Section 18.2-18.4	Includes any type of transfer of the Franchise Agreement or assets or any ownership change. Must offer assignment to Franchisor or 3 <sup>rd</sup> party approved by Franchisor before assigning to 3 <sup>rd</sup> party.
l. Our approval of transfer by you	Section 18	You shall obtain our prior approval of all transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Sections 18.2, 18.3, and 18.4	After 3 years, if Transferee qualifies; all amounts due are paid in full; you are not in default; transferee complies with training requirement; transferee has received required disclosure documents; then current form of Franchise Agreement signed; transferee assumes remaining obligations under your agreements; transfer fee paid; assets have been refurbished, remodeled or replaced; lessor consent to lease assignment; general releases signed; guaranty of performance may be required; and right of first refusal declined by us (also see r).
n. Our right of first refusal to acquire your business	Section 18.4	We can match any offer for your business, except broker's fees are excluded. Cash may be substituted for any form of payment proposed.
o. Our option to purchase your business	Section 21.3, on your death or permanent and disability and anytime per our Call Option Agreement-Appendix 13	Option to purchase your entity that owns all store assets (at any time regardless of your default) and may or may not include all stores you own
p. Your death or disability	Section 21.3	(See o.)
q. Non-competition covenants during the term of the franchise	Section 19	No involvement in any business offering products similar or in direct competition with those offered us or an organization franchising a similar business, without our written permission.
r. Non-competition covenants after the franchise is terminated or expires	Section 19.2	No involvement in any business offering products similar or in direct competition with those offered us or an organization franchising a similar business, for 12 months after expiration or termination of your agreement.

s. Modification of the Agreement	Sections 28 and 30	Modification by written agreement signed by you and us. The Company Operating Guidelines can be revised and modified.
t. Integration/Merger clause	Section 28	Only the terms of the Franchise Agreement and any other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 27	Except for certain claims, all disputes must be arbitrated in the city where our parent company's headquarters is located when the proceedings are conducted (Copenhagen Denmark), unless required by your state.
v. Choice of forum	Sections 5.5 and 27	Subject to applicable Danish law, arbitration must be in Copenhagen, Denmark, unless required by your state
w. Choice of law	Section 27	Subject to applicable Danish law, Danish law applies, unless required by your state

**Item 18. PUBLIC FIGURES** We do not currently use any public figure to promote our franchise.

**Item 19. FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any financial performance representations. We do not authorize our employees or representatives to make any such representations either orally or in writing. However, if you are purchasing an existing outlet, we may provide you with the records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting Mark Arensberg PO Box 7646, Overland Park, Kansas 66207, (913)-346-4700, the Federal Trade Commission, and appropriate state regulatory agencies.

**20. (US-CANADA) OUTLETS AND FRANCHISE INFORMATION**

**Table 1-SYSTEM WIDE OUTLET SUMMARY FOR YEARS 2020, 2021, 2022\***

(\*All 2022 figures in Item 20 tables include information thru July 31, 2023)

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	2020	19	19	0
	2021	19	20	+1
	2022	20	20	0

Company Owned	2020	1	2	+1
	2021	2	2	0
	2022	2	2	0
Total Outlets	2020	20	21	+1
	2021	21	22	+1
	2022	22	22	0

**Table 2-TRANSFERS OF FRANCHISED OUTLETS FROM FRANCHISEES TO NEW OWNERS OTHER THAN THE FRANCHISOR (For Years 2020, 2021 and 2022\*)**

Column 1 State	Column 2 YEAR	Column 3 Number of Transfers
NA	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

**Table 3-STATUS OF FRANCHISE OUTLETS FOR YEARS 2020, 2021, and 2022\***

Col 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations- Other Reasons	Col. 9 Outlets at End of Year
California	2020	4	0	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Florida	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Georgia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Mass.	2020	2	0	0	0	0	0	1
	2021	2	0	0	0	0	1	2
	2022	2	0	0	0	0	0	2
New Jersey	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New York	2020	1	0	0	0	1	0	1
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Penn	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Virginia	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Washington DC	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Washington State	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	0
	2022	1	0	0	0	0	1	0
Canada	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	1	4
Total	2020	19	1	0	0	1	0	19
	2021	19	2	0	0	0	1	20
	2022	20	1	0	0	0	1	20

**Table 4-STATUS OF COMPANY OWNED OUTLETS FOR YEARS 2020, 2021 and 2022\***

	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Reacquired from Franchisees	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at End of Year
NY	2020	1	0	1	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Total	2020	1	0	1	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

**Table 5-PROJECTED OPENINGS AS OF August 1, 2023**

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlet in the Next Fiscal Year	Column 4 Projected New Company owned Outlets in the Current Fiscal year
CA	0	1	0
FL	0	1	0
NY	0	1	0
Total	0	3	0

The names and contact information for each franchised outlet are provided in Exhibit D, which also includes contact information for any franchisees terminated, not renewed or voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year. Addresses and telephone numbers for outlets of Current franchisees that are not yet open have not been identified, so are not included. There are no franchisees who have not communicated with us within 10 weeks of the disclosure document issuance date. Except as specified herein, no other franchisees ceased doing business or were cancelled, terminated or not renewed through July 31, 2023 or failed to communicate with us within 10 weeks of the application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and franchisees sign provisions restricting their ability to speak openly about their experience with BoConcept. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

\*All information in Item 20 specified as for 2022 is for calendar year-end December 31, 2022 (and also includes information updated through July 31, 2023\*), and none of the information in any of Tables 1-5 has changed through July 31, 2023. There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

**21. FINANCIAL STATEMENTS** Attached to this Disclosure Document as Exhibit A are our audited financial statements dated as of April 31, 2023, April 30, 2022 and April 30, 2021, with Auditor's Consent, and Unaudited internal Income Statement and Balance Sheet updated through July 31, 2023. Our fiscal year-end is April 30<sup>th</sup>.

**22. CONTRACTS** The Franchise Agreement is attached to this Disclosure Document as Exhibit B which includes a Security Agreement and Personal Guaranty. Additionally, attached are Addendums for certain States (Exhibit E).

**23. RECEIPT**-The last page of the Disclosure Document is a detachable document acknowledging receipt of the Disclosure Document.

- Exhibit A. Auditor's Consent and Audited financial Statements as of April 30, 2023, April 30, 2022 and April 30, 2021 and Unaudited-internal Verified Income Statement-Balance Sheet updated to July 31, 2023, (attached)
- Exhibit B. Franchise Agreement (attached)-with Appendices 2, 3, 4, 5, 7, 8, 10, 12, 13, 14 and 15
- Exhibit C. List of State Administrators (attached)
- Exhibit D. Listing and contact information of current franchisees (attached)
- Exhibit E. State Addendums to Franchise Disclosure Document and/or Franchise Agreement

#### APPENDICES TO FRANCHISE AGREEMENT:

- Appendix 1: Franchisee Organizational Documents (supplied by Franchisee)
- Appendix 2: MANUAL-Table of Contents
- Appendix 3: TERRITORY
- Appendix 4: DEVELOPMENT PLAN
- Appendix 5: Three-year BUDGET (supplied by Franchisee)
- Appendix 6: Not Applicable to US and Canada Franchisees
- Appendix 7: Requirements for Franchisee's use of SOCIAL MEDIA
- Appendix 8: SUPPLY AGREEMENT
- Appendix 9: Group Structure chart of Franchisee-Company (supplied by Franchisee)
- Appendix 10: Anti-corruption Policy and Guidelines
- Appendix 11: Individual Terms (if applicable)
- Appendix 12: US Addendum
- Appendix 13: Call Option Agreement
- Appendix 14: Request for Term Renewal
- Appendix 15, Request to Add Additional Stores

#### STATE ADDENDUMS

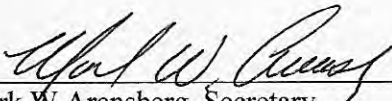
EXHIBIT "A"

**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**

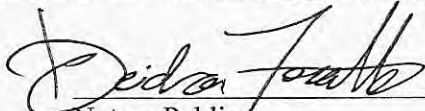
STATE OF Kansas                     )  
                                                      ) SS.  
COUNTY OF Johnson                )

Mark W Arensberg, of lawful age, being first duly sworn, upon my oath, state:

I am the duly authorized Secretary of BoConcept Franchise, Inc.; I have read the attached internal income statement and balance sheet of BoConcept Franchise, Inc, as of **July 31, 2023**, understand its contents, and the information contained therein appears true and correct to the best of my knowledge, information, and belief.

  
Mark W Arensberg, Secretary

Subscribed and sworn to before me this 11<sup>th</sup> day of August, 2023

  
Notary Public

My appointment expires: Sept 1, 2025



EXHIBIT "A"

# Income Statement

Account number	Account name	Amount - YTD 5/1/2023 - 7/31/2023
<b>3900 SALES</b>		
<b>4950 Total Sales</b>		<b><u>0.00</u></b>
<b>4999 COST OF SALES</b>		
<b>5950 Total Cost of Sales</b>		<b><u>0.00</u></b>
<b>5955 Gross profit</b>		<b><u>0.00</u></b>
<b>5998 OPERATING EXPENSES</b>		
<b>5999 Marketing &amp; Sales Expense</b>		
6171 Mgmt Fee-DK Contrib-2100-Bus Dev		-40,500.00
<b>6398 Total Marketing &amp; Sales Expenses</b>		<b><u>-40,500.00</u></b>
<b>6399 Facilities Expense</b>		
<b>6498 Total Facilities Expenses</b>		<b><u>0.00</u></b>
<b>6499 Other General &amp; Administrative Exp.</b>		
6520 Legal Fees		21,192.82
6740 Merchant & Bank Charges		8.00
<b>6998 Total Other General &amp; Adm. Exp.</b>		<b><u>21,200.82</u></b>
<b>6999 TOTAL OPERATING EXPENSES</b>		<b>-19,299.18</b>
<b>7000 Net Income From Operations</b>		
<b>7050 Other Income (Expense)</b>		
8700 Total Other (Income) Expense		<u>0.00</u>
<b>8900 Net (Income) Loss Before Taxes</b>		<b>-19,299.18</b>
<b>9900 Net (Income) Loss</b>		<b>-19,299.18</b>



**Balance Sheet**

Account number	Account name	Amount 5/1/2023 - 7/31/2023
<b>899</b>	<b>Assets</b>	
<b>900</b>	<b>Current Assets</b>	
1000	Cash - Bank of America	9,305.09
1425	Other AR due from BC USA	<u>23,689.20</u>
<b>1490</b>	<b>Total Current Assets</b>	<b>32,994.29</b>
<b>1495</b>	<b>Fixed Assets</b>	
<b>1690</b>	<b>Total Fixed Assets</b>	<b><u>0.00</u></b>
<b>1695</b>	<b>Other Assets</b>	
<b>1895</b>	<b>Total Other Assets</b>	<b><u>0.00</u></b>
<b>1900</b>	<b>Total Assets</b>	<b>32,994.29</b>
<b>1950</b>	<b>Liabilities &amp; Stockholders Equity</b>	
<b>1955</b>	<b>Current Liabilities</b>	
<b>2195</b>	<b>Total Current Liabilities</b>	<b>0.00</b>
<b>2196</b>	<b>Other Current Liabilities</b>	
2600	Accrued Liabilities	<u>-15,000.00</u>
<b>2690</b>	<b>Total Other Current Liabilities</b>	<b>-15,000.00</b>
<b>2695</b>	<b>Long Term Liabilities</b>	
<b>2949</b>	<b>Total Long Term Liabilities</b>	<b>0.00</b>
<b>2950</b>	<b>Total Liabilities</b>	<b>-15,000.00</b>
<b>2995</b>	<b>Stockholders Equity</b>	
3000	Common Stock	-1,000.00
3100	Paid in Capital	-385,959.00
3200	Retained Earnings	388,263.89
3250	Retained Earnings-Curr P&L	<u>-19,299.18</u>
<b>3390</b>	<b>Total Stockholders Equity</b>	<b>-17,994.29</b>
<b>3395</b>	<b>Total Liabilities &amp; Stockh. Equity</b>	<b>-32,994.29</b>



Accounting  
Tax | Advisory

Direction that moves you forward

BoConcept Franchise Inc.  
210 Mountain Avenue, #48,  
Springfield, New Jersey 07081-2211

CONSENT:

Sax LLP consents to the use in the Franchise Disclosure Document issued by BoConcept Franchise, Inc. ("Franchisor"), effective on August 1, 2023, as it may be amended, of our report dated August 14, 2023, relating to the financial statements of Franchisor for the period ending April 30, 2023.

REVENUE RECOGNITION:

The organization, BoConcept Franchise, Inc., has adopted ASC 606 for revenue recognition in the business. Revenues for the 2023, 2022 and 2021 years have been recorded in compliance with ASC 606.

A handwritten signature in black ink that reads "Sax LLP". The signature is written in a cursive, flowing style.

Sax LLP

By: Adam Holzberg, CPA, MBA  
Partner

**BoConcept Franchise, Inc.**

**(a wholly-owned subsidiary of  
BoConcept North America, Inc.)**

Financial Statements

Years Ended April 30, 2023 and 2022

# **BoConcept Franchise, Inc.**

**(a wholly-owned subsidiary of  
BoConcept North America, Inc.)**

## **Financial Statements**

**Years Ended April 30, 2023 and 2022**

### **C O N T E N T S**

	<b>Page</b>
<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Balance Sheets	3
Statements of Income	4
Statements of Changes in Stockholders' Deficits	5
Statements of Cash Flows	6
Notes to Financial Statements	7-8



## Independent Auditor's Report

Board of Trustees  
BoConcept Franchise, Inc.

### Opinion

We have audited the financial statements of BoConcept Franchise, Inc. (the "Company"), which comprise the balance sheets as of April 30, 2023 and 2022, the related statements of income, changes in stockholders' deficits, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*Sax LLP*

Parsippany, New Jersey  
August 14, 2023



# BoConcept Franchise, Inc.

(a wholly-owned subsidiary of  
BoConcept North America, Inc.)

## Balance Sheets

		April 30,	
		2023	2022
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$	1,325	\$ 2,014
Due from related party		34,189	2,901
Total current assets		35,514	4,915
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>35,514</b>	<b>\$ 4,915</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICITS</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$	36,819	\$ 16,706
Due to related party		-	-
Total liabilities		36,819	16,706
<b>STOCKHOLDERS' DEFICITS</b>			
Common stock, \$1 par value per share; 1,000 shares; authorized, issued, and outstanding		1,000	1,000
Additional paid-in capital		386,701	385,959
Accumulated deficits		(389,006)	(398,750)
Net stockholders' deficits		(1,305)	(11,791)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICITS</b>	<b>\$</b>	<b>35,514</b>	<b>\$ 4,915</b>

See Notes to Financial Statements.

# **BoConcept Franchise, Inc.**

**(a wholly-owned subsidiary of  
BoConcept North America, Inc.)**

## **Statements of Income**

	<b>Years Ended April 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
Support fee	\$ 200,759	\$ 158,110
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>189,781</u>	<u>141,959</u>
Net operating income	10,978	16,151
<b>INTEREST EXPENSE</b>	<u>(364)</u>	<u>(1,323)</u>
Income before provision for income taxes	10,614	14,828
<b>PROVISION FOR INCOME TAXES</b>	<u>870</u>	<u>888</u>
Net income	<u><u>\$ 9,744</u></u>	<u><u>\$ 13,940</u></u>

*See Notes to Financial Statements.*



**BoConcept Franchise, Inc.**

**(a wholly-owned subsidiary of  
BoConcept North America, Inc.)**

## Statements of Changes in Stockholders' Deficits

Years Ended April 30, 2023 and 2022

	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Accumulated Deficit</b>	<b>Net Stockholders' Deficit</b>
<b>BALANCES, as of May 1, 2021</b>	\$ 1,000	\$ 385,400	\$ (412,690)	<b>(26,290)</b>
Additional paid-in capital	-	559	-	559
Net income	-	-	13,940	13,940
<b>BALANCES, as of April 30, 2022</b>	1,000	385,959	(398,750)	<b>(11,791)</b>
Additional paid-in capital	-	742	-	742
Net income	-	-	9,744	9,744
<b>BALANCES, as of April 30, 2023</b>	<b>\$ 1,000</b>	<b>\$ 386,701</b>	<b>\$ (389,006)</b>	<b>\$ (1,305)</b>

See Notes to Financial Statements.

# BoConcept Franchise, Inc.

(a wholly-owned subsidiary of  
BoConcept North America, Inc.)

## Statements of Cash Flows

	<b>Years Ended April 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Net income	\$ 9,744	\$ 13,940
Adjustments to reconcile net income to net cash provided by (used for) operating activities		
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	20,113	(33)
	<u>29,857</u>	<u>13,907</u>
<b>CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>		
Repayments to related party	(31,288)	(19,786)
	<u>(31,288)</u>	<u>(19,786)</u>
<b>CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>		
Capital contributions	742	559
	<u>742</u>	<u>559</u>
<b>Net decrease in cash</b>	<b>(689)</b>	<b>(5,320)</b>
<b>CASH, beginning of year</b>	<u>2,014</u>	<u>7,334</u>
<b>CASH, end of year</b>	<u><u>\$ 1,325</u></u>	<u><u>\$ 2,014</u></u>

See Notes to Financial Statements.

# **BoConcept Franchise, Inc.**

**(a wholly-owned subsidiary of  
BoConcept North America, Inc.)**

## **Notes to Financial Statements**

**Years Ended April 30, 2023 and 2022**

### **Note 1 - Description of Business**

#### *a. Organization of the Company*

BoConcept Franchise, Inc., (the "Company") was incorporated pursuant to laws of the state of Kansas on January 6, 2004. The Company is a wholly-owned subsidiary of BoConcept North America, Inc., which in turn is a wholly-owned subsidiary of Layout Holdco A/S (the "Ultimate Parent").

#### *b. Nature of Operations*

The Company is in the business of franchising retail outlets which sell contemporary furniture and accessories under the "BoConcept" brand names and service marks using certain inventory procedures, techniques, business forms, business policies, and a body of knowledge pertaining to the establishment and operation of the franchised business. The Company's fiscal year ends April 30.

#### *c. Liquidity and Risk*

The Company, on a recurring basis, has reported profits at levels approximating breakeven or slight losses and is heavily dependent on support fees earned from BoConcept USA, Inc., an affiliate under common ownership, and the ability of BoConcept USA, Inc., to fund the operations as needed in order to satisfy its obligations due to third parties. The Company has obtained a letter of support from its Ultimate Parent dated August 8, 2023, agreeing to provide the Company with the necessary financial support.

The Company has prepared these financial statements on a going concern basis; however, there can be no assurances that future business plans of the Ultimate Parent and the resulting financial support would not materially change beyond August 14, 2024. In the absence of the intercompany revenues, as well as the financial support from the Ultimate Parent, there would be uncertainty that the Company would be able to continue as a going concern beyond August 24, 2014.

### **Note 2 - Summary of Significant Accounting Policies**

#### *a. Revenue Recognition*

The Company recognizes revenue from initial franchise fees. The Company enters into contracts with prospective franchisees and provides pre-opening services, such as, but not necessarily limited to, territorial rights, management training, and a license to use specified trade names and trademarks. The Company has a single performance obligation of the pre-opening services. The Company recognizes revenue when substantially all significant services have been provided or when the franchise commences operations, whichever is earlier. The Company does not receive any royalties from continuing franchise operations. For the years ended April 30, 2023 and 2022, the Company did not receive any initial franchise fees.

## **BoConcept Franchise, Inc.**

**(a wholly-owned subsidiary of  
BoConcept North America, Inc.)**

### **Notes to Financial Statements**

**Years Ended April 30, 2023 and 2022**

#### **Note 2 - Summary of Significant Accounting Policies - Continued**

##### *a. Revenue Recognition - Continued*

To help fund the Company's operations, the Company receives a support fee from BoConcept USA, Inc. The amount received is fixed at \$200,759 per annum. The Company recognizes the fee as it is received. For the years ended April 30, 2023 and 2022, the Company recognized \$200,759 and \$158,110, respectively.

##### *b. Cash*

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company does not have any cash equivalents as of April 30, 2023 and 2022.

##### *c. Income Taxes*

The Company files a consolidated income tax return with BoConcept North America, Inc., its direct parent company. In accordance with the inter-corporate tax allocation policy, the Company pays to or receives from the parent company amounts equivalent to federal, state, and local income tax charges or credits based on separate taxable income or loss using the statutory rates, if applicable.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Company's tax positions and the Company has recorded an additional liability of \$742 and \$559 for the years ended April 30, 2023 and 2022, respectively, which has been assumed by the parent as an adjustment to the financial statements to comply with the provisions of this guidance.

##### *d. General and Administrative Expenses*

The Company's general and administrative expenses largely consists of professional fees, such as legal and accounting expenses. For the years ended April 30, 2023, and 2022, professional fees were \$189,749 and \$141,959, respectively. The remaining balance of general and administrative expenses were made up miscellaneous expenses.

##### *e. Subsequent Events*

The Company has evaluated subsequent events for potential recognition or disclosure through August 14, 2023, the date the financial statements were available to be issued.

#### **Note 3 - Commitments and Contingencies**

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of a quality control program. Generally, these services are provided prior to the store opening.



Accounting  
Tax | Advisory

EXPECT MORE

August 26, 2022

BoConcept Franchise Inc.  
210 Mountain Avenue, #48,  
Springfield, New Jersey 07081-2211

CONSENT:

Sax LLP consents to the use in the Franchise Disclosure Document issued by BoConcept Franchise, Inc. ("Franchisor"), effective on August 1, 2022, as it may be amended, of our report dated August 24, 2022, relating to the financial statements of Franchisor for the period ending April 30, 2022.

REVENUE RECOGNITION:

The organization, BoConcept Franchise, Inc., has adopted ASC 606 for revenue recognition in the business. Revenues for the 2022 and 2021 years have been recorded in compliance with ASC 606.

Very truly yours,

Josh Chananie, CPA  
Sax LLP, Partner

JC:cap

**BoConcept Franchise, Inc.**  
**(A wholly-owned subsidiary of**  
**BoConcept North America, Inc.)**

Financial Statements

Years Ended April 30, 2022 and 2021

**BoConcept Franchise, Inc.**  
**(A wholly-owned subsidiary of**  
**BoConcept North America, Inc.)**

**Financial Statements**

**Years Ended April 30, 2022 and 2021**

**C O N T E N T S**

	<b>Page</b>
<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Balance Sheets	3
Statements of Income	4
Statements of Changes in Stockholders' Deficits	5
Statements of Cash Flows	6
Notes to Financial Statements	7-8





## Independent Auditor's Report

Board of Trustees  
BoConcept Franchise, Inc.

### Opinion

We have audited the financial statements of BoConcept Franchise, Inc. (the "Company"), which comprise the balance sheets as of April 30, 2022 and 2021, the related statements of income, changes in stockholders' deficits, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*Sax LLP*

Parsippany, New Jersey  
August 24, 2022

**BoConcept Franchise, Inc.**  
**(A wholly owned subsidiary of**  
**BoConcept North America, Inc.)**

Balance Sheets

		April 30,	
		2022	2021
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash		\$ 2,014	\$ 7,334
Due from related party		2,901	-
Total current assets		<u>4,915</u>	<u>7,334</u>
<b>TOTAL ASSETS</b>		<u><b>\$ 4,915</b></u>	<u><b>\$ 7,334</b></u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICITS</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses		\$ 16,706	\$ 16,739
Due to related party		-	16,885
Total liabilities		<u>16,706</u>	<u>33,624</u>
<b>STOCKHOLDERS' DEFICITS</b>			
Common stock, no par value per share; 1,000 shares; authorized, issued, and outstanding		1,000	1,000
Additional paid-in capital		385,959	385,400
Accumulated deficits		<u>(398,750)</u>	<u>(412,690)</u>
Net stockholders' deficits		<u>(11,791)</u>	<u>(26,290)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICITS</b>		<u><b>\$ 4,915</b></u>	<u><b>\$ 7,334</b></u>

See Notes to Financial Statements.

**BoConcept Franchise, Inc.**  
**(A wholly owned subsidiary of**  
**BoConcept North America, Inc.)**

Statements of Income

	<u>Years Ended April 30,</u>	
	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Support fee	\$ 158,110	\$ 105,050
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>141,959</u>	<u>93,479</u>
Net operating income	16,151	11,571
<b>INTEREST INCOME (EXPENSE)</b>	<u>(1,323)</u>	<u>727</u>
Income before provision for income taxes	14,828	12,298
<b>PROVISION FOR INCOME TAXES</b>	<u>888</u>	<u>369</u>
Net income	<u><u>\$ 13,940</u></u>	<u><u>\$ 11,929</u></u>

*See Notes to Financial Statements.*

**BoConcept Franchise, Inc.**  
**(A wholly owned subsidiary of**  
**BoConcept North America, Inc.)**

Statements of Changes in Stockholders' Deficits

Years Ended April 30, 2022 and 2021

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Net Stockholders' Deficit
<b>BALANCES, as of May 1, 2020</b>	\$ 1,000	\$ 385,033	\$ (424,619)	(38,586)
Additional paid-in capital	-	367	-	367
Net income	-	-	11,929	11,929
<b>BALANCES, as of April 30, 2021</b>	1,000	385,400	(412,690)	(26,290)
Additional paid-in capital	-	559	-	559
Net income	-	-	13,940	13,940
<b>BALANCES, as of April 30, 2022</b>	<u>\$ 1,000</u>	<u>\$ 385,959</u>	<u>\$ (398,750)</u>	<u>\$ (11,791)</u>

See Notes to Financial Statements.

**BoConcept Franchise, Inc.**  
**(A wholly owned subsidiary of**  
**BoConcept North America, Inc.)**

Statements of Cash Flows

	<u>Years Ended April 30,</u>	
	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Net income	\$ 13,940	\$ 11,929
Adjustments to reconcile net income to net cash provided by (used for) operating activities		
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(33)	(8,107)
	<u>13,907</u>	<u>3,822</u>
<b>CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>		
Repayments to related party	(19,786)	(13,277)
	<u>(19,786)</u>	<u>(13,277)</u>
<b>CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>		
Capital contributions	559	367
	<u>559</u>	<u>367</u>
<b>Net decrease in cash</b>	<b>(5,320)</b>	<b>(9,088)</b>
<b>CASH, <i>beginning of year</i></b>	<u>7,334</u>	<u>16,422</u>
<b>CASH, <i>end of year</i></b>	<u><u>\$ 2,014</u></u>	<u><u>\$ 7,334</u></u>

See Notes to Financial Statements.



**BoConcept Franchise, Inc.**  
**(A wholly owned subsidiary of**  
**BoConcept North America, Inc.)**

**Notes to Financial Statements**

**Years Ended April 30, 2022 and 2021**

**Note 1 - Description of Business**

*a. Organization of the Company*

BoConcept Franchise, Inc., (the "Company") was incorporated pursuant to laws of the state of Kansas on January 6, 2004. The Company is a wholly-owned subsidiary of BoConcept North America, Inc., which in turn is a wholly-owned subsidiary of Layout Holdco A/S (the "Ultimate Parent").

*b. Nature of Operations*

The Company is in the business of franchising retail outlets which sell contemporary furniture and accessories under the "BoConcept" brand names and service marks using certain inventory procedures, techniques, business forms, business policies, and a body of knowledge pertaining to the establishment and operation of the franchised business. The Company's fiscal year ends April 30.

*c. Liquidity and Risk*

The Company, on a recurring basis, has reported profits at levels approximating breakeven or slight losses and is heavily dependent on support fees earned from BoConcept USA, Inc., an affiliate under common ownership, and the ability of BoConcept USA, Inc., to fund the operations as needed in order to satisfy its obligations due to third parties. The Company has obtained a letter of support from its Ultimate Parent dated August 18, 2022, agreeing to provide the Company with the necessary financial support.

The Company has prepared these financial statements on a going concern basis; however, there can be no assurances that future business plans of the Ultimate Parent and the resulting financial support would not materially change beyond August 24, 2023. In the absence of the intercompany revenues, as well as the financial support from the Ultimate Parent, there would be uncertainty that the Company would be able to continue as a going concern beyond August 24, 2023.

**Note 2 - Summary of Significant Accounting Policies**

*a. Revenue Recognition*

The Company recognizes revenue from initial franchise fees. The Company enters into contracts with prospective franchisees and provides pre-opening services, such as, but not necessarily limited to, territorial rights, management training, and a license to use specified trade names and trademarks. The Company has the single performance obligation of the pre-opening services. The Company recognizes revenue when substantially all significant services have been provided or when the franchise commences operations, whichever is earlier. The Company does not receive any royalties from continuing franchise operations.

To help fund the Company's operations, the Company receives a support fee from BoConcept USA, Inc. The amount received is fixed at \$158,110 per annum. The Company recognizes the fee as it is received.

**BoConcept Franchise, Inc.**  
**(A wholly owned subsidiary of**  
**BoConcept North America, Inc.)**

**Notes to Financial Statements**

**Years Ended April 30, 2022 and 2021**

**Note 2 - Summary of Significant Accounting Policies - Continued**

*b. Cash*

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company does not have any cash equivalents as of April 30, 2022 and 2021.

*c. Income Taxes*

The Company files a consolidated income tax return with BoConcept North America, Inc., its direct parent company. In accordance with the inter-corporate tax allocation policy, the Company pays to or receives from the parent company amounts equivalent to federal, state, and local income tax charges or credits based on separate taxable income or loss using the statutory rates, if applicable.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Company's tax positions and the Company has recorded an additional liability of \$559 and \$367 for the years ended April 30, 2022 and 2021, respectively, which has been assumed by the parent as an adjustment to the financial statements to comply with the provisions of this guidance.

*d. Subsequent Events*

The Company has evaluated subsequent events for potential recognition or disclosure through August 24, 2022, the date the financial statements were available to be issued.

**Note 3 - Commitments and Contingencies**

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of a quality control program. Generally, these services are provided prior to the store opening.

**Note 4 - Related Party Transactions**

The Company utilizes certain general and administrative services whose costs are absorbed by an affiliated company. Accordingly, there is no cost recognized by the Company for these general and administrative expenses which include, but are not limited to, office rent and utilities, administrative payroll, and other general and administrative expenses.

**EXHIBIT "B"**

FRANCHISE AGREEMENT

Issue Date: August 1, 2023



## Table of contents

1. Recitals and acknowledgements.....	3
2. Definitions .....	5
3. The Concept .....	7
4. The Franchisee's Right of Operation .....	8
5. The legal position of the Franchisee. Guarantee and security .....	11
6. Entrance fee .....	15
7. The Place of Business .....	15
8. Shop Fixtures and updates .....	17
9. IT Application and telecommunication .....	18
10. Minimum turnover .....	18
11. Marketing .....	19
12. Staff, training and support .....	21
13. Advice and cooperation .....	22
14. Products .....	23
15. Accounts and reporting .....	25
16. Insurance.....	25
17. Exercise of the Right of Operation by a Corporate Franchisee.....	26
18. Assignment or sale of rights and obligations.....	26
19. Competition .....	28
20. Confidentiality .....	28
21. Term, expiration and termination .....	29
22. Agreed penalty .....	32
23. Renewal.....	33
24. Force Majeure .....	34
25. Legal effects of expiration or termination of the Agreement .....	34
26. Notices .....	35
27. Governing law and settlement of disputes .....	36
28. Changes and/or adjustments .....	37
29. Adjustments of amounts .....	39
30. Individual terms.....	39
31. Language of the Agreement .....	39
32. Call Option Agreement.....	39
33. Appendices.....	39
34. Copies.....	40
Personal Guaranty; Security Agreement, all individual Owners.....	41

# FRANCHISE AGREEMENT

Between

BoConcept Franchise, Inc.

210 Mountain Avenue #48

Springfield, NJ 07081-2211

(hereinafter referred to as the "Franchisor" and "BoConcept")

and

[INSERT NAME]

[INSERT ADDRESS]

[INSERT ADDRESS, POSTAL CODE, TOWN]

[INSERT COUNTRY-ZIPCODE]

EIN-Tax ID. no. [INSERT EIN NO.],

(hereinafter referred to as the "Franchisee")

(hereinafter BoConcept and Franchisee jointly referred to as the "Parties" and individually as a "Party"), have entered into the following Franchise Agreement, which shall include and fully incorporate herein, all Appendices and all Amendments for additional Brand Stores (collectively all the "Agreement"), cf. clause 2.1.12, has been entered into to be effective as of [INSERT DATE] (the "Effective Date"). For valuable consideration, received by the Parties, and intending to be legally bound, the Parties agree as follows:

## 1. Recitals and acknowledgements

1.1 BoConcept has invested considerable resources in the development and acquisition of knowledge and know-how on the proper operation of BoConcept retail stores in relation to distribution and sale of Products and operation of the BoConcept concept as described in the BoConcept Manual, including but not limited to the BoConcept Power Book and other tools, developed and updated by BoConcept, and for which BoConcept has worked up a steadily growing demand and clientele based on the good reputation and goodwill enjoyed by the name BoConcept and the Trademark.

1.2 As an affiliate of BoConcept A/S of Denmark, Franchisor has the exclusive right to grant licences in respect of the Trademark, which is registered as a trademark in the Territory.

1.3 BoConcept is a successful business model with a well-developed concept and brand with retail stores operating in many countries. The methods for distribution, sale, establishment and operation of retail stores as well as sales promotion and marketing activities used together with or in connection with sale of furniture, accessories and other effects for the fitting up of private homes under the Trademark are trade secrets belonging entirely to BoConcept A/S and its affiliates.

1.4 The Concept is based on certain key provisions including (1) the offering of a wide range of high quality, lifestyle products at affordable prices, (2) a strong brand and business characteristic, (3) a professional sales and marketing program delivered by well-trained staff, (4) well-situated and well-fitted premises and (5) personal customer advice provided with a high level of service.

1.5 It is the obligation of both Parties in entering into this Agreement to maintain and develop the reputation, market position, profile and earning potential of the BoConcept brand.

1.6 By signing this Agreement, the Franchisee hereby acknowledges that:

1.6.1 the Franchisee received the Franchise Disclosure Document ("**FDD**"), **which includes** this Agreement and all other Exhibits including all financial and commercial information necessary to make its decision concerning the franchise at least 14 Calendar Days prior to the signing of this Agreement;

1.6.2 the Franchisee has read and understands this Agreement;

1.6.3 the Franchisee has had the time and opportunity to obtain the advice and assistance of independent attorneys, accountants and other professional advisors prior to the signing of this Agreement;

1.6.4 all the **Franchisee's** questions regarding the franchised business have been answered to the **Franchisee's satisfaction prior to** the signing of this Agreement;

1.6.5 the Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognized that, like any other business, the nature of the franchised business may evolve and change over time, that an investment in a franchise business involves business risks and that the success of the venture is largely dependent upon the **Franchisee's** business abilities and efforts;

1.6.6 BoConcept has made no oral, written or visual representations, warranties or projections of actual or potential sales, costs, earnings, income, gross or net profits or success of the business venture contemplated by this Agreement;

1.6.7 the Franchisee has not received or relied on any representations about the franchised business by BoConcept and its officers, directors, employees or agents that are contrary to the **statements made in BoConcept's** franchise disclosure document or to the terms herein; and

1.6.8 BoConcept reserves the right, without accountability to the Franchisee, to receive and retain commissions, rebates, allowances and other similar amounts received by BoConcept from any supplier who has been approved by BoConcept from time to time in connection with

the supply of goods, fixtures, furnishings, equipment, signs, supplies, and other products or services for the franchised business;

## 2. Definitions

2.1 In this Agreement the below terms and phrases shall have the following meaning:

2.1.1 Affiliate or affiliates of BoConcept Franchise, Inc. shall include but not be limited to BoConcept, USA, Inc., and BoConcept, A/S of Denmark.

2.1.2 BoConcept A/S means BoConcept A/S of Denmark, the parent company of BoConcept Franchise, Inc.

2.1.3 BoConcept means the franchisor, a company incorporated under the laws of the State of Kansas and whose registered office is located at 210 Mountain Avenue, #48, Springfield, NJ 07081-2211.

2.1.4 BoConcept Manual means the manual prepared by BoConcept, which includes a description of the Concept and the material available at any time for the use of the Parties including but not limited to the BoConcept Power Book. The BoConcept Manual is important for the Concept and the operation of the Brand Store and may be amended without notice by BoConcept from time to time.

2.1.5 Brand Store or Retail Brand Store or Stores, means each physical retail store operated under this Agreement, all Brand Stores, for Retail Sales of Products to end-consumers (1) by using the Concept and (2) under the BoConcept name, brand and trademark in accordance with this Agreement and **the BoConcept Manual as well as BoConcept's** directions and instructions (also see Retail Sales definition).

2.1.6 Calendar: All references to dates and/or periods of time shall be according to the Gregorian Calendar.

2.1.7 Calendar Day means all days of each week, month and year (including all Saturdays, Sundays and holidays). Unless otherwise specified all references herein to **"days" shall mean Calendar Days**.

2.1.8 Concept is specified in clause 3.

2.1.9 Confidential Information means the considerable confidential information and know-how regarding the Concept and BoConcept's systems and methods of business, cf. clause 20.

2.1.10 Development Plan is specified in clause 5 and Appendix 4.

2.1.11 Effective Date means the date set out at page 3 of this Agreement, which is the date on which this Agreement becomes enforceable by the Parties as opposed to the Issue Date, which is the date of this version of the Franchise Agreement.

2.1.12 Franchise Agreement or the Agreement means this Franchise Agreement and all related Appendices and all additional Amendments for additional Brand Stores between BoConcept and the Franchisee.

2.1.13 Franchisee are the legal entities specified on page 3 of this Agreement and any Amendment for additional Brand Stores, cf. Appendix 1 and Appendix 4.

2.1.14 Gross Turnover is defined in clause 10.1.

2.1.15 IT Application means the IT equipment specified in clause 9.

2.1.16 Major Changes means changes in the Concept. Major Changes shall include replacement and purchase of parts etc., at a cost per part exceeding USD \$15,000.00 per Brand Store. The Franchisee's costs of Major Changes shall not be required to exceed a maximum amount of USD \$300,000.00 per Brand Store per calendar year. Parts shall be interpreted as a reference to any separate unit, e.g. a new front, front sign, counter, or rack.

2.1.17 Minor Changes means changes to the Shop Fixtures, logo, Proprietary Marks, and other business characteristics. Minor Changes shall include replacement of parts, at a cost per part not exceeding USD \$10,000.00 per Brand Store. The Franchisee's costs of Minor Changes shall not be required to exceed a maximum amount of USD \$50,000.00 per Brand Store per calendar year. Parts shall be interpreted as a reference to any separate unit, e.g. a new front, front sign, counter, or rack.

2.1.18 Owner means the natural person(s) ultimately owning the Franchisee either directly or through one or more holding companies.

2.1.19 Party means BoConcept and/or the Franchisee, and the Parties means BoConcept and the Franchisee collectively.

2.1.20 Place of Business means the physical location of the premises where all of the Retail Brand Stores are located including all additional Brand Stores pursuant to the Development Plan, including without limitation, the retail space and any storage or other premises is specified in clause 4.1.

2.1.21 Products are specified in clause 14.

2.1.22 Retail Sales means offering Products to a residential end consumer, and not business-to-business sales.

2.1.23 Right of Operation means the rights obtained by the Franchisee based on this Agreement, in particular those set out at clause 4.

2.1.24 Shop Fixtures mean the furnishings and fittings designated by BoConcept at any time in accordance with the BoConcept Manual.

2.1.25 Term is specified in clause 21.1.

2.1.26 Territory also referred to as "Development Territory", is specified in clause 5 and Appendix 3.

2.1.27 Trademark means the trademark associated with the name BoConcept, which is registered as a trademark in the Territory.

### 3. The Concept

3.1 The Concept includes (but is not limited to) the following:

3.1.1 **The name "BoConcept" used on its own or in connection with other names as a brand,** trademark, company name or in any other way as an identifying characteristic of a business.

3.1.2 Selection and provision of products, accessories and spare parts included in the BoConcept Manual.

3.1.3 Training programs and courses provided before the opening of the Brand Store as well as continuing further training thereafter.

3.1.4 The BoConcept Manual, business descriptions, instructions and guidelines, product descriptions, sales tools, training material, IT Application and descriptions regarding business organization and Shop Fixtures prescribed by BoConcept at any time.

3.1.5 Brochures, signs, advertisements, exhibition equipment, logos, slogans, recommended price lists and other sales and marketing materials.

3.1.6 Interior and exterior design and decoration (including Shop Fixtures) of the Brand Store.

3.2 The Concept is described in more detail in the BoConcept Manual issued by BoConcept, which is a tool for BoConcept in its efforts to ensure that the Brand Stores are operated as well as possible and in compliance with the Concept. The Concept and the BoConcept Manual are developed continually by BoConcept and may be amended by BoConcept from time to time.

3.2.1 The BoConcept Manual is available partly in a hard copy version, which shall be provided upon execution of this Agreement, and partly in electronic format available via the intranet system developed by BoConcept. The content of the BoConcept Manual is listed in the attached table of contents, cf. Appendix 2.

3.2.2 The Franchisee shall be provided with a password for the intranet system, enabling access to the full BoConcept Manual.

3.2.3 BoConcept shall ensure that the Franchisee will continually receive information about changes to and updates of the BoConcept Manual, electronically via e-mail, via an intranet page or in paper format. It is then the obligation of the Franchisee continually to keep informed of changes to the BoConcept Manual and to ensure that it is complied with by everybody associated with the Brand Stores.

3.3 The Franchisee acknowledges that all rights of ownership and of disposal, etc., regarding the Concept and the rights attached thereto or derived there from, including intellectual property rights, as well as any goodwill attached to the BoConcept brand and the Concept, shall at all times solely belong to BoConcept. Thus, the Franchisee shall not be entitled in any way to transfer, assign or sell all or any part of the Concept etc. to any third party in any manner whatsoever, and the Franchisee may and is solely entitled to use the Concept within the framework of the Agreement and only for as long as the Agreement is effective. The Franchisee further accepts that any improvement or development related to the Concept and the rights attached thereto or derived there from, including intellectual property rights, and developed by the Franchisee shall be disclosed, provided and assigned free of charge to BoConcept, which may in turn pass it on to other franchisees.

3.4 The Franchisee agrees to cooperate with BoConcept and assist BoConcept in protecting and defending **BoConcept's** intellectual property rights and undertakes to promptly notify BoConcept in writing of any infringements, claims or actions by others in violation of its intellectual property rights, provided always that BoConcept has the exclusive right to determine whether any actions shall be taken on account of such infringement, claim or action. The Franchisee shall not take any action on account of any such infringement, claim or action without the prior written consent of BoConcept.

#### 4. **The Franchisee's Right of Operation** and Development Rights

4.1 Within the framework of the Agreement and for as long as it is effective, BoConcept hereby grants the Franchisee a right and a duty (Right of Operation) to operate all of the Retail Brand Stores at all the premises identified on Appendix 4 Development Plan, within the Development Territory identified in Appendix 3, (the Places of Business). For each and every additional Retail Brand Store location, Franchisee shall complete, sign and deliver to BoConcept, a Request To Open/Add Initial or Additional Retail Brand Store, which shall include at a minimum, the information contained in the form identified as Appendix 15, attached hereto and incorporated herein. Any such request to Open/Add Additional Retail Brand Store from Franchisee, must be received by BoConcept no later than 5 months

prior to opening any such Retail Brand Store. Thereafter, when Franchisee initially identifies any additional Retail Brand store location, Franchisee shall complete, sign and deliver to BoConcept, a Request To Open/Add Initial or Additional Retail Brand Store, which shall include at a minimum, the information contained in the form identified as Appendix 15, attached hereto and incorporated herein.

**Franchisee's** Right of Operation to operate each and every Retail Brand Store shall be subject to all of the below terms, including:

- a. The right and the duty to operate, at each Place of Business, a Brand Store in accordance with the Concept;
- b. The right and duty to use the Trademark, signs, advertising names and other business characteristics related to the operation of each Brand Store according to the Concept and the BoConcept Manual;
- c. **The right to use BoConcept' secret know-how** in relation to the operation of each Brand Store;
- d. The right and duty to equip each Brand Store according to the BoConcept Manual; and
- e. The right and duty, as part of operating each Brand Store, to use Shop Fixtures, installations, etc. described in the BoConcept Manual.

4.2 The Franchisee acknowledges and agrees that a key element of the Concept and BoConcept brand development is the consistent operation and management of all Brand Stores in compliance with the Concept. Accordingly, the Franchisee expressly warrants and agrees to operate its franchise business in compliance with the Concept, including strictly and timely adherence to all of the following key requirements:

- a. The **Franchisee or Franchisee's employees shall attend events, exhibitions, etc.,** as instructed and prescribed by BoConcept from time to time **at Franchisee's costs**;
- b. The Franchisee is required free of charge to provide BoConcept with any information BoConcept may request regarding the Franchisee or the Brand Stores;
- c. The Franchisee shall use its best endeavours to ensure and maintain the good image and reputation of BoConcept and thus shall timely remedy any errors and/or shortages made to customers and redeliver defective products, handle warranty claims or alternatively arrange for a refund of the purchase amount to the customer in accordance with the stipulations contained in the BoConcept Manual or elsewhere communicated in this respect **at Franchisee's costs**;
- d. Subject to any mandatory and overriding laws or regulations the Franchisee shall only use the building and room organization, design, operating equipment, fittings, trademarks and other business characteristics and other types of marketing material in **connection with the Franchisee's** BoConcept business as prescribed by BoConcept;
- e. The Franchisee shall offer for sale in the Brand Stores only such Products, accessories and other goods stipulated in writing by BoConcept;
- f. The Franchisee shall only sell the Products from the Brand Stores;



- g. The Franchisee shall operate the Brand Stores in accordance with the system of BoConcept and strictly observe **BoConcept's instructions and principles as they are presented**, e.g. in the BoConcept Manual;
- h. The Franchisee shall use the IT Application software prescribed by BoConcept and be free to use any IT hardware, which is fully compatible and capable of operating the IT **Application software prescribed by BoConcept in connection with the Franchisee's** BoConcept business;
- i. The Franchisee **and the Franchisee's employees shall attend any training, courses or** marketing activities organized or prescribed by BoConcept as may be required at the sole discretion of BoConcept, cf. clause 12.3 **at Franchisee's costs**;
- j. The Franchisee timely pays all suppliers for deliveries in accordance with all agreed terms of payment;
- k. The Franchisee does not in any way change, replace, cover up or remove displays or labels on/from the Products.
- l. The Franchisee and any company or Affiliate within its group of companies shall all comply with the anti-corruption policy and guidelines attached in Appendix 10.

4.3 The Franchisee shall make every effort to **establish, maintain and increase the Brand Store's** turnover in strict compliance with clause 10 and shall ensure at all times that sufficient order volumes and stocks are available to meet the demand from the customers.

4.4 The Right of Operation shall entitle and require the Franchisee to use the Concept provided that the Franchisee exercises the Right of Operation in good faith and in accordance with the Concept **in every respect. In case of doubts regarding the Franchisee's obligations under the Agreement or the** Concept, the Franchisee shall contact BoConcept in writing to request more detailed instructions and **BoConcept's interpretation or clarification shall be final.**

4.5 The Franchisee acknowledges that the protection and development of the BoConcept brand and reputation is of key importance to the Franchisee and BoConcept. Therefore the Franchisee agrees to **(1) inform BoConcept about any written complaints received about the Franchisee's business activities** from any interested party whatsoever, (2) provide, without request, BoConcept with copies of all written complaints, articles, legal papers, etc. and (3) keep BoConcept informed about the progress of any such complaints. Ordinary customer complaints received by the Brand Store shall be exempt from this rule unless the customer has engaged an attorney to attend to the matter or filed a complaint with any governmental or official authority or threatened or initiated any legal action whatsoever.

4.6 The language of communication between the Parties shall be the English language. On its own **account the Franchisee can translate all BoConcept's material, including the BoConcept Manual and** marketing material, etc. into the languages spoken within the Territory covered by this Agreement. **The Franchisee shall review all BoConcept's material, including the BoConcept Manual, and propose** adaptation hereof to local conditions existing in the Territory covered by this Agreement. The Franchisee may, however, only make such adaptations and deviations from the Concept if BoConcept has

pre-approved them in writing. The Franchisee must speak and write English fluently. In the event of any conflict between the text of this Franchise Agreement or any other documents generated by BoConcept which are translated by the Franchisee into the language or languages of the Territory and the English version thereof, the English version shall prevail.

5. The legal position of the Franchisee. Guarantee and security

5.1 The Franchisee shall not use or register **the word "BoConcept" or any Product names or any** similar words, designs, symbols, marks or variations whatsoever as part of any corporate name or domain or registry whatsoever.

5.2 The Franchisee shall operate its BoConcept business as an independent entity, legally and financially separate and distinct from BoConcept. The Franchisee is an independent contractor and shall never represent itself otherwise to any third party.

5.3 Nothing in this Agreement shall grant the Franchisee the right to act as an agent or on behalf of or in any other way bind BoConcept legally and/or financially.

5.4 BoConcept cannot be held liable or jointly and/or severally **liable for the Franchisee's exercising** of the Right of Operation or be obligated to contribute financially thereto unless otherwise specified in this Agreement.

5.5 The Franchisee or, if the Franchisee is a legal entity, then all of its individual owner(s) and spouses, hereby agree(s) and consent(s), by signing this Agreement to: personal jurisdiction and venue; and to hold themselves all primarily and personally liable as joint and several guarantor/guarantors **on first demand for the Franchisee's performance of this Agreement in every respect**, including timely payment of all current and future amounts owed to BoConcept and any Affiliates, including but not limited to debt arising out of deliveries under the Supply Agreement, contract penalties, accrued interest and any other costs or fees payable to BoConcept or its affiliates, regardless of whether such amounts are invoiced to another party for the benefit of Franchisee. Franchisee and all individual owners thereof hereby also grant BoConcept a first (first position) Security Interest in any and all: leases and subleases of the franchised business; current and after acquired inventory, goods, receivables, intangibles, and any proceeds thereof (including without limitation insurance proceeds) owned **by or in the Franchisee's possession or in Franchisee's agents' possession**; all units of ownership in the franchisee legal entity; and all personal assets of all individual Owners and spouses and guarantors, all as security for any and all current and future amounts owed to BoConcept and its Affiliates. This personal guaranty and Security Agreement shall be fully enforceable without signing any other separate documents.

5.6 **As further security of the Franchisee's obligations under this Agreement the Franchisee shall** pay to BoConcept, a deposit ("**Security Deposit**") in an amount equal to ten percent (10%) of the value of the estimated yearly invoicing to Franchisee by BoConcept for Products, supplies and service

fees for the initial 12 months of operation, based upon the 3 year Budget, Appendix 5. Such Security Deposit shall be paid by Franchisee to BoConcept no later than 14 calendar Days prior to opening the **initial Retail Brand Store. BoConcept shall hold said Security Deposit to further secure Franchisee's** obligations under this Agreement, including timely payment. Such Security Deposit shall be adjusted once a year in January by BoConcept, so that it corresponds to an amount equal to ten percent (10%) of the value of the estimated yearly purchases by Franchisee of all Products, supplies and service fees **for that calendar year for all of Franchisee's operating Brand Stores for the following calendar year,** beginning effective as of January 1 of each year during the Term. If such yearly adjustment results **in an increase in Franchisee's Security** Deposit, the amount of such increase, shall be paid by Franchisee to BoConcept no later than 14 calendar days of Franchisee's receipt of notice of such increase from BoConcept. However, in no event shall the amount of the Security Deposit ever decrease. After the opening of each additional Brand Store, BoConcept shall be entitled to require an initial Security Deposit and that the Security Deposit for each separate Brand Store shall be adjusted once a year by BoConcept in January so that it corresponds to an amount equal to ten percent (10%) of the value of the estimated yearly purchase by Franchisee of Products, supplies and service fees for that calendar year for all currently operating Brand Stores.

However, notwithstanding anything herein to the contrary, once Franchisee has more than 1 operating Brand Store, BoConcept may, at its sole option, require the Security Deposit to be adjusted each year, to an amount equal to ten percent (10%) of the value of the estimated yearly invoicing to Franchisee by **BoConcept for Products, supplies and service fees for the Franchisee's highest** performing Brand Store (based on the previous 12 months of operations), then multiplied by the total **number of Franchisee's operating Brand Stores. In which case, the amount of** any increase in Franchisee's Security Deposit shall be paid by Franchisee to BoConcept no later than 14 calendar Days from Franchisee's receipt of notice of such increase from BoConcept

Upon Franchisee's **request**, the Security Deposit may be substituted by an irrevocable bank guarantee in the same amount as the Security Deposit in favor of BoConcept. The bank guarantee shall be from a first class bank, which shall be approved by BoConcept, and shall be payable to BoConcept on first demand. The Franchisee shall pay all costs incurred in connection with the provision and maintenance of all guarantees and security agreements, **including BoConcept's legal costs.**

If, at any time and for any reason whatsoever, (including, without limitation, those related to clause 24), the Franchisee fails to make timely payment of any outstanding amount, which is owed to BoConcept or any affiliate, under this Agreement or any other related agreement with BoConcept, then BoConcept shall, at its sole discretion, be entitled to unilaterally withdraw the outstanding amount from the Security Deposit or alternatively execute and draw upon the bank guarantee. In such event, the Franchisee shall be required to restore the balance of the Security Deposit, or alternatively the bank guarantee, to bring the **amount up to the level prior to BoConcept's** withdrawal/execution. If the Franchisee fails to restore the entire balance of the Security Deposit, or alternatively the bank guarantee, within 14 calendar Days after **Franchisee's receipt of** written instructions from BoConcept to that effect, the Franchisee will be in material default of its

obligations under this Agreement and BoConcept may pursue all its rights and remedies under this Agreement, including without limitation, termination of the Franchise Agreement pursuant to clause 21.2 as well as all other remedies herein.

5.7 In exercising the Right of Operation, the Franchisee must ensure compliance with all current, applicable laws and legislation. The Franchisee shall to the best of his ability inform BoConcept in writing of any material change in relevant law or legislation, which may affect BoConcept.

5.8 The Franchisee must also act in the utmost good faith towards BoConcept and any other franchisees of BoConcept at all times.

5.9 This Agreement shall only entitle the Franchisee to operate a single Brand Store in each Place of Business. The Right of Operation shall only be exercised from each Place of Business, the Products shall only be sold from each Brand Store, at each Place of Business, and the Franchisee shall not be entitled to conduct any other business whatsoever from each Place of Business, storerooms or offices, exhibition rooms, etc. belonging to each Place of Business, regardless of whether such business is incompatible or competes with the Concept or not, unless BoConcept has granted its prior consent in writing to such business.

5.10 Subject to the terms of this Agreement including without limitation, clauses 5.12-5.14, this Agreement grants the Franchisee an exclusive right to open and operate additional Brand Stores within the Territory and BoConcept may not operate or grant any third party a right to operate Brand Stores within the Territory. BoConcept reserves all rights not specifically granted to Franchisee, including without limitation, the right to conduct direct marketing and sale of the Products (or grant third parties the right to conduct direct marketing and sale of the Products) to commercial customers as well as consumers within the Territory, including but not limited to marketing and sale of the Products to anyone via internet and web-based market places operated by BoConcept or a third party.

**In the event of the Franchisee's material breach of this Agreement**, including but not limited to failure to strictly comply with the Development Plan, that is not remedied within fourteen (14) calendar days from receipt of notice from BoConcept, the Franchisee shall be deemed to have forfeited its exclusive right to open and operate Brand Stores within the Territory. For the avoidance of doubt, it is emphasised that in the event of the Franchisee's material breach of this Agreement, BoConcept may instead or in addition, apply any or all other remedies available under this Agreement, including without limitation, termination of this Agreement, cf. clause 21.4.

5.11 If, in addition to this Agreement, the Franchisee or another company or other legal entity within the same group as the Franchisee, cf. Appendix 9, or in any way affiliated with Franchisee, has previously entered or in the future enters into other franchise agreements with BoConcept regarding the same territory as the Territory, any failure to comply with a development plan of any one or more of such other franchise agreements shall be deemed to constitute failure to comply with the development plan of all such franchise agreements including this Agreement. In such event, the Franchisee (and

the relevant company/companies within the same group) shall be deemed to have forfeited its/their exclusive rights to open and operate Brand Stores and renew leases associated with the Retail Brand Store (associated herewith), within the Territory in respect of any and all such franchise agreements, and BoConcept may thus operate or grant any third party the right to operate Brand Stores within the Territory.

5.12 As part of this Agreement, BoConcept and the Franchisee shall prepare and execute a Development Plan, set out in **Appendix 4, which shall contain the Franchisee's expansion plans**, requirements and deadlines.

5.13 If the Development Plan is not strictly and timely complied with, the Franchisee shall be deemed to have forfeited its exclusive right in the Territory, and consequently BoConcept may open and operate Brand Stores and enter into franchise agreements with other franchisees regarding the opening of Brand Stores in the Territory. **Moreover, the Franchisee's failure to** timely and strictly comply with the Development Plan shall constitute material breach of the Agreement, cf. clause 21.5.13, and BoConcept may instead or in addition apply any or all other remedies available under this Agreement, including without limitation, termination of this Agreement, cf. clause 21.

5.14 In the situation where one or more Brand Stores are assigned pursuant to clause 18, the Development Plan must be adjusted. Any adjustment of the Development Plan as well as any adjustment in the definition of the Territory as a consequence of the assignment pursuant to clause 18, must be approved in writing by BoConcept before the assignment can be executed.

The Franchisee shall in any case be required to obtain **BoConcept's prior consent in writing** before opening and extending leases of any additional Brand Stores within the Territory. It shall be considered a material breach of this Agreement, which shall allow BoConcept to terminate this Agreement and any other agreements between the Franchisee and BoConcept, if **BoConcept's consent has not been** obtained in advance.

For the opening of every additional Brand Store, **an amendment ("Amendment") to this Agreement** shall be entered into between the Franchisee and BoConcept to identify the location, effective date, Minimum Turnover and adjusted Term in compliance with the Development Agreement, pursuant to a Request To Open/Add Initial or Additional Retail Brand Store as specified in clause 4.1 and Appendix 15.

5.15 The Franchisee shall use its best endeavours to carry out the Right of Operation personally in the Brand Store as manager. If the Franchisee cannot be present in person at each Brand Store during normal opening hours because the Franchisee is either operating a different Brand Store or because the Franchisee is a legal entity, the Franchisee shall appoint a skilled Brand Store manager to operate each Brand Store. If BoConcept determines, in its sole discretion, that the Brand Store manager is not sufficiently skilled to operate any Brand Store, the Franchisee shall be obligated to ensure that the Brand Store manager **at the Franchisee's expense** undergoes relevant education upon demand of and as determined by BoConcept. Each Brand Store manager shall comply with all the conditions specified

in the BoConcept Manual. No other person other than the Franchisee or the Brand Store manager appointed in accordance with this clause shall be in charge of the day-to-day management of any Brand Store.

## 6. Entrance fee

6.1 At the time each Brand Store is opened, the Franchisee shall pay an Entrance fee to BoConcept for each separate Brand Store, in the amount currently charged at that point in time to BoConcept, covering the necessary initial assistance from BoConcept as well as access to the Concept. At the time of opening this Retail Store location, the Franchisee shall pay an Entrance fee of USD [INSERT AMOUNT] to BoConcept.

6.2 Prior to opening and any time thereafter **upon BoConcept's request**, Franchisee shall provide BoConcept with recent credit information/reports, personal financial statements, prior income tax returns and any other information deemed relevant and required to be updated from time to time by BoConcept for all individual owners of Franchisee. All such personal credit or other personal information provided, obtained and utilized by BoConcept shall be maintained in strict confidence except to communicate to recognized credit bureaus and for collection purposes. If BoConcept deems any such information to be unacceptable **in BoConcept's sole judgement**, BoConcept may elect to unilaterally terminate this Agreement and the Entrance Fee shall not be refunded. However, if BoConcept fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify BoConcept in writing and demand that this Agreement be cancelled.

6.3 On or before, the opening day of any additional Brand Store in compliance with the Development Plan or in any other way approved in writing by BoConcept, the Franchisee shall pay an additional Entrance fee to BoConcept, in the amount that is currently charged at that point in time by BoConcept.

## 7. The Place of Business

7.1 The Franchisee shall have a right and a duty to operate each Brand Store in accordance with the Concept at each Place of Business, specified in clause 4.1. The Franchisee shall ensure that each Place of Business is always kept clean and properly maintained and in accordance with the concept and manual.

7.2 Any change in address of any Place of Business shall be subject to **BoConcept's prior consent** in writing. Any change effected without such consent shall constitute a material breach of this Franchise Agreement.

7.3 The Franchisee shall not execute any unsigned lease agreement for any Brand Store until **BoConcept's** approval has been provided in writing. All leases shall allow the lease and all Franchisee

deposits, to be assigned to BoConcept or its designee on the same terms and contain specific language that upon any default by Franchisee or termination of the lease before expiration, then upon prior written notice from BoConcept: i) the lease and any deposits, may be assigned to BoConcept or its designee on the same terms; and/or ii) BoConcept may at its option, **operate Franchisee's store**; and iii) BoConcept shall be notified by Landlord in writing within (10) calendar days of any material default by Tenant of the Lease or of any termination of the Lease for any reason before expiration if its term; and iv) the term of the lease must be equal to or longer than the term of the Franchise Agreement. Furthermore, Franchisee hereby authorizes BoConcept to contact any Landlord of Franchisee directly **at any time, to verify Franchisee's compliance with these lease requirements, including without limitation, the assignability of Franchisee's lease to BoConcept and Franchisee's compliance with lease terms, etc.**

Recommended language to be included in Franchisee leases are: **"Tenant is an independent franchisee of BoConcept Franchise, Inc., ("Franchisor")** and if at any time during any initial or extended Term of this Lease, there is any uncured default by Tenant or the Lease terminates before expiration for any reason, then Franchisor (or an affiliate thereof), **may unilaterally elect to either operate Tenant's store or assume Tenant's Lease upon prior written notice to Landlord. In the event of any default by Tenant of any obligations to Franchisor or any affiliates, this Lease shall also be assignable to any other qualified party that Franchisor secures to assume liability under this Lease, so long as: all payment obligations whatsoever under this Lease are brought current at the time of any such assignment; and Franchisor and/or qualified third party accepts and agrees in writing to be fully liable under this Lease; and at Landlord's discretion, the original Tenant and Guarantor shall also remain liable."** BoConcept's approval of any location and lease does not constitute any representations or warranties of the viability or success of the Brand Store or the location. Upon signing any lease, the Franchisee shall provide BoConcept with a complete (executed) copy of the lease agreement including all appendices and amendments and a completed lease cover sheet in the form provided by BoConcept.

Once approved by BoConcept, no amendments shall be made to any lease agreement either before or after execution, unless also previously approved in writing by BoConcept (unless such obligations are imposed on the Franchisee as a result of an amendment of the law).

7.4 The Franchisee shall not assign the premises or any lease **without BoConcept's** prior written consent.

7.5 The Franchisee shall ensure that any lease agreement does not expire as long as this Franchise Agreement and all Amendments adding additional Brand Stores are in force.

## 8. Shop Fixtures and updates

8.1 The Franchisee shall timely purchase, obtain and install operating equipment, exhibition facilities, lighting and other Shop Fixtures in accordance with the BoConcept Manual and arrange for painting, decoration and furnishing of the premises as stated in the BoConcept Manual for each separate Brand Store. The Franchisee shall pay the costs in relation to the above.

8.2 Upon request, BoConcept shall make national or global stylists available for designing each Place of Business in compliance with the BoConcept Manual. Payment in advance from the Franchisee for the provision of such services may be required by BoConcept.

8.3 BoConcept shall designate suppliers from whom the Franchisee shall buy all needed Shop Fixtures to each Brand Store.

8.4 BoConcept may at any time for each separate Brand store:

8.4.1 upon prior notice of at least three (3) months, demand that the Franchisee complete minor changes to the Shop Fixtures, logo, trademarks and other business characteristics (Minor Changes). Minor Changes shall include replacement of parts, at a cost per part not exceeding USD \$10,000.00. **The Franchisee's costs of Minor Changes shall** not be required to exceed a maximum amount of USD \$50,000.00. per calendar year; and

8.4.2 upon prior notice of at least twelve (12) months demand that the Franchisee complete major changes with reference to changes in the Concept (Major Changes). Major Changes shall include replacement and purchase of parts etc., at a cost per part exceeding USD \$15,000.00. **The Franchisee's costs of Major Changes shall** not be required to exceed a maximum amount of USD \$300,000.00. per calendar year.

Parts shall be interpreted as a reference to any separate unit, e.g. a new front, front sign, counter or rack (does not include painting, labor and other supplies).

8.5 The Products shall also be updated in each Brand Store as recommended from time to time by BoConcept.

8.6 The Franchisee shall in all the above cases pay all the costs of alteration and any new purchases, etc.

8.7 The Franchisee shall, at its own cost, fully comply with any legislation, regulation or notices from public authorities requiring changes to the fittings, outlay, setup, etc. of each Brand Store e.g. in order to bring these in compliance with all laws and regulations including any planning or health and safety regulations.

## 9. IT Application and telecommunication



9.1 The Franchisee shall use and at its own cost purchase all IT software as prescribed by BoConcept and as described in the BoConcept Manual for the operation of each **Brand Store (the "IT Application")**. **BoConcept may from time to time specify upgrades and new products** to the Franchisee which, upon receipt of a notice to that effect by the Franchisee, shall form part of the IT Application. The Franchisee shall use its best endeavours to purchase and/or secure such updates at the earliest reasonable opportunity following receipt of such notice. If the Franchisee is utilizing IT Hardware which is incompatible with the IT Application, BoConcept shall be entitled to demand from the Franchisee that **the Franchisee's IT Hardware is made compatible immediately**.

9.2 The Franchisee shall pay all subscription charges, licence fees and consumption charges, etc. relating to the IT equipment.

9.3 BoConcept may designate an IT partner from whom the Franchisee shall purchase the IT Application and any similar or additional IT products.

9.4 The Franchisee shall be required to establish business procedures and safety routines with a view to ensuring that the IT Application is not used illegally, is dependable and that the loss of data is prevented.

9.5 The Franchisee shall arrange for maintenance and correcting of defects in cooperation with the super user of the Territory designated by BoConcept. The super user is the individual designated **by Franchisee as Franchisee's primary contact person with responsibility and authority for administration of all of BoConcepts' point of sale/Axapta and any other operational software packages**. The Franchisee shall pay a maintenance and support fee for this in accordance with the BoConcept Manual.

9.6 BoConcept accepts no responsibility for financial losses occurring as a consequence of defects in the performance of the IT Application, including the loss of function or data.

9.7 The Franchisee shall in its own name establish telephone and fax numbers, which the Franchisee shall be required to use in connection with marketing and sales.

## 10. Minimum turnover

10.1 **For purposes of this Agreement, gross turnover ("Gross Turnover"), means all gross retail order entry amount generated by the Franchisee's BoConcept business including the sale of Products, regardless of the manner of payment or method of consideration (e.g. transfer of goods as employee benefits) excluding the following amounts:**

10.1.1 Sales Discount and Assembly and Delivery Fees; and

10.1.2 VAT (value added tax) or Sales tax (tax collected on retail sales), or its equivalent on **the Franchisee's sale of Products; and**

10.1.3 Cash refunds to customers in connection with customer complaints.

10.2 **The Franchisee's Gross Turnover from the retail operation of the first\* Brand Store** shall, on the basis of an evaluation based on the 3-year budget prepared at the time of signing of the Agreement, cf. Appendix 5, be equal to or exceed at least the following minimum amounts:

10.2.1 During the period from the Effective Date until the 31st of December of that year, the Gross Turnover must amount to at least USD [INSERT AMOUNT].

10.2.2 During the first full calendar year after the Effective Date, the Gross Turnover must amount to at least USD [INSERT AMOUNT].

10.2.3 During the second full calendar year after the Effective Date, the Gross Turnover must amount to at least USD [INSERT AMOUNT].

\* The minimum amounts of Gross Turnover in clauses 10.2.1, 10.2.2 and 10.2.3 for each additional Brand Store shall all be included in each subsequent Amendment and applied to each additional Brand Store, unless modified by Amendment.

10.3 The relevant minimum Gross Turnover for each subsequent year shall be established by BoConcept, at its sole discretion, after discussion with the Franchisee before the start of each calendar year and by the 30th of November of the year preceding the relevant calendar year at the latest.

Regardless of the above mentioned clause, however, BoConcept can only with the consent of the Franchisee, establish the amount of the annual minimum Gross Turnover pursuant to this clause at a level exceeding the realized Gross Turnover of the previous calendar year with an addition of Five percent (5%).

10.4 If the total minimum amount of Gross Turnover fixed for an operating period or calendar year is not achieved for all operating Brand Stores, BoConcept shall be entitled to terminate the Franchise Agreement at six (6) months' written notice to the Franchisee.

## 11. Marketing

11.1 BoConcept retains overall control of all national and monitor local marketing and BoConcept shall be in charge of the implementation of national marketing. The Franchisee shall pay the costs of all national and local marketing within the Territory in accordance with this Agreement, unless further modified and superseded by amendment, i.e., Appendix 12, (North America Amendment To Franchise Agreement) or Appendix 11, (Individual Terms) or Appendix 15, (Request Amendment to Add Additional Stores).

### 11.2 Marketing contribution

11.2.1 The Franchisee shall be obligated to pay BoConcept for participation in national marketing at any time, upon three (3) months' prior notice from BoConcept. Upon such notice from BoConcept, the Franchisee shall be under an obligation to pay to BoConcept a contribution to the national marketing pool of three percent (3 %) of Franchisee's gross turnover for each and every operating Brand Store, as further defined in clause 10.1 of this Agreement.

11.2.2 The contribution is to be paid at any time by Franchisee within 30 calendar days of receipt of BoConcept's invoice. In case the contribution to the national marketing pool is insufficient to cover the costs of the national marketing, BoConcept is at any time, with three (3) months' prior notice, entitled to increase Franchisee's contribution.

11.2.3 The Franchisee shall pay for participation in the local marketing efforts within the Territory. As a result hereof the Franchisee shall be under an obligation to spend a minimum of **eight percent (8%) of Franchisee's gross turnover for each and every operating Brand Store on local marketing, per BoConcept's recommended channels.**

11.3 BoConcept has designed and shall continue to design marketing material, including material for use in newspaper advertisements, radio and TV commercials, Internet commercials, direct mail letters, fairs and exhibitions, etc. in accordance with the BoConcept Manual, and shall place such material at the disposal of the Franchisee to a fair and reasonable extent. It shall subsequently be the Franchisee that makes a decision on choice of media and the extent of local marketing, always provided that the Franchisee shall:

- Use the marketing material and only such marketing material prepared and/or preapproved in writing by BoConcept for local marketing and make sure that the local marketing strictly complies with the standards of the marketing material provided. In particular any such local marketing **must ensure that the name "BoConcept" appears appropriately;**
- Participate in such marketing initiatives, national or local, which may be recommended by BoConcept;
- Make sure that the local marketing complies with all relevant local law, and the BoConcept communication platform, and
- Accept that BoConcept may prohibit local marketing initiatives, regardless of whether they might be legal and in accordance with the Concept, in the event that BoConcept, in its sole discretion, decides that this is in the best interests of the BoConcept brand.

11.4 Any business cards, stationery, order confirmations, offers, purchase agreements, invoices, receipts, business presentations, etc. used by the Franchisee must be prepared in accordance with the Concept, marketing materials and the BoConcept Manual and shall be produced at the Franchisee's own cost.

11.5 BoConcept has established one or more homepages on which the BoConcept products are presented and described. The Franchisee shall have a right (and irrevocably consents) to be mentioned on such homepage(s) by name, address, telephone number, e-mail address and opening hours. BoConcept may be developing an e-trade system for use in connection with the marketing and sale of the Products. When the system has been completed, the Franchisee shall be entitled and required to participate in the e-trade system on the conditions established by BoConcept.

11.6 The Franchisee shall not establish or operate, either directly or indirectly any homepage, web-site, or similar electronic medium for promotion and sale of BoConcept products or for any other purpose. However, the Franchisee is entitled to create profiles on social media such as Facebook, Twitter, Instagram, etc., for the purpose of marketing the Products, provided that the Franchisee strictly complies with all the requirements in Appendix 7.

11.7 The Franchisee shall disclose any new marketing ideas, e.g. for new trademarks, slogans, designs, etc., to BoConcept. BoConcept shall then be free to disclose such ideas to the rest of the franchise network and/or incorporate them into the Concept should it so wish and no fee shall be payable to the Franchisee in respect of these ideas. The Franchisee shall not implement any such new **ideas without BoConcept's prior consent in writing.**

11.8 On demand, the Franchisee shall to the extent allowed under local law and legislation required **to provide BoConcept with information about the Franchisee's customers and prospective customers,** including but not limited to name, address, email address etc., and all current and past orders, free of charge. BoConcept shall be entitled to use such information in every manner BoConcept deems appropriate, including but not limited to marketing, customer surveys etc.

## 12. Staff, training and support

12.1 The Franchisee shall employ and dismiss its own staff and shall be responsible for all rights and obligations resulting from its status as an employer. The Franchisee shall be responsible for ensuring that the Concept and the BoConcept Manual are complied with by all employees and all individual Owners of Franchisee personally. The Franchisee shall make sure that the employees are treated in accordance with the BoConcept Manual. For purposes of this clause 12, all references to **"employees" shall include all** individual Owners of Franchisee personally.

12.2 In this connection, the Franchisee shall at any time ensure the following:

12.2.1 That all employees and all individual Owners of Franchisee personally are qualified and comply with the Concept standards and the obligations appearing from e.g. the BoConcept Manual. If it turns out that one or more of the employees and all individual Owners of Franchisee personally do not – in the opinion of BoConcept – comply with such requirements, the Franchisee shall within a period of two (2) months arrange for supplementary training/education, etc. as prescribed by BoConcept.

12.2.2 That the staff employed in the Brand Stores – including the Franchisee personally or, if the Franchisee is a legal entity, its individual Owners all personally – shall at any time have the required personal and professional qualifications, and that they have gone through the compulsory basic and further training described in the BoConcept Manual.

12.2.3 That appropriate numbers of appropriately trained staff are available at all relevant times to ensure that the high level of sales and customer service required by the Concept are maintained.

12.2.4 That the conditions and facilities provided for employees comply with all relevant domestic legislative rules and regulations as well as with international treaties and conventions to which the Territory and/or the country of the Territory is a contracting state.

12.2.5 That the Brand Stores are managed competently by the Franchisee personally or a store manager as per clause 5.

12.2.6 That all employees are suitably dressed and in particular that any dress codes, etc. set out in BoConcept Manual are observed.

12.2.7 That all key employees with access to confidential information sign a contract of employment, including the appropriate usual clauses, including confidentiality clauses, non-competition clauses, non-solicitation clauses and non-enticement clauses, which are in compliance with all applicable laws in the Territory.

12.3 The Franchisee and its staff are required to attend the training program specified by BoConcept in the BoConcept Manual which may be provided by BoConcept itself or in cooperation with others. **The Franchisee shall pay the costs in connection with the courses, including salary for the Franchisee's** staff, transport costs, costs of hotel accommodation and meals. The training program can take place locally and/or at the headquarters of BoConcept in Denmark or virtually or at such other location as designated by BoConcept. In all cases the Franchisee shall pay the costs incurred in that connection.

### 13. Advice and cooperation

13.1 BoConcept **shall make a Head of Market or other similar company representative ("HOM")** available to the Franchisee. The HOM shall provide support and advice, e.g. regarding sales, marketing, product training, store evaluation, financial performance of the Brand Stores. The HOM shall either physically or virtually visit the Franchisee one to two times a year, subject to BoConcept's sole decision. Once a year a follow-up meeting shall be held between the Franchisee and BoConcept.

13.2 BoConcept shall supervise the **Franchisee's exercising of the Right of Operation** with a view to:

13.2.1 Ensuring that the Right of Operation is exercised responsibly and in accordance with the Agreement and the BoConcept Manual,

13.2.2 **Supporting the Franchisee's business development and the Franchisee's** business position, including supporting the Franchisee in its planning and organization of business activities, and

13.2.3 Establishing and maintaining efficient and constructive cooperation between the Franchisee and BoConcept.

13.3 BoConcept shall via letter, e-mail or Intranet, issue newsletters as required regarding issues which are relevant to the Concept and the Right of Operation.

13.4 Once a year, **at BoConcept's sole discretion**, BoConcept will hold an international strategy meeting, **called BoConcept Inspiration Camp ("BIC")** virtually or at its headquarters or at a location designated by BoConcept. In addition, BoConcept will hold two to four national meetings each year, **at BoConcept's sole discretion**. Either the Franchisee or each Store Manager shall attend all such meetings but they may also both attend the national meetings, the Franchisee being responsible for all costs incurred.

In order to ensure absolute compliance with competition law BoConcept will organize and conduct all meetings of the franchisees in such a manner that prices, territories, customer allocation, business terms etc. will not be subject for discussion. In addition, individual meetings may be held as agreed by BoConcept and the Franchisee in order to secure a future good working relationship.

13.5 BoConcept shall be entitled to deny access to the meetings mentioned in clause 13.4, if

13.5.1 The Agreement has been terminated by either Party,

13.5.2 **The Franchisee in BoConcept's sole opinion is in material breach, or**

13.5.3 If the Franchisee's **attendance in BoConcept's sole opinion at a** meeting would be inappropriate for any reason.

## 14. Products

14.1 BoConcept shall decide on the development and selection of the products and accessories to be part of the product range and must be offered at the Brand Stores, and fixtures and supplies (collectively the "Products"). The Products shall be stated in the BoConcept Manual (which may be amended from time to time).

14.2 The Franchisee shall purchase the Products in compliance with the Supply Agreement between BoConcept A/S and the Franchisee, cf. Appendix 8. BoConcept may change prices and payment terms at any **time, effective after thirty (30) calendar days'** prior written notice to Franchisee.

14.3 The Products are solely designed and constructed for residential use in private homes. In the event that the Franchisee in spite of this chooses to sell the Products for commercial use by commercial customers, including but not limited to restaurants, bars, cafés, hotels, motels and the like, the Franchisee shall not claim any remedies for breach towards BoConcept if the commercial customers

subsequently complain of defects in the Products. Franchisee shall comply with all applicable laws related to the sale of the Products for commercial use by commercial customers, including but not limited to fire, health and safety and shall obtain any required certifications/approvals required. If Franchisee sells the Products for any commercial use whatsoever or in violation of any law, the Franchisee shall fully indemnify BoConcept and all Affiliates from any liability and claims whatsoever from any party including without limitation defects in the Products. **The Franchisee's sale of the Products to property developers, professional landlords and the like, who apply the Products for residential use to furnish rental properties rented out as private homes, shall not lead to the Franchisee's loss of remedies granted under this Agreement towards BoConcept.**

14.4 The first sentence of clause 14.3 **shall not apply for the Franchisee's sale of the Products,**

14.4.1 if BoConcept has approved the Products for commercial use by commercial customers, and listed the Products in the BoConcept Manual as being fit for commercial use,

14.4.2 **if the Franchisee's sale of the Products for commercial use is conducted in** compliance with any guidelines, requirements and/or conditions specified in the BoConcept Manual, and

14.4.3 if the Products are sold only to a kind of commercial customer (e.g. hotels, restaurants, bars, office facilities etc.), which has been approved by BoConcept and listed in the BoConcept Manual.

14.5 BoConcept may recommend retail prices for the Products, but the Franchisee is free to determine the retail prices for the Products. Retail selling prices for BoConcept Products may vary at other outlets and retailers.

14.6 The Franchisee and/or if the Franchisee is a company, its director(s) and the natural persons ultimately owning the Franchisee shall not be entitled to be involved in other commercial activities than the operation of the BoConcept business, including in particular, but not limited to, selling and/or marketing of other products and/or services than the Products, regardless of whether such products compete with the Products or not, without the prior written consent of BoConcept. The Franchisee may only sell Products supplied by BoConcept, other franchisees or by suppliers appointed by BoConcept. In case the Franchisee or the natural person ultimately owning the Franchisee perform actions in contravention of this stipulation, this is regarded as a material breach of this Agreement. **BoConcept's Affiliates manufacture some items while other third parties manufacture or produce items for BoConcept.** Due to the logistics of furniture manufacturing and distribution (including but not limited to labor and material shortages and delivery and customs issues) availability and shipping and delivery times for Products cannot be guaranteed and neither BoConcept nor its Affiliates or third-party suppliers shall be liable for any unavailability and/or delays in shipping and delivery of any Products whatsoever.

15. Accounts and reporting

15.1 The Franchisee shall:

15.1.1 For each quarter provide to BoConcept a Profit and Loss and Balance Sheet ("P/L-Balance Sheet") report for each Brand Store. Such P/L-Balance Sheet report must include a breakdown of required marketing expenditures and be received by BoConcept no later than twenty (20) Calendar Days following the end of each calendar quarter (i.e. by the 20<sup>th</sup> day of each of January, April, August and November of each year).

15.1.2 No later than at the signing of the Agreement and subsequently each year no later than two (2) months before the beginning of a new accounting year forward its budget for the coming accounting year to BoConcept;

15.1.3 No later than six (6) months after the end of each accounting year forward accounts audited or certified by a firm of Certified Public Accountants for the previous accounting year to BoConcept, and

15.1.4 Provide BoConcept with such additional financial information as may be requested by BoConcept **concerning of the operation of the Franchisee's BoConcept business**

15.2 All accounts and reports required pursuant to clause 15.1 shall be submitted to BoConcept in English and Franchisee authorizes BoConcept to utilize all data supplied by Franchisee in such manner and purposes as determined by BoConcept .

15.3 The Franchisee hereby irrevocably grants BoConcept the unrestricted right to access and inspect **all books of accounts relevant or connected to the Franchisee's BoConcept business and warrants** that Franchisee shall, to this end, use all reasonable endeavours to secure cooperation by the **Franchisee's accountants with BoConcept** to conduct any such inspections.

16. Insurance

16.1 The Franchisee shall take out and maintain all necessary insurance policies, including fire and flood **and property and casualty, personal injury and death and workers' compensation, comprehensive public liability, vehicle liability, business interruption and general liability insurance, business, business liability, business injury and consequential loss insurance policies**, together with any other insurance which may be demanded at any time by BoConcept. All such insurance policies shall: include coverage for defense costs including legal fees and name BoConcept Franchise, Inc., and all Affiliates and all officers, directors, shareholders, agents and employees thereof as additional **insured's; and shall contain a waiver by the insurance carrier of all subrogation rights** against BoConcept and all Affiliates; and shall provide that BoConcept shall receive at least thirty (30) days advance written notice of termination, expiration, cancellation or modification of any such policy. If Franchisee



fails to maintain such required insurance, BoConcept may, at its option, obtain such insurance and Franchisee shall reimburse BoConcept for all premiums and other expenses incurred.

16.2 Before operation of each Brand Store is initiated and at any other time when BoConcept so demands, the Franchisee shall forward to BoConcept documentary evidence that the insurance policies stated under clause 16.1 have been purchased and maintained.

## 17. Exercise of the Right of Operation by a Corporate or other legal entity Franchisee

17.1 If the Franchisee in this Agreement and/or any subsequent Amendment, is a corporate body or any other legal entity ("**Company**"), the Franchisee shall:

17.1.1 Inform and provide BoConcept documentation of the identity of the owner(s) of the Company (including full legal name, home address, and ownership percentage and voting percentage for control) of all the owner(s) of the Company (including the individual owners of any legal entities that are owners of such Company), at the Effective Date and any subsequent transfer of ownership interests or voting rights. **As of today's date, the Company** is part of the group set out in the group structure chart attached in Appendix 9.

17.1.2 Ensure that all natural person(s) ultimately owning and/or controlling the majority of the ownership interests or voting rights in the Company is/are registered in the relevant trade register as the management of the Company,

17.1.3 Acknowledge that any subscription for new shares, cancellation of shares, transfer of rights, including as a gift and/or legacy, of the ownership interests or of voting rights in the Franchisee Company or in any company owning all or part of such rights and/or interests, **without BoConcept's** prior consent in writing, shall entitle BoConcept to terminate the Agreement without notice, and

17.1.4 Acknowledge that any alteration in the persons holding office as directors in the Franchisee **Company without BoConcept's** prior consent in writing shall entitle BoConcept to terminate the Agreement without notice.

## 18. Assignment or sale of rights and obligations

18.1 BoConcept shall at any time be entitled to assign in whole or in part its rights and obligations and other interests under this Franchise Agreement to a third party designated by BoConcept.

18.2 When the Agreement has been in force for at least three (3) years, and provided that the Agreement has not been terminated by one of the Parties before that, the Franchisee shall be entitled to assign its rights and obligations under this Agreement to a third party, which has been pre-

approved in writing by BoConcept, **provided that the potential buyer complies with BoConcept's minimum conditions applicable at any time, including but not limited to:**

- 18.2.1 Education;
- 18.2.2 Industry knowledge;
- 18.2.3 Financial condition; and
- 18.2.4 Management experience.

18.3 **It shall furthermore be a condition for the Franchisee's** assignment of its rights and obligations under this Agreement that the Franchisee is not in any substantial breach of the Agreement at the time of the proposed assignment (**"substantial" to be decided at BoConcept's sole discretion**), and that the potential buyer signs an agreement, which confirms that the potential buyer personally accepts the terms and conditions of this Franchise Agreement as well as all personally guarantees and securities and other agreements required by BoConcept. **BoConcept's consent to a proposed** assignment shall not be unreasonably withheld.

18.4 Before the assignment to a potential buyer, cf. clauses 18.2 and 18.3 may be executed, the Franchisee shall offer to assign its rights and obligations under this Agreement to BoConcept or to a third party appointed by and approved by BoConcept on the same terms and conditions as are offered to a potential buyer. The offer to BoConcept shall be made in writing with a copy of the specific offer from the potential buyer and with a time stipulated for acceptance of 30 Calendar Days. In the event that BoConcept has not accepted the offer within 30 Calendar Days, the Franchisee shall be entitled to assign its rights and obligations under this Agreement to the potential buyer on the same terms and conditions as offered to BoConcept or to the third party appointed by BoConcept. If these terms of assignment are changed during negotiations between the Franchisee and the potential buyer, the Franchisee shall again make an offer to BoConcept first according to the above procedure before the assignment may be executed.

18.5 By invoking its rights under clause 18 the Franchisee shall be deemed to have forfeited its exclusive right as provided herein and Appendix 3. Further, the Franchisee shall be deemed to have accepted that BoConcept and/or third parties appointed by BoConcept may operate Brand Stores within the Territory.

18.6 Except for clauses 18.2 and 18.3 the Franchisee shall not assign any rights or obligations under this Agreement to a third party or pledge to do so without the prior written consent of BoConcept.

18.7 In the event of assignment according to the clauses 18.2, 18.3 or 18.4, the Franchisee shall pay an amount of USD \$25,000. **to BoConcept to cover BoConcept's costs of** evaluating and facilitating the transaction and providing training, **plus reimbursement of BoConcept's legal costs.**

## 19. Competition

19.1 During the term of the Agreement, the Franchisee, or if the Franchisee is a corporate or other legal entity, all its director(s), officer(s) and all owner(s) ultimately owning the Franchisee, shall not be entitled directly or indirectly to operate, be employed in or have any interests whatsoever in any business competing with the Right of Operation or the Concept. For purposes of all subsections of **clause 19, "indirectly" shall always include without limitation, through any other parties and/or entities** utilized for the purpose of circumventing this provision.

19.2 As the Franchisee as part of the exercising of the Right of Operation will receive from BoConcept considerable know-how and confidential information regarding **the Concept and BoConcept's systems and methods of business (the "Confidential Information")** and as the Confidential Information was imparted for the specific purpose of promoting and operating the Franchisee's BoConcept business, the Franchisee, and if the Franchisee is a legal entity its director(s) and owner(s) shall for a period of 12 months from the expiration or termination of the Agreement, regardless of the reason, not directly or indirectly operate, be employed with or have any interests in a business competing with the Concept or BoConcept.

19.3 Violation of clause 19.1 and/or clause 19.2 shall lead to payment of an agreed penalty of USD \$150,000. per violation. If the violation includes maintaining a condition in violation of the non-competition clause, this shall be considered one violation for each period of 14 Calendar Days during which the violation takes place. Payment of the agreed penalty shall neither justify a continuation of the violation nor terminate or act as a waiver of the non-competition clause. Further, payment of the agreed penalty shall not prevent BoConcept from claiming damages for breach of this or any other clause of the Agreement to the extent possible under Danish law and/or applicable law of the Territory or act as a waiver by BoConcept of any other remedies at law and equity and under this Agreement including termination, clause 21. BoConcept may also obtain an injunction to restrain the violation of the clause.

## 20. Confidentiality

20.1 The Franchisee or if the Franchisee is a corporate or other legal entity, its director(s), officer(s) and all person(s) ultimately owning the Franchisee shall during the term of the Franchise Agreement and at all times after the expiration or termination of the Franchise Agreement regardless of the reason, keep strictly confidential all know-how and knowledge related to the Concept, BoConcept's system, the customer files, and any other information received and learned according to this Franchise Agreement and the Franchisee's operation as a franchisee of BoConcept. For purposes of all

**subsections of clause 20, "indirectly" shall always include without limitation, through any other parties and/or entities utilized for the purpose of circumventing this provision.**

20.2 The Franchisee shall, subject to applicable mandatory employment and labour law in the Territory, make sure that its employees sign a non-disclosure/utilization clause or agreement with the Franchisee, according to which the employee during his/her employment with the Franchisee and after the expiration or termination of such employment regardless of the reason shall keep confidential all know-how and knowledge related to the Concept, BoConcept's system, the customer files, and any other information received and learned during the employment by the employee about the Right of Operation under **this Franchise Agreement and the Franchisee's operation as a franchisee of BoConcept.**

20.3 In the event of any violation of clause 20.1 or 20.2 by the Franchisee or if the Franchisee is a corporate entity, by its director(s)'s and/or the person(s) ultimately owning directly or through a legal entity the Franchisee, the Franchisee shall pay an agreed penalty of USD \$50,000. The agreed penalty shall be paid for each independent breach of the clause. If the violation includes maintaining a condition in violation of the confidentiality clause, this shall be considered one violation for each period of 14 Calendar Days during which the violation takes place. Payment of the agreed penalty shall neither justify a continuation of the violation nor terminate or act as a waiver of the confidentiality clause. Further, payment of the agreed penalty shall not prevent BoConcept from claiming damages for breach of this or any other clause of the Agreement to the extent possible under Danish law and/or applicable law of the Territory or act as a waiver by BoConcept of any other remedies at law and equity and under this Agreement including termination, clause 21. BoConcept may also obtain an injunction to restrain the violation of the clause.

20.4 The Franchisee hereby irrevocably grants BoConcept the right to provide any information regarding the Franchisee and the Franchisee's BoConcept business whatsoever to whom it may be considered necessary by BoConcept, including other franchisees. Providing such information shall not be contrary to BoConcept's obligations under this Franchise Agreement.

## 21. Term, expiration and termination

21.1 The term of the Franchise Agreement shall be five (5) years from the Effective Date of the last Brand Store to open as specified in Appendix 4-Development Plan in compliance with the Agreement and in accordance with any Amendment of the Franchise Agreement (**the "Term"**). The Franchise Agreement shall be non-terminable in the Term, unless the Franchise Agreement is terminated prematurely pursuant to clauses in this Agreement, e.g. clause 21.

21.2 Regardless of clause 21.1, BoConcept shall be able to terminate the Franchise Agreement at **three (3) months' notice in the event of the Franchisee engaging in activities which in the sole opinion of BoConcept are likely to damage the reputation and goodwill associated with BoConcept and or the BoConcept brand or which are contradictory to a duty of good faith on the part of the Franchisee**

towards BoConcept also although such activities cannot be characterised as breach of the Agreement. Examples hereof are

- **suspicion of the Franchisee's involvement in serious crime;**
- unacceptable behaviour incompatible with the Concept, including violence, threats, etc.;
- expression and/or publication of discriminatory and/or racist statements;
- employing workers younger than the required minimum age;
- failure to provide workers with a workplace that meets applicable health and safety standards.

- 21.3 If the Franchisee, or if the Franchisee is a company the director and/or Owner, dies, is permanently incapacitated or unable to work and the Franchisee respectively the director and/or Owner therefore becomes unable to meet its obligations under the Agreement, BoConcept and the Franchisee respectively director and/or Owner shall together discuss the consequences hereof. If the Parties can agreed upon the terms, BoConcept shall assist and support the Franchisee respectively director and/or Owner in a transitional period, including by letting a manager exercise the Right of Operation on behalf of the Franchisee. If the incapacity lasts for a period longer than three (3) months, BoConcept shall be entitled, but not obliged, to take on the Right of Operation and manage any or all of the Brand Stores until BoConcept is **able to dispose of it at the Franchisee's expense and risk. If a new Franchisee is not found within a year after BoConcept's takeover of the operation, BoConcept shall be entitled to take over the Right of Operation and any or all of the Brand Stores, including the inventory and the lease agreement regarding each Brand Store.** If the Parties are unable to reach an agreement regarding the purchase price of the Brand Store, the market value of each Brand Store shall be determined by an independent auditor appointed by FSR – Danske Revisorer (*In English: Danish Auditors*) who must be a state-authorized public accountant. The market value of each Brand Store must be determined based on generally accepted valuation principles. The valuation must take due account of any loss of ability to pursue each Brand Store's activities in connection with the circumstances triggering the need for valuation. The valuation expert may require on demand that interim financial statements for each Brand Store are provided.
- 21.3.1 The costs of the valuation, cf. clause shall be divided equally between the Parties. The Parties shall provide, on the valuation expert's demand, adequate security for their share of the costs.
- 21.3.2 The valuation of the valuation expert, is final and binding upon the Parties and may thus not be submitted for arbitration or brought before the courts.
- 21.4 **In case of one Party's material breach, the other Party shall be entitled to terminate the Agreement without further notice if the breach has not been remedied within fourteen (14) Calendar Days after the Party in breach has received notice of the breach.**

21.5 Material breach on the part of the Franchisee shall among other things include (list is not exhaustive):

21.5.1 Non-payment of monies owed by the Franchisee to BoConcept or the landlord of each Place of Business;

21.5.2 Failure to use the prescribed IT Application;

21.5.3 Violation of **BoConcept A/S' or BoConcept's intellectual property rights;**

21.5.4 Failure to timely and strictly comply with the Development Plan.

21.5.5 Actions likely to damage the goodwill and reputation associated with the BoConcept brand, BoConcept or Concept deviating behaviour, including marketing which does not comply with the instructions from BoConcept;

21.5.6 Actions inconsistent with a duty of good faith towards BoConcept or any other franchisees of BoConcept;

21.5.7 Participation in competing activities contrary to the Agreement;

21.5.8 Sale of products other than the Products contrary to the Agreement,

21.5.9 Failure to provide BoConcept with financial and marketing information and reports in a timely fashion pursuant to the this Franchise Agreement and/or reporting or issue of deliberately incorrect or misleading financial information to BoConcept;

21.5.10 Generation of repeated or serious complaints from customers regarding the quality of service offered by the Franchisee;

21.5.11 **The Franchisee's: suspension of payments, bankruptcy, compulsory winding-up or insolvency;**

21.5.12 **The Franchisee's persistent failure to comply with BoConcept's written instructions;** and

21.5.13 Failure to timely and strictly comply with the Development Plan.

21.6 Material breach on the part of BoConcept shall among other things include:

21.6.1                    **BoConcept's failure to respect the Franchisee's exclusive right in the Territory** specified in this Agreement as long as the Franchisee complies with the Development Plan prepared by the Parties;

21.6.2                    Failure to provide support and advice as specified in this Agreement;

21.6.3                    Failure to hand over know-how, marketing material, etc. in such a manner that it prevents the Franchisee from running each store as a Brand Store.

21.7    At any suspicion of breach or irregularities on the part of the Franchisee, BoConcept shall be **entitled without previous warning to inspect and check the premises, the Franchisee's stocks, IT equipment, and any other material regarding the Franchisee's Right of Operation and the Franchisee** shall permit access to enable such inspection.

21.8    In the event that the Franchisee in addition to this Agreement has entered into other franchise agreements with BoConcept, material breach of one (or more) of such agreements shall be deemed to constitute a material breach of all the franchise agreements to the effect that BoConcept A/S shall be entitled to exercise remedies for breach, including termination for cause, on the basis thereof in respect of each franchise agreement.

21.9    Termination of the Franchise Agreement shall only be effective if it is issued in writing.

## 22.    Agreed penalty

22.1    In its sole discretion BoConcept may demand that the Franchisee pays an agreed penalty in the event of the Franchisee receiving written notice of two (2) breaches of any clause of the Franchise Agreement within any twenty-four (24) month period and the Franchisee failing to provide BoConcept, within seven (7) Calendar Days **of receipt of BoConcept's notice to BoConcept's satisfaction**, independent verification that Franchisee has not breached the Agreement.

If, however, the breaches can be remedied, the agreed penalty may only be demanded, if the remedial action has not been completed within a period of thirty (30) Calendar Days after **Franchisee's receipt of** notice from BoConcept.

22.2    The agreed penalty shall be USD \$10,000. per breach. In case of an ongoing breach, every calendar month commenced in which the breach continues to occur shall be considered a new independent breach in relation to the calculation of the agreed penalty. Payment of the agreed penalty shall not affect or **reduce BoConcept's right to claim damages pursuant to the general rules of Danish or US law at BoConcept's sole option**, and payment of the agreed penalty shall not entitle the Franchisee to continue the wrongful conduct. A demand to pay an agreed penalty shall furthermore not prevent BoConcept from terminating the Agreement due to breach of contract pursuant to clause 21.

22.3 No failure or delay on the part of BoConcept in exercising any right or remedy provided under this Agreement or by law shall constitute a waiver of that (or any other) right or remedy, nor preclude or restrict its further exercise. No single or partial exercise of such right or remedy shall preclude or restrict the further exercise of that (or any other) right or remedy.

## 23. Renewal

23.1 No later than six (6) months before the end of the Term, the Franchisee shall be entitled to request by delivery of written and signed request to BoConcept utilizing the form attached hereto as Appendix 14 or form required by BoConcept at that time, that this Agreement be renewed for one additional period of five (5) years from the expiration of the Term.

23.2 Provided that the Franchisee has not committed any material breach of this Agreement or any other agreement with BoConcept or its Affiliate during the Term and all Brand Stores opened by Franchisee have remained open for business, and the following conditions for renewal are all strictly complied with by Franchisee, **BoConcept shall not unreasonably decline the Franchisee's request to have the Agreement renewed for one additional period of time pursuant to clause 23.1:**

23.2.1 The Franchisee shall sign a new franchise agreement and development plan on the terms and conditions utilized by BoConcept at that time of renewal; however, no new entrance fee shall be paid for the Brand Stores already opened, only reimbursement of **BoConcept's** legal costs. The terms and conditions of such new franchise and development plan agreement utilized by BoConcept at that time may differ substantially from the terms and conditions of this Agreement. Moreover, it is emphasized that any Individual Terms agreed upon as part of this Agreement shall not apply to such new franchise and development plan agreement, unless otherwise agreed between the Parties.

23.2.2 A new development plan shall be agreed upon between the Parties and signed by both Parties no later than sixty (60) Calendar Days before the renewal date where an additional period pursuant to clause 23 starts. However, BoConcept may in its sole discretion determine the new development plan subject to due observance of relevant market conditions.

23.2.3 In the event that the Franchisee has not signed the new franchise agreement and all then current Appendices and required attachments, including without limitation, a new development plan, within thirty (30) Calendar Days from **Franchisee's** receipt by registered mail or overnight delivery service with proof of delivery, the Franchisee shall forfeit the right to renew the Agreement.

23.2.4 No later than 60 Calendar Days before the end of the fifth year of each **Brand Store's opening** date, a complete renovation of each Brand Store must be completed by Franchisee **in accordance with BoConcept's instructions. Among other things, the Franchisee**



shall renovate, modernise, renew and replace the fixtures, signs, fittings and equipment to the extent necessary to bring each Brand Store up to the standards stipulated by BoConcept at the time.

23.3 The Agreement can only be renewed once pursuant to clause 23. However, the contract may be re-negotiated between the Parties after expiration of the renewal period, but BoConcept is not obligated to enter into a new contract or to renew the existing franchise contract. On-going negotiations regarding a possible continued relationship between the Parties, without a binding agreement signed by both parties, shall not create any rights or obligations for or on any of the Parties beyond the expiration of the Renewal Period.

## 24. Force Majeure

24.1 It shall not be considered a breach of this Franchise Agreement if failure to perform an obligation is solely attributable to an event which is beyond the reasonable control of the Party concerned, including fire, trade dispute, embargo, legislative measure, acts of war, civil commotion or similar events but only if the Party concerned could not have foreseen the event at the time of assumption of the obligation. As long as such an event effectively prevents the Party from performing the obligation concerned, the duty to do so shall be suspended until the obstacle no longer exists.

24.2 The provision of clause 24.1 shall at no time exempt the Franchisee from or suspend its obligations to timely and punctually pay any amount which the Franchisee owed to BoConcept at the time when the obstacle set in.

## 25. Legal effects of expiration or termination of the Agreement

25.1 On expiration or termination of the Agreement, regardless of the reason, **all the Franchisee's** rights, including but not limited to the Right of Operation, shall terminate and the Franchisee shall immediately:

25.1.1 Stop exercising the Right of Operation and terminate any use of the Concept, including any use of the name and logo "BoConcept" in any respect. The Franchisee shall thus not be entitled to use any operating furnishings, etc. after expiration or termination of the Agreement;

25.1.2 Clean and vacate the premises and make these available to BoConcept if the premises have been assigned to BoConcept or a third party appointed by BoConcept together with any other asset belonging to BoConcept in complete, functional and well-maintained condition;

25.1.3 Return the BoConcept Manual, both originals and copies, and any other material received from BoConcept without taking any copies,

25.1.4 Give BoConcept unimpeded access to stocks, operating materials, furnishings, telecommunication, the IT Application and all data which is or should have been stored thereon,

25.1.5 Make payment of any outstanding amounts to BoConcept and/or suppliers of the Products, including the landlords and timely complete delivery of all open orders and reimburse any and all costs incurred by BoConcept in completion of all open orders, including without limitation, invoicing and delivery;

25.1.6 The Franchisee shall to the extent allowed by local law and legislation required to provide BoConcept with **information about the Franchisee's customers and prospective customers**, including but not limited to name, address etc. free of charge;

25.1.7 Stop using any e-mail address made available by BoConcept for the duration of the Agreement.

25.2 Unless otherwise agreed in writing with BoConcept, the Franchisee shall be required to give notice to **the Franchisee's employees and** employment terminated no later than as at the date of expiration or termination.

25.3 **The "BoConcept" name shall not be used in connection with any clearance sale.**

25.4 All sums owed to BoConcept shall be paid or returned in strict compliance with the above clauses and without abatement set-off or deduction. The Franchisee shall have no right to withhold any goods or payment based on any allegation that BoConcept may be in breach of any clause of this Franchise Agreement or may owe any sums to the Franchisee.

25.5 From fourteen (14) Calendar Days before the expiration of the Agreement, BoConcept shall **be entitled to inform the media and the Franchisee's associates, customers and prospective customers** about the imminent expiration and in this connection BoConcept shall be able to give information about a possible new Franchisee who may in future exercise the Right of Operation.

## 26. Notices

26.1 Any notice required to be given under this Agreement must be in writing and as regards BoConcept addressed to:

BoConcept Franchise, Inc.  
210 Mountain Avenue #48

Springfield, NJ 07081-2211

With copy to: BoConcept A/S

Fabriksvej 4

6870 Ølgod

Denmark

Attn.: Legal Department, mila@boconcept.com

and to the following as regards the Franchisee:

[INSERT NAME]

[INSERT ADDRESS]

[INSERT POSTAL CODE, TOWN]

[INSERT COUNTRY]

Attn.: [INSERT NAME], [INSERT E-MAIL ADDRESS]

unless the individual Party gives written notification of another addressee and/or address.

26.2 Any notice required to be given under this Agreement shall be in writing and regarded as having been duly given, effective and delivered to the other Party at the address in this Agreement or such other address as either Party may designate by written notice to the other Party as of: the date of hand delivery, with proof of delivery; or the following business day, if sent by prepaid overnight delivery service with proof of delivery; or when received, if sent by prepaid certified mail, return receipt; or if sent by email, on the date the email is sent, if sent before 5:00 pm EST, and if sent after 5:00 pm EST, the following business day; or on the day receipt is otherwise acknowledged in writing by a Party. Either Party is responsible for ensuring that the other Party at all times is provided with information of the correct addressee and the receiving Party bears the risk of non-receipt of a notification, if such notification has been sent to the designated addressee.

## 27. Governing law and settlement of disputes

27.1 Any dispute between BoConcept and the Franchisee arising out of or in connection with this Agreement, including but not limited to any disputes regarding the existence, validity, expiry and/or termination of the Agreement, and disputes concerning the interpretation and the legal effects of the Agreement, shall as far as possible be settled by negotiation and mediation. If an amicable solution has not been found within three (3) months from the time when one Party has presented the dispute in writing to the other Party, the dispute shall be settled by arbitration administered by the Danish Institute of Arbitration in accordance with the rules of arbitration procedure adopted by the Danish Institute of Arbitration and in force at the time when such proceedings are commenced.

The arbitral tribunal shall be composed of one (1) arbitrator appointed by the Danish Institute of Arbitration, if the subject matter, which shall mean the pecuniary claim or the value of the non-

pecuniary claim specified in the statement of claim, amounts to less than USD \$100,000. In all other cases the arbitral tribunal shall be composed of three (3) arbitrators and each Party is entitled to appoint one (1) arbitrator and the chairman is to be appointed by the Danish Institute of Arbitration. The place of arbitration shall be Copenhagen, the language to be used in the arbitral proceedings **shall be English, and the arbitral tribunal's decisions and awards shall be confidential. The arbitral award shall be final and conclusive and binding on the Parties.**

The arbitral tribunal will be solely and exclusively competent for all claims, irrespective of their nature (contractual, tort or based on written law) in relation to or arising out of this Franchise Agreement, especially in relation to or arising out of the circumstances of its negotiation, its conclusion, its execution or non-execution, its termination, and all subsequent disputes.

This arbitration clause does, however, not prevent BoConcept from protecting its or its Affiliates intellectual property rights and/or its rights under this Agreement by seeking injunction orders or other interim measures available under the law of the Territory from the local courts.

27.2 This Franchise Agreement shall be interpreted in accordance with and be governed by the laws of Denmark.

## 28. Changes and/or adjustments and interpretation and conflicts

28.1 Changes to this Franchise Agreement shall only apply if the change is issued in writing and signed by both Parties and only if it is expressly stated that this is a change to the Franchise Agreement.

28.2 All the clauses of this Agreement are distinct and severable. If any provision of this Agreement (or part of any provision) is found by any court or other authority of competent jurisdiction to be invalid, void, unenforceable or illegal, the other provisions shall remain in force.

28.3 This Agreement shall be binding upon the parties and their respective executors, administrators, heirs, assigns and successors in interest. Time is of the essence of this Agreement and all provisions shall be so interpreted. If any applicable law or rule requires a greater prior notice of the termination of or election not to renew this Agreement, or the taking of some other action than is required under this Agreement, the prior notice or other requirements required by this law or rule shall be substituted for the requirements of this Agreement. The obligations and authorizations hereunder shall all be joint and several.

28.4 The invalidity of any provision of this Agreement shall not impair the validity of any other provision. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable, that provision will be deemed severable and this Agreement may be enforced with that provision severed or as modified by the court. In the case of any questions of ambiguity relating to any provisions contained herein, there shall not be any construction against the drafter of the document. The preamble and recitals set forth above are hereby incorporated into and made a contractual part of

the covenants of this Agreement. The Appendices and/or exhibits referred to in this Agreement are attached hereto, made a part hereof, and are incorporated herein by reference.

28.5 The headings and captions in this Agreement are inserted for convenience only and shall not constitute a part hereof or affect the construction or interpretation of any provision of this Agreement. Whenever required by context, the masculine pronouns shall include the feminine and neuter genders and the singular shall include the plural and vice versa. No waiver of or failure to enforce any of the provisions, terms, conditions, or obligations herein by any party shall be construed as a waiver of any subsequent breach of such provision, term, condition, or obligation of this Agreement or of any other provision, term, condition, or obligation hereunder, whether the same or different nature. Subsequent acceptance by BoConcept or any Affiliate of the payments due it hereunder shall not be deemed to be a waiver by BoConcept of a preceding breach by Franchisee. If there develops a custom or practice which is at variance with the terms of this Agreement, BoConcept shall not be deemed to have waived its right to demand exact compliance with any of the terms of this Agreement at a later time. Franchisee acknowledges that BoConcept has, and will in the future enter into license or franchise agreements with third parties pursuant to which such third parties are licensed to use the Marks and otherwise receive the benefits of the Concept **(the "Other Agreements")**. **Franchisee acknowledges that the provisions of the Other Agreements have or may vary substantially from those contained in this Agreement.** No action taken by BoConcept with respect to any one or more of the Other Agreements or any party thereto shall create a course of conduct which may be relied upon or asserted by Franchisee under this Agreement as a modification to this Agreement or otherwise. In case of any discrepancy or conflict between any terms and provisions in this Franchise Agreement and any other agreement between the Parties, the terms and provisions in this Franchise Agreement and any amendments thereto, shall control and prevail at the interpretation of the agreement.

The rights of BoConcept and Franchisee hereunder are cumulative and no exercise or enforcement by BoConcept or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by BoConcept or Franchisee of any other right or remedy hereunder or which BoConcept or Franchisee are entitled by law to enforce. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement. The Parties agree to do or cause to be done all acts or things necessary to implement and carry into effect this Agreement to its full extent.

28.6 By virtue of the community property laws of certain states, spouses of Franchisee's **individual owners are deemed to have a property interest in this Agreement, Franchisee's ownership interest, and/or the Brand Store and accordingly BoConcept shall have the right to require Franchisee's spouse to consent and join in all of the terms and conditions of this Agreement, personal guaranty for amounts owed BoConcept and any related agreements and any amendments thereto.**

## 29. Adjustments of amounts

29.1 The amounts mentioned in this Agreement, e.g. in clauses 8.4 and 22.2, shall be adjusted in accordance with the percentage development in the Danish net price index for January based on the Danish net price index for January [INSERT YEAR]. This adjustment shall be effected for the first time on [INSERT DATE] based on the development in the Danish net price index from January [INSERT YEAR] to January [INSERT YEAR]. The next adjustment shall then be effected as at [INSERT DATE], etc.

## 30. Individual terms

30.1 Individual terms to this Agreement, if any, are in Appendix 11.

## 31. Language of the Agreement

31.1 BoConcept and the Franchisee agree that this Agreement is written in English, which is the binding version. The Franchisee expressly acknowledges that they are familiar enough with the English language and that they fully understand any and all provisions of this Agreement.

## 32. Call Option Agreement

32.1 Simultaneously with the execution of this Agreement, the Owner(s) (including all natural person(s) and legal entities) of the Franchisee shall enter into a Call Option Agreement with BoConcept on the terms and conditions set out in Appendix 13.

## 33. Appendices

- 33.1 Appendix 1: Documentation of the foundation and existence of Franchisee
- 33.2 Appendix 2: Table of Contents of the BoConcept Manual
- 33.3 Appendix 3: Specification of Territory
- 33.4 Appendix 4: Development Plan
- 33.5 Appendix 5: 3-year budget
- 33.6 Appendix 6: NOT APPLICABLE TO US FRANCHISEES
- 33.7 Appendix 7: **Requirements for the Franchisee's use of** social media
- 33.8 Appendix 8: Supply Agreement
- 33.9 Appendix 9: Group structure chart of the Company
- 33.10 Appendix 10: Anti-corruption Policy and Guidelines
- 33.11 Appendix 11: Individual Terms-(if applicable)

- 33.12 Appendix 12: Market Specific Amendment
- 33.13 Appendix 13: Call Option Agreement
- 33.14 Appendix 14: Request for renewal of Term
- 33.15 Appendix 15: Request to Amend, Open/Add Initial or Additional Retail Brand Store

34. Copies

34.1 This Agreement shall be signed and the bottom of each page initialled in two original copies, of which each Party shall receive one original copy. This Agreement may be executed in more than one counterpart, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

BOCONCEPT  
FRANCHISE, INC.

FRANCHISEE (Entity)

\_\_\_\_\_  
[Print Name]

By: \_\_\_\_\_  
\_\_\_\_\_  
[Print Name/Title]  
\_\_\_\_\_  
[Date Signed]

By: \_\_\_\_\_  
\_\_\_\_\_  
[Print Name/Title]  
\_\_\_\_\_  
[Date Signed]

ALL INDIVIDUAL OWNERS: PERSONAL Guaranty: Security Agreement

The undersigned, representing they are all of the individual owners and spouses of Franchisee, hereby represent they have fully read and understand the Franchise Agreement and all Appendices, effective as of \_\_\_\_\_, [INSERT EFFECTIVE DATE], and hereby unconditionally undertakes and agrees as owner, to be individually, personally and jointly and severally liable and bound by all terms (including but not limited to paragraph 5) and all other obligations whatsoever under the Franchise Agreement and any current or future Amendments, including without limitation, Amendments adding additional Retail Brand Stores and any loan agreements or any other related agreements with BoConcept and any of its Affiliates, all such agreements collectively referred to as ("**Agreements**") as a guarantor on first demand, with primary liability for complete and timely compliance of the Agreements, including but not limited to the complete and timely payment of all monies payable under the Agreements (including but not limited to all amounts for any inventory, fixtures or any other items purchased from BoConcept and Affiliates and any services provided by BoConcept and Affiliates) and all accrued interest, contractual penalties and any other costs or fees to BoConcept and Affiliates, and shall immediately on first demand, pay to BoConcept or any person or entity to whom BoConcept chooses to transfer the rights and obligations under the Agreements, all monies so payable. Furthermore, any subsequent modifications or amendments to any such Agreements shall not extinguish the undersigned's obligations herein and the undersigned hereby waives any right to approve any later modifications or amendments to such Agreements. The undersigned shall also be personally liable and bound by the restrictions regarding participation in other commercial activities other than the operation of the BoConcept Brand Store and confidentiality and noncompetition, including payment of all agreed costs and damages. The undersigned also hereby agrees to the grant of a security interest in all items specified in paragraph 5 of the Franchise Agreement. This guaranty and security agreement shall be fully enforceable without signing any other separate documents and are incorporated into the Franchise Agreement. These obligations: are governed by U.S. law; and include all present and future advances, interest and costs under all Agreements; and are all joint and several against each person signing; and **include all owners' spouses (and by not including and having a spouse sign, the undersigned represents they are currently unmarried).**

[ALL INDIVIDUAL OWNERS and SPOUSES sign below and insert all listed information]

1) (OWNER)X \_\_\_\_\_, Date \_\_\_\_\_, (SPOUSE)X \_\_\_\_\_, Date \_\_\_\_\_,

[OWNER-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

[SPOUSE-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

2) (OWNER)X \_\_\_\_\_, Date \_\_\_\_\_, (SPOUSE)X \_\_\_\_\_, Date \_\_\_\_\_,

[OWNER-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

[SPOUSE-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

3) (OWNER)X \_\_\_\_\_, Date \_\_\_\_\_, (SPOUSE)X \_\_\_\_\_, Date \_\_\_\_\_,

[OWNER-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

[SPOUSE-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

4) (OWNER)X \_\_\_\_\_, Date \_\_\_\_\_, (SPOUSE)X \_\_\_\_\_, Date \_\_\_\_\_,

[OWNER-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

[SPOUSE-Insert full NAME, home ADDRESS, CITIZENSHIP, DATE OF BIRTH, SOCIAL SECURITY NUMBER]

(Additional space can be provided if necessary)



## Appendix 1:

Documentation of the foundation and existence of the Franchisee

To the BoConcept Franchise, Inc., Franchise Agreement  
With effect from the Effective Date of \_\_\_\_\_[INSERT EFFECTIVE DATE].

To be supplied by Franchisee: \_\_\_\_\_  
[INSERT FRANCHISEE NAME and EIN #]

For the operation of a Retail Brand Store located at: \_\_\_\_\_,  
[INSERT STORE ADDRESS]

# Appendix 2

## BoConcept Manual:

### The BoConcept webpage:

- The catalogue
- Annual report (BoConcept A/S)
- Global compact report

[www.boconcept.com](http://www.boconcept.com)

### The BoConcept Intranet:

- Webshop (internal use)

[www.intranet.boconcept.com](http://www.intranet.boconcept.com)

### BoConcept Universe:

[www.universe.boconcept.com](http://www.universe.boconcept.com)

#### BoConcept University

- E-learning
- Mystery Shopping
- Power Book
- Recruitment support
- BCU Training calendar

#### BoConcept Contracts Tools

- Discount structure
- Payment terms

#### BoConcept Customer Service

- Assembly instructions
- Fabric and leather guide
- Care and maintenance
- Claim and compensation policy

#### Instore Stylist and Interior Decoration Tools

- Instore Styling training
- Campaign styling
- Hot Inspiration
- Accessories collection iPaper
- Styling Manual
- Showroom Guide
- Discontinued list
- Store concept manual
- Warehouse guide
- Price sign module

#### Marketing

- Communication platform
- Website
- International campaigns
- Standard poster assortment
- A media portal with all out photos
- A Design manual for Ads and outdoor billboards
- Merchandise
- Press releases
- Newsletters
- SoMe (social media)

#### Tools

- Claim handling
- Axapta/IT manuals
- Price books
- Traffic Counter
- Media Portal
- Home Creator
- MSBI (Microsoft Business Intelligence)
- Opening process

To be initialled \_\_\_\_\_

Issue Date: [August 1, 2023]

# APPENDIX 3 – SPECIFICATION OF TERRITORY

With effect from the Effective Date of \_\_\_\_\_[INSERT EFFECTIVE DATE].

BoConcept Franchise, Inc.  
210 Mountain Avenue #48  
Springfield, NJ 07081-2211  
(hereinafter referred to as "BoConcept")

and

[INSERT NAME]  
[INSERT ADDRESS]  
[INSERT POSTAL CODE, TOWN]  
[INSERT COUNTRY] Reg. no. [INSERT REG. NO.]  
(hereinafter referred to as the "Franchisee")

(jointly referred to as the "Parties"), have executed this Appendix 3 (the "Appendix") regarding the specification of the Territory under the Franchise Agreement, effective as of the Effective Date, ("Franchise Agreement"), concerning the operation of a Retail Brand Store located at [INSERT ADDRESS]. For valuable consideration received by the Parties, and intending to be legally bound, the Parties agree as follows:

1. Definitions  
1.1 Terms and phrases indicated by initial capital shall have the meaning set out in Clause 2 of the Franchise Agreement, unless otherwise explicitly stated in this Appendix.
2. The Territory  
2.1 The Franchisee shall have the exclusive right to open additional Brand Stores within the Territory as long as the Franchisee strictly complies with the Franchise Agreement, including without limitation, the Development Plan and all other related agreements, including any other Franchise Agreements within the Territory.  
2.2 The Territory under the Franchise Agreement comprises: [INSERT DESCRIPTION].

Signed by the Parties as of the Effective Date.

BoConcept Franchise, Inc.  
  
By: \_\_\_\_\_,  
\_\_\_\_\_  
[INSERT NAME/TITLE]

Franchisee: [INSERT ENTITY NAME]  
  
By: \_\_\_\_\_,  
\_\_\_\_\_  
[INSERT NAME/TITLE]

## APPENDIX 4 – DEVELOPMENT PLAN

With effect from the Effective Date of \_\_\_\_\_, [INSERT EFFECTIVE DATE]

BoConcept Franchise, Inc.  
210 Mountain Avenue #48  
Springfield, NJ 07081-2211  
(hereinafter referred to as "BoConcept")

and

[INSERT NAME]  
[INSERT ADDRESS]  
[INSERT POSTAL CODE, TOWN]  
[INSERT COUNTRY] Reg. no. [INSERT REG. NO.]  
(hereinafter referred to as the "Franchisee")

(jointly referred to as the "Parties"), have entered into this Appendix 4 (hereinafter the "Appendix") regarding the Development Plan under the Franchise Agreement effective as of the Effective Date ("Franchise Agreement"), concerning the operation of a Retail Brand Store located at [INSERT ADDRESS]. For valuable consideration received by the Parties, and intending to be legally bound, the Parties agree as follows:

### 1. Definitions

1.1 Terms and phrases indicated by initial capital shall have the meaning set out in the clause 2 of the Franchise Agreement, unless otherwise explicitly stated in this Appendix.

### 2. The Development Plan

2.1 The Parties have agreed upon the following Development Plan as part of a Franchise Agreement. When Franchisee initially identifies any additional retail Brand store location, starting with the Store identified below as Store # 2, Franchisee shall complete, sign and deliver to BoConcept, a Request To Open/Add Initial or Additional Retail Brand Store-Amendment, which shall include at a minimum, the information contained in the form identified as Appendix 15-Amendment, attached hereto and incorporated herein. Franchisee shall be required to open the following number of retail store locations within each specified time frame. In the event Franchisee fails to strictly adhere to the number of store openings and time frames herein, it shall be deemed a material breach of the Franchise Agreement and at **BoConcept's sole election** the Franchise Agreement may be terminated by BoConcept or **Franchisees'** exclusive rights to the Territory may be forfeited and BoConcept can sell/transfer the forfeited portion of the Territory to any third party or operate corporate retail stores within the forfeited Territory and BoConcept may also terminate any or **all of Franchisee's** Franchise Agreements within the Territory and exercise all other available remedies therein.

Store	Location	Time
(indicates Brand Store number)	(indicates the Place of Business in the Territory)	(indicates the date on which the Brand Store must be opened for customers)
Store # 1	[INSERT ADDRESS]	
Store # 2		
Store # 3		
Store # 4		

Signed by the Parties as of the Effective Date.

BoConcept Franchise, Inc.

Franchisee: [INSERT ENTITY NAME]

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

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

\_\_\_\_\_  
[INSERT NAME/TITLE]

\_\_\_\_\_  
[INSERT NAME/TITLE]

## Appendix 5 – 3 Year Budget

To the BoConcept Franchise, Inc., Franchise Agreement  
With effect from the Effective Date of [INSERT EFFECTIVE DATE]

To be supplied by Franchisee: \_\_\_\_\_ [INSERT FRANCHISEE NAME]

For a Retail brand store located at: \_\_\_\_\_ [INSERT STORE LOCATION]

To be initialled \_\_\_\_\_.

Issuance Date [August 1, 2023]

## APPENDIX 7 - **REQUIREMENTS FOR THE FRANCHISEE'S** USE OF SOCIAL MEDIA MARKETING

With effect from the Effective Date of \_\_\_\_\_[INSERT EFFECTIVE DATE].

BoConcept Franchise, Inc.  
210 Mountain Avenue #48  
Springfield, NJ 07081-2211  
(hereinafter referred to as "BoConcept")

and

[INSERT NAME]  
[INSERT ADDRESS]  
[INSERT POSTAL CODE, TOWN]  
[INSERT COUNTRY] Reg. no. [INSERT REG. NO.]  
(hereinafter referred to as the "Franchisee")

(Jointly referred to as the "Parties"), have entered into a Franchise Agreement, effective as of the Effective Date, ("**Franchise Agreement**"), concerning the operation of a Retail Brand Store located at [INSERT ADDRESS]. For valuable consideration received by the Parties, and intending to be legally bound, the Parties agree that the following terms shall control **Franchisee's limited use of Social Media Marketing** at this initial Retail Brand Store and all additional Retail Brand Stores operated by Franchisee pursuant to the Franchise Agreement:

If the Franchisee wants to create profiles/accounts on social media, including but not limited to Facebook, Twitter, Instagram, Tik Tok, etc. or similar mediums, for the purpose of marketing the Products **solely within Franchisee's Territory**, then all of the below rules shall strictly apply, in addition to the applicable requirements in the Franchise Agreement and the BoConcept Manual. Unless explicitly stated otherwise in this Supply Agreement, all terms and phrases herein shall have the meaning set out in the Franchise Agreement, including without limitation, clause 2.

1. The profiles/accounts which the Franchisee may create on social media or any other similar medium, for the purpose of marketing the Products shall at all times be the sole property of BoConcept, and the Franchisee is thus not entitled to delete, remove any followers or in any manner deactivate or otherwise change the profiles/accounts in any manner whatsoever.

If the Franchisee markets the Products through a profile/account created by the Franchisee prior to the Franchisee entering into the Franchise Agreement with BoConcept, the profile/account shall be regarded as created for the purpose of marketing the Products and such profile/account and all content must be reviewed and approved in writing by BoConcept before the account is activated and any Products are marketed and the name BoConcept appears therein. If approved by BoConcept, the ownership and unconditional control of the profile/account shall be transferred by Franchisee to BoConcept, upon signing the Franchise Agreement.

2. Upon the earlier of: signing the Franchise Agreement; or creation of any such profile/account, the Franchisee shall assign and transfer ownership and unconditional control of all such the profiles/accounts to BoConcept and surrender all information and control to BoConcept required to access the profiles/accounts.

3. The Franchisee shall not create any profiles/accounts on social media or any other media **without BoConcept's prior written approval and that are not owned and** unconditionally controlled by BoConcept.

4. Any marketing on social media or similar mediums by the Franchisee shall be in compliance with the Franchise Agreement, Supply Agreement and the BoConcept Manual.

5. Material breach of any one or more of any of the above conditions shall be deemed a material breach of the Franchise Agreement and the BoConcept Manual and any and all remedies available to BoConcept shall apply.

BoConcept Franchise, Inc.

By: \_\_\_\_\_,  
\_\_\_\_\_  
[INSERT NAME/TITLE]

Franchisee: [INSERT ENTITY NAME]

By: \_\_\_\_\_,  
\_\_\_\_\_  
[INSERT NAME/TITLE]



## APPENDIX 8 - SUPPLY AGREEMENT

*Issue Date: [August 1, 2023]*

## Table of contents

1.	Background.....	3
2.	Definitions .....	4
3.	Products.....	4
4.	Prices.....	5
5.	Terms of payment and Security .....	5
6.	Retention of title and Default.....	7
7.	Delivery.....	8
8.	Time of delivery .....	8
9.	Non-Conforming Products.....	8
10.	Returns.....	9
11.	Liability and exclusion of liability for Non-Conforming Products.....	9
12.	Product Liability .....	10
13.	Termination .....	10
14.	Force majeure.....	11
15.	Arbitration .....	11
16.	Schedule.....	10

## SUPPLY AGREEMENT

With effect from the Effective Date of \_\_\_\_\_[INSERT EFFECTIVE DATE].

BoConcept A/S  
Fabriksvej 4  
DK-6870 Ølgod  
CVR no. 89 86 66 18  
(hereinafter referred to as "BoConcept A/S" and sometimes "BoConcept")

and

[INSERT NAME]  
[INSERT ADDRESS]  
[INSERT POSTAL CODE, TOWN]  
[INSERT COUNTRY] Reg. no. [INSERT REG. NO.]  
(hereinafter referred to as the "Franchisee")

(Jointly BoConcept and Franchisee, referred to as the "Parties" and individually as a "Party").  
In consideration of the mutual promises and agreements hereinafter set forth, BoConcept and Franchisee **have entered into this supply agreement (the "Supply Agreement")** and hereby agree as follows:

### 1. Background

1.1 The Franchisee has entered into a franchise agreement (the "Franchise Agreement") with BoConcept Franchise, Inc., dated effective as of the Effective Date, (**"Franchisor" and also "BoConcept"**) concerning the operation of a Retail Brand Store located at [INSERT ADDRESS] and the **use of BoConcept's concept (the "Concept")**. Pursuant to Appendix 4 (the "Development Plan"), of the Franchise Agreement, Franchisee is required to open additional Retail Brand Stores within specified time-frames for of a total of \_\_\_\_\_ (\_\_\_) [INSERT TOTAL NUMBER OF STORES, PER DEVELOPMENT PLAN], Retail Brand Stores, each of which may be owned and operated by separate legal entities, however all shall have the same ownership structure **with Franchisee (collectively all referred to as "affiliate" or "affiliates" or "affiliated companies")**. For the opening of every additional Retail Brand Store, a separate amendment (**"Amendment"**) to the Franchise Agreement shall be entered into between the Franchisee and BoConcept pursuant to Appendix 15 to the Franchise Agreement, (Request To Open/Add Initial or Additional Retail Brand Store), identifying the location, effective date, adjusted Term, Minimum Turnover, Security, ratification of Franchise Agreement, Supply Agreement and Marketing Contribution and certain other terms for each additional Retail Brand Store, in compliance with the Development Agreement.

1.2 BoConcept A/S supplies to the Franchisee the Products **marketed under the "BoConcept" trademark under the Concept** pursuant to the Franchise Agreement for all Product orders placed through Franchisee (and any **of Franchisee's affiliates**), operating BoConcept Retail Brand Stores.

1.3 Unless specified otherwise in writing by BoConcept: i) all Customer Orders, Inventory, parts, service invoices (**monthly Axapta, Marketing fees, etc.**), through all of Franchisee's Retail Brand Stores (affiliated companies), shall be made through Franchisee and all invoices from BoConcept for all Customer Orders shall be billed to Franchisee; and ii) Franchisee shall store all inventory shipped by BoConcept and pre-assemble and deliver and install all Customer Orders, unless picked up at a Warehouse or at a Retail Brand store by customers.

1.4 The Parties have consequently entered into this Supply Agreement concerning delivery of the Products marketed under the Trademark. This Supply Agreement forms part of the Franchise Agreement. In the event of inconsistency or discrepancy between the Franchise Agreement and this Supply Agreement, this Supply Agreement shall take precedence and this Supply Agreement is being executed after the execution of the Franchise Agreement and therefore this provision takes precedence over clauses 4.6 and 28.5 of the Franchise Agreement.

## 2. Definitions

2.1 Terms and phrases in this Supply Agreement indicated by initial capital shall have the meaning set out in the Franchise Agreement, unless otherwise explicitly stated in this Supply Agreement. **Furthermore, Franchisee's obligations under this Supply Agreement shall apply to all of Franchisee's** former, current and future operating Retail Brand Stores.

2.2 Defective Products shall mean Products, which have been independently proven to have been manufactured with a defect, which causes damage to other goods or personal injury or death.

2.3 Non-Conforming Products shall mean Products, which are independently proven to not be **of the quantity, quality and description required by the Parties' agreement.**

## 3. Products

3.1 The Products pursuant to this Supply Agreement are the product range offered for sale by BoConcept at any time.

3.2 The Franchisee shall buy all of the Products directly from BoConcept A/S pursuant to this Supply Agreement, except for certain items, which Franchisee may purchase directly from third-parties (as pre-approved and designated in writing to Franchisee by BoConcept). Fixtures and Lighting and any other items purchased by Franchisee directly from such third-party suppliers, are the sole obligation of Franchisee including, without limitation all ocean and domestic freight charges, local delivery, and import/customs costs (if any), and all must be timely and completely paid by Franchisee within all third-party suppliers' **payment terms** or Franchisee shall be in material breach of this Agreement and the Franchise Agreement.

3.3 BoConcept A/S's liability for performance shall be solely limited to providing the parts and goods specified in the order confirmation, delivered to one address for all of Franchisee's Brand Stores, designated (and agreed by BoConcept), as Franchisee's regular delivery address, such as Franchisee's first Brand Store or another location, (pre-approved in writing by BoConcept), such as one of Franchisee's additional Brand Stores or location utilized by Franchisee as a storage facility ("Warehouse").

#### 4. Prices

4.1 The price list applicable at any time for the Products pursuant to this Supply Agreement has been included in the BoConcept Manual.

4.2 BoConcept intends to adjust Product prices from time to time, pursuant to prior notice sent to Franchisee or any Franchisee, as designated in writing by Franchisee and approved in writing by BoConcept. However, BoConcept is at any time, with thirty (30) calendar days prior notice, entitled to make price adjustments and consequently amend the current price list and terms.

#### 5. Terms of payment and Security

5.1 The Franchisee shall be invoiced in **United States of America currency ("USD")**, in connection with the Products being **picked up by Franchisee or Franchisee's** designated agent at the factory or distribution point, where the Products are made available to Franchisee or **Franchisee's agent**.

5.2 The total invoice amount shall be payable by Franchisee and received by BoConcept within 90 Calendar Days after the invoice date, cf. clause 7.1.

5.3 Notwithstanding clause 5.1-5.2 of this Supply Agreement, the Franchisee shall pre-pay the opening order in connection with the opening of each Brand Store, including e.g. costs of showroom furniture and accessories, display, shop fixtures, business cards, bags, etc. in advance. BoConcept must be in receipt of **the Franchisee's** full payment of the opening order for each Brand Store no later than seven (7) calendar days prior to BoConcept A/S' release of any goods to Franchisee.

5.4 Default interest of one percent (1%), or maximum amount allowed by applicable law, per commenced month shall be charged and paid by Franchisee on any invoice amount after the due date, until paid in full.

5.5 The Franchisee shall pay all costs and fees related to any payment transfers.

5.6 In the event that the Franchisee does not pay any overdue invoices within seven (7) calendar days after the due date, cf. clause 5.2, BoConcept shall be entitled to do any or all of the following, without further notice to Franchisee: i) withhold all further shipments to Franchisee; ii) **block or modify Franchisee's ordering** and selling capabilities; iii) demand prepayment of any further shipments to the Franchisee; iv) declare Franchisee in material default of any or all agreements between the Parties (including any Franchisee affiliates), including without limitation, this Agreement and/or the Franchise Agreement.

5.7 The Franchisee and all of its affiliates and individual owners and Guarantors signing this Agreement, hereby agree(s) and consent(s), by signing this Agreement to: personal jurisdiction and venue; and to hold themselves all primarily and personally liable as joint and several **guarantor/guarantors on first demand for the Franchisee's performance of this Agreement** in every respect, including timely payment of all current and future amounts owed to BoConcept and any affiliates, including but not limited to debt arising out of deliveries under this Supply Agreement, contract penalties, accrued interest and any other costs or fees payable to BoConcept, regardless of whether such amounts are invoiced to another party for the benefit of Franchisee. Franchisee and all individual owners thereof, hereby also grant BoConcept a first (first position) Security Interest in any and all: leases and subleases of the franchised business; current and after acquired inventory, goods, receivables, intangibles, and any proceeds thereof (including without limitation insurance proceeds) **owned by or in the Franchisee's possession or in Franchisee's agents' possession; all units of ownership in the Franchisee legal entity; and all personal assets of all individual Owners and spouses and guarantors, all as security for any and all current and future amounts owed to BoConcept and its affiliates.** This personal guaranty and Security Agreement shall be fully enforceable without signing any other separate documents.

5.8 **As further security for Franchisee's obligations under this Agreement the Franchisee shall pay to BoConcept, a deposit ("Security Deposit") in an amount equal to ten percent (10%) of the value of the estimated yearly invoicing to Franchisee by BoConcept for Products, supplies and service fees for the initial 12 months of operation, based upon the 3 year Budget, Appendix 5. Such Security Deposit shall be paid by Franchisee to BoConcept no later than 14 calendar Days prior to opening the initial Retail Brand Store. BoConcept shall hold said Security Deposit to further secure Franchisee's obligations under this Agreement, including timely payment.** Such Security deposit shall be adjusted once a year in January by BoConcept, so that it corresponds to an amount equal to ten percent (10%) of the value of the estimated yearly purchases by Franchisee of all Products, supplies and service fees for that calendar year for **all of Franchisee's operating Brand Stores for the following calendar year, beginning effective as of January 1 of each year during the Term.** If such yearly adjustment results in an increase in Franchisee's Security Deposit, the amount of such increase, shall be paid by Franchisee to BoConcept no later than 14 calendar days of Franchisee's receipt of notice of such increase from BoConcept. However, in no event shall the amount of the Security Deposit ever decrease.

After the opening of each additional Brand Store, BoConcept shall be entitled to require an initial Security Deposit for such additional Brand Store. The Security Deposit for each separate Brand Store shall be adjusted once a year by BoConcept in January so that it corresponds to an amount equal to ten percent (10%) of the value of the estimated yearly purchase by Franchisee of Products, supplies and service fees for that calendar year for all currently operating Brand Stores.

However, notwithstanding anything herein to the contrary, once Franchisee has more than one (1) operating Brand Store, BoConcept may, at its sole option, require the Security Deposit to be adjusted each year, to an amount equal to ten percent (10%) of the value of the estimated yearly invoicing to Franchisee by BoConcept for Products, supplies and service fees for **the Franchisee's highest performing Brand Store (based on the previous 12 months of operations)**. In which **case, the amount of any increase in Franchisee's Security Deposit shall be paid by Franchisee to BoConcept no later than 14 calendar Days from Franchisee's receipt of notice of such increase from BoConcept.**

5.9 Franchisee hereby agrees to obtain the written agreement from any landlord of Franchisee for any location (including the Retail Brand Store or any other location), used by Franchisee to display, store and deliver Products (including customer orders) from any or all of **Franchisee's operating Retail Brand Stores (through affiliated companies), whereby such** landlord agrees in writing to allow BoConcept: i) unconditional access to any such location where any BoConcept inventory is stored, at all times; and ii) to take possession of any or all such inventory anytime upon any material default by Franchisee of this Agreement or the Franchise Agreement; and iii) **acknowledges BoConcept's first priority purchase money security interest in all such inventory and BoConcept's unconditional right to enter the premises where such inventory is stored and take possession of and remove any or all such inventory.**

## 6. Retention of title and Default

6.1 The Products shall at all times remain the sole property of BoConcept until BoConcept has received full payment to the extent such retention of title is valid according to applicable law.

6.2 If Franchisee is in material default of this Agreement or the Franchise Agreement, then Franchisee agrees that BoConcept shall have the unconditional right to enter any premises where any Products and/or inventory is stored and take possession of any or all such Products and/or inventory, without interference from any party whatsoever, in which case, Franchisee shall fully cooperate and fully indemnify and **defend BoConcept's right to retake possession** of any such inventory and/or Products. In addition to all amounts owed BoConcept, including without limitation, interest and late fees, Franchisee shall reimburse BoConcept for any and all costs incurred in retaking possession of such inventory and/or Products, including without limitation, all legal fees and costs, moving, transport, storage, insurance, and any other costs, incurred by BoConcept, including any costs associated with any third-party actions taken by or against BoConcept.

## 7. Delivery

7.1 **Delivery shall be Delivery Duty Paid ("DDP"), cf. Incoterms 2021.**

7.2 The Franchisee shall check the Products for defects upon delivery, cf. clause 7.1.

7.3 If the Franchisee fails to pick up the Products or arrange for transportation at the time of delivery, cf. clauses 7.1 and 8, BoConcept A/S is entitled to store and insure the Products and charge **the Franchisee's account** for all associated costs.

7.4 **The Franchisee's failure to take delivery despite BoConcept's written request to do so within fourteen (14) calendar days of BoConcept's notice,** shall entitle BoConcept A/S to sell the Products under the best possible conditions and all costs and shortfalls shall be charged to **the Franchisee's account**.

## 8. Time of delivery

8.1 All delivery dates and times of delivery specified or notified by BoConcept have been **estimated to the best of BoConcept's judgment and shall not be binding upon BoConcept** unless it has been explicitly agreed and specified in writing between the parties that a fixed time of delivery has been agreed for the delivery.

8.2 If a fixed time of delivery has been explicitly agreed in writing, BoConcept is entitled to postpone or extend the time of delivery by fourteen (14) working/business days. BoConcept is entitled to extend or postpone the time of delivery several times, also the provisions in the BoConcept Manual concerning Claim and compensation policy.

8.3 The Franchisee is not entitled to claim any other remedies for breach relating to the delay other than as specified in the Claim and compensation policy clause of the BoConcept Manual applicable at any time and is thus prevented from claiming any damages from BoConcept. BoConcept shall thus in no circumstances be liable for any damages whatsoever including, without limitation, operating loss, all costs associated with labour, delivery and assembly, loss of time, loss of profit or any other direct or indirect loss or consequential damages whatsoever to Franchisee or any other party.

## 9. Non-Conforming Products

9.1 Complaints regarding non-conformities in the Products shall be made to BoConcept A/S in writing in Danish, English, Spanish, French or German stating which of the Products are non-conforming and clearly describing the nature of the non-conformity.



9.2 In addition, all complaints must meet the guidelines and directions specified in the BoConcept Manual, including claims deadlines etc., especially the Claim and compensation policy specified in the BoConcept Manual, also see clause cf. 7.1.

9.3 Complaints regarding Non-Conforming Products shall be made within 14 calendar days after the Franchisee has discovered or ought to have discovered the non-conformity, and not later than 60 months from date of invoicing by BoConcept of the Products, as claims on account of the non-conformity can otherwise not be made. The factor deciding whether the deadline for complaints has been observed is the time of receipt of the complaint at BoConcept A/S's **place of business** (also see clause cf. 7.1).

9.4 A general reference is made to the provisions and guidelines etc. in the "Claims and compensation policy" section of the BoConcept Manual.

## 10. Returns

10.1 Products shall only be returned according to written agreement with BoConcept.

10.2 **Returns shall be credited according to the Franchisee's purchase price. Returns shall** be accompanied by a return note authorizing the return and referring to the agreement on return and be appropriately packaged and marked.

10.3 Returns shall all be returned in all original BoConcept packaging **at Franchisee's sole** risk and as far as possible be returned by the delivering carrier.

## 11. Liability and exclusion of liability for Non-Conforming Products

11.1 Provided that the agreed terms of payment are complied with, that the Products purchased are stored, used and maintained correctly, BoConcept will for a period of five (5) years counted from the date of invoicing by BoConcept, at BoConcept A/S's option make replacement supplies or repair such parts of the Products purchased as have verifiable non-conformities causing the Non-Conforming Products to be unmarketable. The non-conforming parts shall be returned to BoConcept if BoConcept should so wish.

11.2 The Franchisee cannot rely on any other remedy based on a non-conformity than those specified in clause 11.1. The Franchisee shall thus not be entitled to cancel the purchase order, claim a proportional reduction or compensation for any kind of loss or cost which may be caused by a non-conformity.

11.3 The Franchisee is not entitled to claim any other remedies for breach relating to the delay than those specified in this clause 11 and is thus prevented from claiming damages from BoConcept. BoConcept shall thus in no circumstances be liable for operating loss, loss of time, loss of profit or any other direct or indirect loss or consequential damages whatsoever.

11.4 In the event that any third party makes a claim or takes any legal action against the Franchisee, the Franchisee shall be under an obligation to immediately inform BoConcept hereof. The Franchisee shall also accept to be a co-defendant in the same court as the one in which an action is brought against BoConcept by a third party.

11.5 The Franchisee shall indemnify BoConcept (for any and all costs, including legal fees, damages and awards), in any respect to the extent that BoConcept is held liable to any third party for such damage and such loss for which BoConcept is not liable to the Franchisee under clause 11 of this Supply Agreement.

## 12. Product Liability

12.1 BoConcept shall not be liable for any personal injury or damage to property caused by a Defective Product delivered by BoConcept, unless specifically required by applicable mandatory law on product liability.

## 13. Termination

13.1 This Supply Agreement shall expire at the same time as the Franchise Agreement irrespective of cause. This Supply Agreement may solely be terminated by simultaneous termination of the Franchise Agreement and with the notice periods specified therein or as provided in clause 13.2.

13.2 **In case of the Franchisee's material breach of this Supply Agreement**, such breach may also be deemed a material breach of the Franchise Agreement (**at BoConcept's** sole option), and BoConcept shall be entitled to exercise any and all remedies available to it under this Agreement and the Franchise Agreement, including without limitation (**at BoConcept's** sole option), the termination of either or both the Franchise Agreement concluded by the Parties with immediate effect, and also this Supply Agreement, cf. clause 13.1, with immediate effect.

13.3 In case of BoConcept A/S's **material breach of this Supply Agreement**, the Franchisee shall not be entitled to terminate the Franchise Agreement, unless the Franchise Agreement specifically provides the Franchisee with the authority to do so.

## 14. Force majeure

14.1 A Party shall not be liable to pay damages for non-performance of its obligations if **the Party can prove that this is due to conditions beyond the Party's** reasonable control and that the Party neither at the time of conclusion of the Supply Agreement, at the time of placing of an order or subsequently could be expected to have considered such conditions or have avoided or overcome them or their consequences.

14.2 Force majeure events shall include e.g. war, civil war, riots, public restrictions, import and export prohibitions as well as other public intervention, natural disasters, strikes and lock outs, malicious damage, theft, failing energy supply, breakdown of communication lines, confiscation of funds or other similar extraordinary events beyond the reasonable control of the Party but only if the Party concerned could not have foreseen the event at the time of assumption of the obligation.

14.3 As long as such an event effectively prevents the Party from performing the obligation concerned, the duty to do so shall be suspended until the obstacle no longer exists.

14.4 Notwithstanding anything to the contrary, the provision of clause 14 shall at no time exempt the Franchisee from or suspend its obligations to timely and punctually pay any and all amounts which the Franchisee owed to BoConcept at the time when the obstacle set in.

## 15. Arbitration

15.1 Since this Supply Agreement is an integrated part of the **Parties' Franchise Agreement**, clause 27 of the Franchise Agreement regarding governing law and settlement of disputes shall be applicable to this Supply Agreement.

## 16. Schedule

16.1 Schedule 1: Example of price structure

For BoConcept A/S:

For the Franchisee: [INSERT ENTITY NAME]

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

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

\_\_\_\_\_

\_\_\_\_\_

[INSERT NAME/TITLE]

[INSERT NAME/TITLE]

FRANCHISE-All Individual Owners-Guarantors:

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

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

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

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

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

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

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

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

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

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

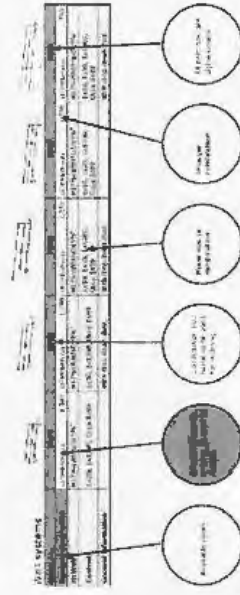
[ADD ADDITIONAL SIGNATURE BLOCKS FOR ANY MORE INDIVIDUAL OWNERS]

# SCHEDULE "1" Price Structure Example

## Price book guide

**Standard**  
The price book is a tool used to determine the price of a product. It is a list of products and their prices. The price book is used to determine the price of a product when it is sold. The price book is used to determine the price of a product when it is sold.

**Additional Information**  
The price book is a tool used to determine the price of a product. It is a list of products and their prices. The price book is used to determine the price of a product when it is sold. The price book is used to determine the price of a product when it is sold.



Bedroom	4
Bathroom	28
Living Room	48
Kitchen	58
Bedroom, Bathroom, & Kitchen	179
Office Furniture	249
Chairs of Dining, Bed, & Bathroom	250
Office Furniture	253
Office Furniture	255

# SCHEDULE "1" Price Structure Example

Tables-Tables Products-Coffee tables

Table No.	Table Name	Table Description	Table Price	Table Unit	Table Qty	Table Total
1	Table 1	Table 1 Description	1.00	Table Unit	1	1.00
2	Table 2	Table 2 Description	2.00	Table Unit	1	2.00
3	Table 3	Table 3 Description	3.00	Table Unit	1	3.00
4	Table 4	Table 4 Description	4.00	Table Unit	1	4.00
5	Table 5	Table 5 Description	5.00	Table Unit	1	5.00
6	Table 6	Table 6 Description	6.00	Table Unit	1	6.00
7	Table 7	Table 7 Description	7.00	Table Unit	1	7.00
8	Table 8	Table 8 Description	8.00	Table Unit	1	8.00
9	Table 9	Table 9 Description	9.00	Table Unit	1	9.00
10	Table 10	Table 10 Description	10.00	Table Unit	1	10.00

Tables-Tables Products-Coffee tables

Table No.	Table Name	Table Description	Table Price	Table Unit	Table Qty	Table Total
11	Table 11	Table 11 Description	11.00	Table Unit	1	11.00
12	Table 12	Table 12 Description	12.00	Table Unit	1	12.00
13	Table 13	Table 13 Description	13.00	Table Unit	1	13.00
14	Table 14	Table 14 Description	14.00	Table Unit	1	14.00
15	Table 15	Table 15 Description	15.00	Table Unit	1	15.00
16	Table 16	Table 16 Description	16.00	Table Unit	1	16.00
17	Table 17	Table 17 Description	17.00	Table Unit	1	17.00
18	Table 18	Table 18 Description	18.00	Table Unit	1	18.00
19	Table 19	Table 19 Description	19.00	Table Unit	1	19.00
20	Table 20	Table 20 Description	20.00	Table Unit	1	20.00

Tables

Table No.	Table Name	Table Description	Table Price	Table Unit	Table Qty	Table Total
21	Table 21	Table 21 Description	21.00	Table Unit	1	21.00
22	Table 22	Table 22 Description	22.00	Table Unit	1	22.00
23	Table 23	Table 23 Description	23.00	Table Unit	1	23.00
24	Table 24	Table 24 Description	24.00	Table Unit	1	24.00
25	Table 25	Table 25 Description	25.00	Table Unit	1	25.00
26	Table 26	Table 26 Description	26.00	Table Unit	1	26.00
27	Table 27	Table 27 Description	27.00	Table Unit	1	27.00
28	Table 28	Table 28 Description	28.00	Table Unit	1	28.00
29	Table 29	Table 29 Description	29.00	Table Unit	1	29.00
30	Table 30	Table 30 Description	30.00	Table Unit	1	30.00

Tables

Table No.	Table Name	Table Description	Table Price	Table Unit	Table Qty	Table Total
31	Table 31	Table 31 Description	31.00	Table Unit	1	31.00
32	Table 32	Table 32 Description	32.00	Table Unit	1	32.00
33	Table 33	Table 33 Description	33.00	Table Unit	1	33.00
34	Table 34	Table 34 Description	34.00	Table Unit	1	34.00
35	Table 35	Table 35 Description	35.00	Table Unit	1	35.00
36	Table 36	Table 36 Description	36.00	Table Unit	1	36.00
37	Table 37	Table 37 Description	37.00	Table Unit	1	37.00
38	Table 38	Table 38 Description	38.00	Table Unit	1	38.00
39	Table 39	Table 39 Description	39.00	Table Unit	1	39.00
40	Table 40	Table 40 Description	40.00	Table Unit	1	40.00

Tables

Table No.	Table Name	Table Description	Table Price	Table Unit	Table Qty	Table Total
41	Table 41	Table 41 Description	41.00	Table Unit	1	41.00
42	Table 42	Table 42 Description	42.00	Table Unit	1	42.00
43	Table 43	Table 43 Description	43.00	Table Unit	1	43.00
44	Table 44	Table 44 Description	44.00	Table Unit	1	44.00
45	Table 45	Table 45 Description	45.00	Table Unit	1	45.00
46	Table 46	Table 46 Description	46.00	Table Unit	1	46.00
47	Table 47	Table 47 Description	47.00	Table Unit	1	47.00
48	Table 48	Table 48 Description	48.00	Table Unit	1	48.00
49	Table 49	Table 49 Description	49.00	Table Unit	1	49.00
50	Table 50	Table 50 Description	50.00	Table Unit	1	50.00

Tables

Table No.	Table Name	Table Description	Table Price	Table Unit	Table Qty	Table Total
51	Table 51	Table 51 Description	51.00	Table Unit	1	51.00
52	Table 52	Table 52 Description	52.00	Table Unit	1	52.00
53	Table 53	Table 53 Description	53.00	Table Unit	1	53.00
54	Table 54	Table 54 Description	54.00	Table Unit	1	54.00
55	Table 55	Table 55 Description	55.00	Table Unit	1	55.00
56	Table 56	Table 56 Description	56.00	Table Unit	1	56.00
57	Table 57	Table 57 Description	57.00	Table Unit	1	57.00
58	Table 58	Table 58 Description	58.00	Table Unit	1	58.00
59	Table 59	Table 59 Description	59.00	Table Unit	1	59.00
60	Table 60	Table 60 Description	60.00	Table Unit	1	60.00

1. The price structure is based on the current market prices of the materials and labor. The prices are subject to change without notice.

2. The price structure is based on the current market prices of the materials and labor. The prices are subject to change without notice.

## APPENDIX 10

### ANTI-CORRUPTION POLICY AND GUIDELINES

With effect from the Effective Date of \_\_\_\_\_[INSERT EFFECTIVE DATE].

BoConcept Franchise, Inc.  
210 Mountain Avenue #48  
Springfield, NJ 07081-2211  
(hereinafter referred to as "BoConcept")

and

[INSERT NAME]  
[INSERT ADDRESS]  
[INSERT POSTAL CODE, TOWN]  
[INSERT COUNTRY] Reg. no. [INSERT REG. NO.]  
(hereinafter referred to as the "Franchisee")

(jointly referred to as the "Parties")

have executed a Franchise Agreement, (the "Franchise Agreement"), effective as of the Effective Date, concerning the operation of a Retail Brand Store located at \_\_\_\_\_ [Insert Store Address]

#### Background

The Franchisee has entered into a franchise agreement (the "Franchise Agreement") with BoConcept A/S concerning the use of BoConcept A/S's concept (the "Concept").

This Appendix 10 (the "Appendix") forms an integral part of the Franchise Agreement and contains the anti-corruption policy and guidelines used and adopted by the BoConcept Group. As part of entering into the Franchise Agreement and by signing this Appendix, the Franchisee acknowledges and accepts to adopt and adhere to the anti-corruption policy and the guidelines contained in this Appendix. Moreover, the Franchisee shall ensure that all companies within its group of companies also adopt and adhere to the anti-corruption policy and the guidelines contained in this Appendix.

#### Scope of activities

This policy and guidelines (this "Policy") applies to all employees and board members in each company in the BoConcept group of companies in which BoConcept Holding A/S is

a majority owner (jointly referred to as “BoConcept” or the “Company”).<sup>1</sup> It also serves as guiding principles for persons engaged by the companies in which BoConcept is a minority owner.

## Background

BoConcept sets and observes the highest standards of ethical and business conduct and is committed to combatting all forms of corruption. BoConcept’s **zero tolerance policy** towards bribery and corruption is one of the fundamental principles set out in our Code of Conduct/Business Ethics.

Bribery and corruption distort competition, lead to increase in costs for goods and services and destroy public confidence in companies and the economy as a whole. Any suspicion of bribery may lead to costly enforcement investigations against both BoConcept and its employees, have a detrimental effect on BoConcept’s **good reputation and brand**, and may result in criminal sanctions for the Company and the individuals concerned. Persons found guilty of bribery offences risk imprisonment and fines, as well as damages and trade prohibition. In certain countries, BoConcept may also be excluded from participating in public procurement procedures.

The purpose of this Policy is to provide support and guidance to all employees in their efforts to prevent bribery and corruption. However, no guidelines can be all-inclusive and each individual bears the responsibility for complying with applicable laws and rules. There is no substitute for personal integrity and sound judgment. In this context, a useful guide when faced with a given situation may be to consider whether the contemplated conduct would cause embarrassment to or reflect negatively on BoConcept if the conduct became public knowledge.

## Legislation, ethical rules, etc.

BoConcept complies at all times with all relevant laws and rules in the markets in which the Company conducts business. BoConcept is a member of the UN Global Compact and – to the extent they do not contradict this Policy – adheres to the anti-corruption principles and guidelines set out by industry associations in which BoConcept is a member.

## Risk assessment

BoConcept regularly identifies and analyses the risk of bribery and corruption within the Company and in the sectors and markets in which BoConcept conducts operations. This risk assessment constitutes the basis for our decisions concerning effective and appropriate measures to combat bribery and corrupt behavior.

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<sup>1</sup> i.e. this Policy applies to all BoConcept’s business sectors and group functions in all markets and jurisdictions where BoConcept conducts business.



## APPENDIX 12,

(North America) AMENDMENT TO FRANCHISE AGREEMENT  
BOCONCEPT FRANCHISE, INC.

With effect from the Effective Date of \_\_\_\_\_, [INSERT EFFECTIVE DATE]

BoConcept Franchise, Inc.  
210 Mountain Avenue #48  
Springfield, NJ 07081-2211  
(hereinafter referred to as "BoConcept")

and

[INSERT NAME]  
[INSERT ADDRESS]  
[INSERT POSTAL CODE, TOWN]  
[INSERT COUNTRY] Reg. no. [INSERT REG. NO.]  
(hereinafter referred to as the "Franchisee")

(BoConcept and Franchisee each separately referred to as a "Party" and jointly referred to as the "Parties"), have entered into a Franchise Agreement, effective as of the Effective Date, concerning the operation of a Retail Brand Store located at [INSERT ADDRESS] and this Appendix 12 to the Franchise Agreement, (hereinafter "North America Appendix 12"), is hereby entered into to amend the Franchise Agreement and all related agreements by and between the Parties.

In consideration of the mutual promises and agreements hereinafter set forth, BoConcept and Franchisee hereby agree to amend their Franchise Agreement as follows:

1) Clause 6.4 The following new Clause 6.4 shall be added to Clause 6:

**6.4 Attorneys' Fees, Costs and Expenses**. BoConcept has expended considerable resources and costs in creating its Franchise Agreement and related documents and in the event BoConcept incurs any additional legal or related costs in any further preparation and/or negotiation of modifications or additions to conclude their Franchise Agreement or any related documents either initially or upon any renewal, then, Franchisee agrees to pay BoConcept upon demand, all of BoConcept's costs and expenses, incurred in connection with any further preparation and/or negotiation and conclusion of this Agreement, including without limitation, all of BoConcept's attorneys' fees and legal expenses whether in-house or by outside attorneys or a combination thereof. In the event BoConcept incurs any legal or related costs in order to enforce this Agreement, then Franchisee shall also pay BoConcept upon demand, all legal fees and costs and expenses related thereto. Costs and expenses to be paid by Franchisee shall also include any attorneys' fees and legal expenses incurred by BoConcept at any time during the Term of this **Agreement related to Franchisee's operation of the Franchise**, as well as any litigation or legal actions during or after the Term related in any manner whatsoever to the Franchisee and/or the franchised business, even if brought or initiated by a third-party in which BoConcept becomes a party.

2) Clause 7.3. The first two (2) paragraphs of Clause 7.3 shall be removed in their entirety and the following paragraphs inserted in their place:

7.3 The Franchisee shall not execute any unsigned lease agreement for any Brand Store until **BoConcept's approval has** been provided in writing. All leases shall allow the lease and all Franchisee deposits, to be assigned to BoConcept or its designee on the same terms and contain specific language that upon exercise of the Call Option by BoConcept or any default by Franchisee or any termination of the lease before expiration, then upon prior written notice from BoConcept: i) the lease and any deposits, may be assigned to BoConcept or its designee on the same terms; and/or ii) BoConcept may at its option, **operate Franchisee's store**; and iii) BoConcept shall be notified by Landlord in writing within (10) calendar days of any material default by Tenant of the Lease or of any termination of the Lease for any reason before expiration if its term; and iv) the term of the lease must be equal to or longer than the term of the Franchise Agreement.

Language required to be included in Franchisee leases shall be the following (or materially similar language pre-approved by BoConcept): ***"Tenant is an independent franchisee of BoConcept Franchise, Inc., ("Franchisor") and if at any time during any initial or extended Term of this Lease Franchisor, (on behalf of itself or its designee) provides written notice to Tenant and Landlord of: i) Franchisor's election to exercise its right to purchase Tenant or all of Tenant's assets; or ii) there is any uncured default by Tenant; or iii) the Lease otherwise terminates before expiration for any reason, then Franchisor, or an affiliate thereof, (or Franchisor's designee), may unilaterally elect to either operate Tenant's store or assume Tenant's Lease upon prior written notice to Landlord. In the event of: i) Franchisor's notice to Tenant and Landlord of Franchisor's election to exercise its right to purchase Tenant or all of Tenant's assets; or ii) any default by Tenant of any obligations to Franchisor or any affiliates, then this Lease shall also be assignable to any other qualified party that Franchisor secures to assume liability under this Lease, so long as: all payment obligations whatsoever under this Lease are brought current at the time of any such assignment; and Franchisor and/or qualified third party accepts and agrees in writing to be fully liable under this Lease; and at Landlord's discretion, the original Tenant and Guarantor shall also remain liable. Furthermore, Landlord hereby acknowledges Franchisor's first priority purchase money security interest in all inventory and personal property of Tenant and agrees to allow Franchisor, at any time: i) unconditional access to the leased premises; and ii) permission to take possession of and remove any or all inventory and/or personal property."***

BoConcept's approval of any location and lease does not constitute any representations or warranties of the viability or success of the brand Store or the location. Upon signing any lease, the Franchisee shall provide BoConcept with a complete (executed) copy of the lease agreement including all appendices and amendments and a completed lease cover sheet in the form provided by BoConcept.

The final (third) paragraph of Clause 7.3 shall remain the same.

3) Clause 21.3. The first sentence of Clause 21.3 shall be removed in its entirety and the following new sentence inserted in its place:

21.3 If the Franchisee (if an individual), or if the Franchisee is a company, then if the individual with active management responsibilities (i.e. managing director and/or managing Owner), dies, is permanently incapacitated or unable to work and the Franchisee therefore becomes unable to meet its obligations under the Agreement, BoConcept and the Franchisee shall together discuss the consequences hereof.

All remaining sentences of Clause 21.3 shall remain the same.

4) Clause 21.5. All of Clause 21.5 shall be removed in its entirety and the following new Clause 21.5 inserted in its place:

21.5 Material breach by Franchisee, Termination by BoConcept. Regardless of clause 21.1, and in addition to the other provisions of this Agreement allowing termination, Franchisee shall be in material breach of this Agreement and BoConcept may terminate this Agreement effective upon delivery of written termination notice to Franchisee in any one or more of the following circumstances:

21.5.1 Franchisee or any of its Owners become insolvent; makes an assignment for the benefit of creditors; files a voluntary bankruptcy petition; files any pleading seeking any reorganization, liquidation or dissolution under any law; admits or fails to contest any material allegations of any such pleading filed against Franchisee; is adjudicated to be bankrupt; a receiver is appointed for a **substantial part of Franchisee's assets; or the claims of Franchisee's creditors** or any of the Retail Brand Stores are abated or subject to a moratorium under any law (however this provision may not be enforceable under current U.S. Bankruptcy Laws); or

21.5.2 Franchisee (including entire staff and all individual Owners of Franchisee) fails to complete any franchisee training program (including online courses), or Franchisee abandons, surrenders or transfers control of any Retail **Brand Store operation without BoConcept's prior** written consent; or

21.5.3 Franchisee loses possession of any store premises, or fails to make any rental payments when due or otherwise materially defaults on any of their leases, or suffers termination of any of the leases; or

21.5.4 Franchisee fails to submit, or submits to BoConcept on two or more separate occasions at any time during any two-year period during the term of this Agreement a report, financial statement, marketing investment breakdown, tax return, schedule or other information or supporting record which incorrectly states or presents the financial condition of any of the Retail Brand Stores, including without limitation, Gross Turnover of any of the Retail Brand Stores for any period, by more than two percent; or

21.5.5 Franchisee or any of its Owners is convicted of, or pleads guilty or no contest to a felony or other crime, which substantially impairs the goodwill associated with the BoConcept Marks or the Concept or engages in any misconduct which affects the reputation of the Retail Brand Stores or the goodwill associated with the BoConcept Marks or the Concept, as determined by BoConcept; or

21.5.6 Franchisee fails to obtain or loses any permit or license which is a prerequisite to the operation of any of the Retail Brand Stores, or if Franchisee operates any of the Retail Brand Stores in a manner that presents a health or safety hazard to customers, employees, or the public; or

21.5.7 Franchisee makes any transfer, sale or assignment of this Agreement, any of the Retail Brand Stores' **assets, or Franchisee's ownership interest** in any Retail Brand Store, which is not authorized pursuant to this Agreement; or

21.5.8 Franchisee has received two or more notices of default from BoConcept during any twenty-four month period, whether or not such defaults were cured for any of the Retail Brand Stores; or

21.5.9 Franchisee fails to deliver to BoConcept two or more payments when due, within any twenty-four month period for any Retail Brand Store, whether or not such payments were subsequently paid; or

21.5.10 Franchisee materially fails to submit reports or financial data, or fails to use the prescribed IT Application, or fails to strictly comply with the required Marketing contributions and requirements which BoConcept requires under this Agreement, the Supply Agreement and BoConcept Manual, **for any of Franchisee's Retail Brand Stores**, when the same are due and does not correct such failure within thirty (30) calendar days after written notice of such failure to comply is delivered to Franchisee; or

21.5.11 Franchisee receives two or more unresolved negative social media or online reviews by a customer of Franchisee, at any time during any two-year period for any Retail Brand Store; or

21.5.12 Franchisee purchases, displays, advertises, commissions or sells any merchandise or services whatsoever for any Retail Brand Store that is not purchased directly or approved in writing from BoConcept; or

21.5.13 Franchisee fails to strictly and timely comply with the Development Plan; or

21.5.14 Franchisee fails to pay any amount owed to BoConcept or any Affiliates or to **Franchisee's suppliers, providers or vendors when due and payable** for any Retail Brand Store and fails to fully correct such failure **within fourteen (14) calendar days of Franchisee's receipt of** written notice of such compliance failure.

21.5.15 Franchisee violates or damages **BoConcept A/S' or BoConcept's intellectual property** rights.

21.5.16 Franchisee fails to completely and timely perform any of the terms and conditions in this Agreement not otherwise covered in clause 21.5 paragraphs 21.5.1 through 21.5.15 above, or in the Supply Agreement or BoConcept Manual, or in other operational memoranda issued by BoConcept, or uses bad faith in carrying out terms of these franchise provisions for any Retail Brand Store and does not correct such failure within fourteen (14) calendar days after written notice of such failure to comply is delivered to Franchisee, then Franchisee shall be deemed at **BoConcept's sole option to be in material default and BoConcept may immediately terminate this Agreement.**

15.1 21.5.17 Upon the occurrence of any of the above events of default which would allow BoConcept to terminate this Agreement (which termination BoConcept may or may not choose to do), BoConcept may do any or all of the following, without further notice to Franchisee: i) **withhold all further shipments to Franchisee;** ii) **block or modify Franchisee's ordering and selling capabilities;** iii) demand prepayment of any further shipments to the Franchisee; iv) declare Franchisee in material default of any or all agreements between the Parties (including any Franchisee affiliates), including without limitation, the Franchise Agreement.

BoConcept has the right to preserve the goodwill associated with its trade name and in the event **of any default, BoConcept reserves the right to contact Franchisee's customers directly to** complete unsatisfied orders and communicate to customers the reasons shipments are being delayed or withheld. Franchisee shall cooperate fully in assisting BoConcept in contacting **Franchisee's customers and Franchisee shall provide BoConcept all customer files and database** (including names, addresses and contact and account information and order and deposit status) within 5 calendar days of **BoConcept's request.** After termination, BoConcept may at its sole option complete certain orders, warranty and claims, **directly with Franchisee's customers and where applicable collect unpaid balances upon delivering goods directly to Franchisee's** customers, **giving credit to Franchisee's account for any amounts collected in excess of** all costs

incurred by BoConcept, including, **BoConcept's wholesale cost, default amounts and delivery**, assembly and other reasonable expenses. Furthermore, upon any default or termination, BoConcept may also (at its sole unilateral option): operate any or all of **Franchisee's** Retail Brand Stores; or assume any of all of **Franchisee's Leases** upon prior written notice to Landlord; or work out some other arrangement directly with any or all of **Franchisee's Landlords**, including warehouse and/or fulfillment agents.

21.5.18 All obligations of BoConcept, Franchisee and the Principals which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement at any time, for any reason and until they are all satisfied in full or by their nature expire.

5) Clause 27. The following new Clause 27.3 shall be added to Clause 27:

27.3 Governing Law and Settlement of Certain Disputes for North American Franchisees. Notwithstanding anything in this Franchise Agreement or any other agreement between the Parties to the contrary, for any legal actions taken by BoConcept against the Franchisee and/or its individual owners and guarantor(s) to: terminate the Franchise Agreement; collect amounts owed BoConcept and Affiliates; foreclose on assets securing amounts owed BoConcept; and/or otherwise protecting its rights under the Franchise Agreement including without limitation, its intellectual property rights, (herein collectively all "**Franchisee Legal Actions**"), BoConcept shall have the option to pursue all Franchisee Legal Actions through arbitration in Denmark as provided in clause 27.1 or in local courts in the Territory. BoConcept has the right to pursue any such Franchisee Legal action for itself and any affiliate, including without limitation BoConcept A/S or BoConcept USA, Inc.

In the event, BoConcept elects to pursue any Franchisee Legal Action, in local courts in the Territory, Franchisee and/or its individual owners and guarantor(s), each irrevocably, personally and jointly and severally all hereby: agree the terms of the Franchise Agreement shall be interpreted in accordance with and be governed by the laws of the Territory; submit to the jurisdiction of such local courts within the Territory; waive any objection to jurisdiction or venue of such local court; and BoConcept shall be entitled without bond, to obtain temporary, preliminary, and permanent injunctions and orders of specific performance to enforce the provisions of this Franchise Agreement or any other related agreement related to any such Franchisee Legal Action. In addition to any judgements and/or awards, the prevailing party to such Franchisee Legal Action shall be entitled to recover its costs and expenses including without limitation, all, court costs, fees for in-house and outside attorneys and support staff, management preparation time, expert witness fees, reasonable collection agency fees, accounting fees, including without limitation, all such costs incurred, prior to filing of such Franchisee Legal Action.

Except for Franchisee Legal Actions, any and all other claims arising out of or relating to this Franchise Agreement or other related agreement, including without limitation, Franchisee claims against Franchisor related to the relationship of BoConcept and Franchisee in the connection with **Franchisee's** purchase of this franchise or operation of any of the Retail Brand Stores, shall all be subject to the conditions of clause 27.1 and clause 27.2 of the Franchise Agreement, and all such claims shall be forever barred, unless an action or proceeding is commenced within one year from the date of the occurrence of the facts giving rise to such claims. BoConcept and Franchisee irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of them.

Amendment Controls. In the event any of the provisions, terms or language contained in this North America Appendix 12 conflict with any of the clauses, terms or language contained in the

Franchise Agreement or any other related agreement, this North America Appendix 12 shall control. Except for the changes and amendments contained herein, all other clauses and terms, including but not limited to any portions of any specific paragraphs in Clauses referenced above that are not specifically amended herein of the Franchise Agreement or any related agreement by and between the Parties, shall remain the same and are hereby ratified by the Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have executed this North America Appendix 12 to be effective on the day and year referenced above as the Effective Date of the Franchise Agreement. This North America Appendix 12 may be executed in more than one counterpart, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

BoConcept Franchise, Inc.

By: \_\_\_\_\_  
[INSERT NAME-TITLE]

Franchisee:

[INSERT ENTITY NAME]

By: \_\_\_\_\_  
[INSERT NAME-TITLE]

FRANCHISEE

All Individual Owners and Guarantors:

By: \_\_\_\_\_  
Print Name\_\_\_\_\_

By: \_\_\_\_\_  
Print Name\_\_\_\_\_

By: \_\_\_\_\_  
Print Name\_\_\_\_\_

By: \_\_\_\_\_  
Print Name\_\_\_\_\_

## Accounting and auditing

BoConcept complies with generally accepted accounting principles. The annual report and the accounts are always subject to a statutory audit or review. The risk of corruption is reduced where correct accounting is the subject of a recurrent and independent audit. All accounts must correctly reflect transactions, allocations and other business events. All employees must comply with internal guidelines governing accounting and financial reporting.

## Guidelines concerning benefits

This Policy does not prevent employees who, within the scope of BoConcept's **business** relations, accept or give benefits in order to maintain and promote good business relations with customers, agents, distributors, suppliers and other business partners. However, the aforesaid is subject to the precondition that the benefit is moderate, accepted **or given openly, i.e. is reported to the recipient's or giver's immediate manager and** otherwise is in accordance with this Policy.

Generally, BoConcept allows employees to accept or give:

- Meals in the ordinary course of business;
- Marks of respect in conjunction with special occasions, red-letter days, illness, etc.;
- Samples or marketing materials of nominal value in connection with company visits and alike;
- Specific sporting or cultural events provided that the value of the benefit is moderate and is offered in conjunction with site visits or other professionally motivated meetings and, to the extent given by a BoConcept employee, provided that such invitation is not personal; and
- Gifts provided in the context of sponsorship activities and for charitable purposes, provided that they are carefully and diligently documented.

Employees must proceed with caution where a benefit is offered:

- On a regular basis;
- Is of more than moderate value or of a value that is disproportionate in relation to the purpose of the benefit;
- Could be utilised for private purposes;
- Is directed to a particular category of persons;
- In coincidence with business negotiations between the parties;
- In conjunction with a pending public procurement procedure; or
- **The giver's manager is unaware of the offered benefit.**

BoConcept does not permit employees to accept or give:

- Money, securities or money loans;
- Individually paid out and non-disclosed purchase discounts, commissions, bonuses or kickbacks;
- Pleasure trips or holidays;
- Work for the recipient for private purposes;
- Sponsorship to political parties or candidates in public elections;
- Other benefits which, due to the value thereof or any other relevant circumstances, typically will unduly influence the recipient's performance of his or her duties; or
- Gifts to Public Officials.

It is strictly forbidden to give, offer or promise any form of benefit, either directly or indirectly, to any Public Official in order to unduly influence the exercise of public authority, in the context of public procurement, to keep any other form of business or business transaction or which may otherwise entail an improper gain. By "Public Official" means any officer or employee of any national or local government or any department, agency, or instrumentality of any such government or of a public international organization, or any person acting in an official capacity for or on behalf of any such person, or any political party or party official, or any candidate for political office. It is important to note that the term Public Official is very broad and it includes officers or employees of a government-owned or controlled entity, for example, a company that is owned or controlled by the government (i.e., the government has the right to make important decisions for the company).

## Reporting of benefits

BoConcept's employees must report any benefits provided to third parties together with the receipt or other form of supporting documentation containing information regarding the recipient, the recipient's company and purpose. Any employee who is uncertain whether he or she is entitled to provide a benefit should contact their immediate manager or group function Human Resources.

Employees who receive a benefit or an offer concerning a benefit which he or she suspects is in violation of this Policy must immediately return the benefit to the giver and report the incident to their immediate manager.

## Training

Training concerning this Policy is part of the introduction program for all new employees of BoConcept. Managers at all levels shall ensure that employees read and receive training in how they should comply with this Policy.



## Responsibility for this Policy, advice and notification

The board of BoConcept has the overall responsibility for the implementation, compliance with and review of this Policy.

Group function Human Resources has the overall responsibility for implementing this Policy and for initiating regular updates hereof. Managers at all levels are responsible for ensuring compliance with this Policy in the day-to-day operations.

BoConcept employees are at all times entitled to approach their immediate manager or group function Human Resources for advice in respect of this Policy or to provide information concerning suspected impropriety. For this purpose, BoConcept employees are also encouraged to use the whistle-blower function.

## Protection against harassment

BoConcept protects employees who refuse to accept or provide bribes or who notify any suspicion of impropriety from reprisals, even if such notification proves to be mistaken. Any person who refuses to participate in any form of bribery or corruption or who notifies impropriety will never run the risk of dismissal, disciplinary action or other unfair treatment as a result of such refusal or notification.

Any person who feels that they have been unfairly treated is urged to contact group function Human Resources or the whistle-blower function.

## Franchisees, agents, distributors, suppliers and other business partners

BoConcept provides information concerning its zero tolerance of bribery and corruption to all franchisees, agents, distributors, suppliers and other business partners (jointly, "Business Partners"). BoConcept expects that their Business Partners do not engage in the giving or receiving of bribes and other undue advantages when representing or otherwise working for BoConcept.

BoConcept does not act as an intermediary in respect of money or other benefits which may be used in order to unduly influence the exercise of public authority, in the context of public procurement or otherwise to gain an undue advantage from any third party. Compensation to Business Partners is based on reasonable compensation for services performed on objective grounds. Payment in cash or to a bank in any country other than where the business partner conducts operations or is registered will only be made if there are specific commercial grounds for doing so.

When required, BoConcept examines the integrity of its Business Partners. BoConcept will only enter into agreements on terms and conditions which provide that its Business Partners shall not provide undue advantages and shall be entitled to terminate

agreements in the event it is demonstrated that the party in question has used bribes or other forms of corrupt practices in the course of their operations.

We, the undersigned [INSERT NAME OF FRANCHISEE] (**the "Franchisee"**) hereby confirm that we and all companies within our group of companies will adopt and adhere to the anti-corruption policy and the guidelines contained in this Appendix:

Date: \_\_\_\_\_ [INSERT DATE]

For the Franchisee:

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

\_\_\_\_\_  
[INSERT NAME-TITLE]

## APPENDIX 13, GLOBAL STANDARD CALL OPTION AGREEMENT

[Issue Date: August 1, 2023]

### CALL OPTION AGREEMENT

BoConcept A/S  
Business reg. no. (CVR) 89 86 66 18  
Fabriksvej 4  
6870 Ølgod  
Denmark  
(hereinafter referred to as "BoConcept A/S")

and

[COMPANY] [INDIVIDUAL NAME]  
Business reg. no. [•] [Taxpayer ID]  
[ADDRESS]  
[ADDRESS]  
(hereinafter referred to as the "Option Provider")

(BoConcept A/S and the Option Provider are hereinafter collectively referred to as **the "Parties" and individually as a "Party"**), and in consideration of the mutual promises and agreements hereinafter set forth, and intending to be legally bound, BoConcept A/S and Option Provider hereby as follows:

#### 1. Background

##### 1.1 The Option Provider

a) \_\_\_\_\_[Insert Company Owner Name] is the sole legal owner of all of the full share capital/percentage ownership interest in:

- i)[NAME], business registration no. [•], [ADDRESS]; and
- ii)[NAME], business registration no. [•], [ADDRESS].

([the "Company"/collectively the "Companies" and each a "Company"]).

b) \_\_\_\_\_[Insert Asset Owner Name], a  
\_\_\_\_\_[Insert Entity Type], EIN \_\_\_\_\_[Insert EIN#], (the

"Company" and also sometimes "Option Provider"\*) is the owner of all of the Assets of a BoConcept Retail brand store, located at \_\_\_\_\_[Insert Address], pursuant to a Franchise Agreement dated effective \_\_\_\_\_[Insert Effective Date].

\* (If Assets are being purchased, then the Asset owner, the Company shall also be included in the term "Option Provider").

1.2 [The/Each] Company is a franchisee of BoConcept Franchise, Inc., an affiliate of BoConcept A/S, **herein collectively ("BoConcept")** and BoConcept and [the/each] Company have entered into one or more franchise agreement(s) regarding said **Company's operation of BoConcept** brand store(s) (each such agreement, whether concluded prior to or after the conclusion of this Agreement, collectively all referred to herein as a "Franchise Agreement"). The Company/Companies own all of the Assets used in the operation of all the BoConcept brand store(s) pursuant to such Franchise Agreements. [cf. 2.1]

1.3 In acknowledgement of BoConcepts' **interest** in assuming ownership of its franchisees, the Option Provider grants BoConcept A/S an option to acquire all of the full share capital and/or limited liability company percentage ownership interests in [the/each] Company at the time of exercise of such option (collectively **the "Shares"**) and option to purchase the Shares and/or the Assets [ cf. 2.1] of any one or all Companies or brand stores.

## 2. The Call Option

2.1 Subject to the terms of this Agreement, including clause 6.6, the Option Provider hereby grants BoConcept A/S the right, but not the obligation, to acquire (or designate a third party to acquire, such third party referred to herein as the "Designee") either or both: i) the Shares in [the/each] Company from the Option Provider; and/or ii) the Assets of **any one or all of Option Provider's separate BoConcept brand stores** (the "Call Option"). The Call Option must be exercised in full in regard to [the/each] Company and/or **brand store's** Assets and can thus not be exercised for a part of the Shares in [the/a] Company or only part of the Assets of any one BoConcept brand store. [The Call Option may, however, be exercised in regard to one (1) or more of the Companies and/or Assets of any or all brand stores, **at BoConcept A/S' sole** discretion and BoConcept may at its sole discretion, exercise the Call Option in regard

to both the Shares and the Assets of any one or all Companies or brand stores . In the event BoConcept A/S decides to invoke the Call Option in regard to one (1) or more of the Companies and/or brand stores, the Agreement shall continue in force with respect to the remaining Companies and/or brand stores, cf. clause 2.2.1.].

If BoConcept elects to purchase Assets of a brand store, the Assets of the BoConcept brand store location or locations shall be specified in the Call Notice per clause 2.2.2, and the same Purchase Price shall be calculated and paid pursuant to clause 3, except applied to the purchase of all the Assets of the particular location or locations as specified by BoConcept A/S or its Designee (therefore all calculations will be based only on the location or locations so specified as well). The Assets shall include all Assets currently located at and used to operate each location or locations, so specified and include without limitation all personal property, inventory, accessories, equipment, **furniture, fixtures, supplies ("Assets")**. All other terms and provisions of the call Option and this Agreement shall apply, except only to the purchase of all the Assets of the BoConcept brand store location or locations per the Call Notice, in which case the **term "Shares" shall have the same meaning as** Assets and also the term **"Company" or "Companies" shall have the same meaning as brand store** or brand stores (in the case where Assets are being purchased) or alternatively BoConcept may elect at its sole option to purchase both the Shares and the Assets of any one or all Companies or brand stores.

## 2.2 Exercise Period and procedure

2.2.1 The Call Option may be exercised as long as the Company in question is a franchisee of BoConcept Franchise, Inc., BoConcept A/S or any affiliate, i.e. as long as a Franchise Agreement is in full force and effect or as long as the Company operates a brand store under the BoConcept brand, and sixty (60) business days thereafter **(the "Exercise Period")**. **If the** Call Option has not been exercised before the expiration of the Exercise Period, BoConcept A/S will lose its right to invoke the Call Option and the Parties will have no claim against each other under this Agreement.

2.2.2 BoConcept A/S shall exercise the Call Option by giving written notice to the Option Provider **(the "Call Notice")**. If BoConcept A/S designates a Designee, the Call Notice shall contain the name and address of such Designee and the declaration of the Designee that it accepts the transfer of the Shares.

- 2.2.3 **Upon the Option Provider's receipt of the Call Notice** ("Call Notice Receipt"), the Parties shall at BoConcept A/S' sole discretion arrange for the conduct of a legal, financial and commercial due diligence investigation of the [Company/Companies and/or Assets listed in the Call Notice]. For **BoConcept A/S' conduct of such due diligence investigation, the Option Provider and the [Company/Companies]** shall within five (5) business days, grant BoConcept A/S or the Designee access to all information and documentation requested by BoConcept A/S, including without limitation **all of Option Provider's financial and banking records and statements and all prior State and Federal Tax Returns** filed for each business.
- 2.2.4 BoConcept A/S shall give notice to the Option Provider upon completion of the due diligence and in any event no later than three (3) months after receipt of all documentation requested **(the "Completion Notice")**, which shall confirm whether or not BoConcept A/S or the Designee is satisfied with the due diligence investigation and thus wants to proceed with the acquisition of the Shares in the [Company/relevant Companies]and/or the Assets.
- 2.2.5 Subject to BoConcept A/S or the Designee being satisfied with the results of the due diligence investigation, the transfer **of the Option Provider's** Shares shall become effective for the Parties at the earliest of the following dates: (i) twelve (12) months after the Call Notice Receipt; (ii) at the end of the term of a Franchise Agreement concluded with [the Company/one of the Companies encompassed by the Call Notice] (if there are more than one Franchise Agreement, then the relevant end date is the earliest one); (iii) the end of [the Company's/one of the Companies' encompassed by the Call Notice] operation of a brand store under the BoConcept brand; or (iv) such other date as may be agreed upon **between the Parties (the "Call Option Closing")**. In the event that filings with regulatory authorities must be made or regulatory approvals must be obtained to consummate the closing, the Parties shall use their respective best efforts to make such filings and take such actions as may be necessary to obtain such approvals and to consummate the Call Option Closing; and such Call Option Closing shall be automatically extended in the event such closing cannot take place as a result of additional time required for filings with or approvals required from any regulatory authority.
- 2.2.6 In the event BoConcept A/S or the Designee is not satisfied with the results of the due diligence investigation, BoConcept A/S respectively

the Designee shall be entitled to withdraw the Call Notice for any Company or Assets encompassed by the Call Notice.

## 2.3 Agreements and declarations

2.3.1 BoConcept A/S is entitled to require the Option Provider to enter into a share/asset purchase agreement on the terms and conditions set out in Schedule 1 , attached hereto and incorporated herein, which utilizes \_\_\_\_\_[Insert Franchisee Company Name], as the Company and the Assets of its retail brand store, however the **same Share/Asset purchase terms shall apply to all Franchisee's and retail brand stores** included in Appendix 4, Development Plan of the Franchise Agreement. BoConcept A/S can also make any declarations deemed necessary or expedient by BoConcept A/S to complete the Call Option in accordance with this Agreement, including for documentation purposes and/or in respect of filings with the relevant commercial register. In the event of material breach of a Franchise Agreement as described in clause 5.1 of this Agreement, the terms and condition of Schedule 1 shall be adjusted according to clause 5.1.

2.3.2 As of the signing of this Agreement, the Option Provider shall issue an irrevocable power of attorney in the form attached hereto as Schedule 2, which shall allow BoConcept A/S to conduct all the measures it may deem necessary and practicable to execute its Call Option.

## 3. Purchase Price

3.1 **In case of BoConcept A/S' exercise of the** Call Option, the purchase price payable for the Shares in [the/each] Company and/or brand store Assets by BoConcept A/S or by a Designee (the "Purchase Price") shall be calculated as set out below:

3.1.1 If the Company's first opening of a BoConcept brand store takes place less than twelve (12) months prior to the Call Notice Receipt, then the Purchase Price shall be equal to the net asset value of the Company as of the date of the Call Option Closing.

3.1.2 If the **Company's first opening of a** BoConcept brand store takes place twelve (12) months or more prior to the Call Notice Receipt, then the Purchase Price shall be equal to 4 x **the Company's** EBITDA as of the date of the Call Notice Receipt, calculated in accordance with the principles set out in Schedule 3 less (i) Net Interest Bearing Debt, cf. clause

3.1.2.2 and (ii) Net Working Capital, cf. clause 3.1.2.3. [In the event that BoConcept A/S exercises the Call Option in regard to more than one Company or brand store, the Purchase Price calculated for each Company/brand store shall be added together, i.e. if the Purchase Price for a Company will be positive and the Purchase Price for another Company will be negative, then the negative Purchase Price shall be deducted from the positive Purchase Price and the total amount will be deemed to be the aggregate Purchase Price for said Companies/brand stores.]

3.1.2.1 [The/Each] **Company's EBITDA** as of the date of the Call Notice Receipt shall be calculated on the basis of applicable mandatory provisions as well as internationally recognized accounting principles applied and determined as the average level of (i) the average level of EBITDA for the last twelve (12) months ("LTM") (which shall be determined on the basis of **the Company's** end of month EBITDA for the LTM prior to the date of the Call Notice Receipt) and (ii) the average level of EBITDA for the next **twelve (12) months ("NTM")** (which shall be determined on the basis of **the Company's end of month EBITDA for the NTM after** the date of the Call Notice Receipt). In the event that **the Company's first opening of a** BoConcept brand store takes place twelve (12) to eighteen (18) months prior to the Call Notice Receipt, then "the average level of EBITDA for LTM" shall be calculated as the average level of EBITDA for the actual number of months passed after the end of the first six (6) months since **the Company's first opening of a BoConcept brand store and until the** Call Notice Receipt. Likewise, in the event that the Call Option Closing takes **place less than twelve (12) months' after the Call Notice Receipt,** then "the average level of EBITDA for NTM" shall be calculated as the average level of EBITDA for the actual number of months passed from the Call Notice Receipt and until Call Option Closing. Furthermore, when **determining the Company's EBITDA** for the purposes of this Agreement, Other Activities (as defined in clause 4.2) shall be disregarded.

3.1.2.2 Net Interest Bearing Debt is **calculated as the Company's net interest** bearing liabilities as of the Call Option Closing less **the Company's** net interest bearing Assets as of the Call Option Closing and shall be calculated in accordance with internationally recognized principles and applicable legislation.

3.1.2.3 **Net Working Capital shall be calculated as the Company's Net Working** Capital as of the Call Option Closing. However, if the Net Working Capital as of the Call Option Closing is higher than the Net Working Capital as **of the Company's latest annual report prior to the Call Notice Receipt,**



then the Net Working Capital shall be calculated as the Net Working Capital as of the Company's latest annual report..

For the purposes of this Agreement, Net Working Capital is calculated as:

The sum of all:

Inventories

Accounts Receivable

Prepayments

Other receivables related to the primary operation of the business (for example VAT receivable)

Less all:

Accounts Payable

Prepayments received from customers

Accruals and deferred income

Other debt (VAT payable and payroll related liabilities and other payables related to the primary operation of the business)

3.1.3 Examples of the calculation of the Purchase Price calculated as set out in clause 3.1.2 are attached as Schedule 4.

4. Discontinuation of activities not relating to the BoConcept franchise business

4.1 **Upon BoConcept A/S' or the Designee's delivery of a Completion Notice** which states that the due diligence investigation was satisfactory, the Option Provider shall ensure that the activities not relating to the BoConcept franchise business of [the Company/ each Company and/or Assets encompassed by the Call Notice] ("**Other Activities**") are discontinued prior to the Call Option Closing. Such activities shall be sold at book value or discontinued without this resulting in any loss for the [Company/Companies encompassed by the Call Notice].

4.2 To the extent such Other Activities have not been properly discontinued as at the Call Option Closing, BoConcept A/S is entitled to withhold a reasonable part of the Purchase Price to cover any costs and/or losses related to the proper discontinuation of such Other Activities.

5. Material breach of a Franchise Agreement

5.1 In the event that [the/a] Company is in material breach of a Franchise Agreement, which according to said Franchise Agreement will entitle BoConcept A/S to terminate the Franchise Agreement (meaning after the expiration of any period to remedy a material breach under the Franchise Agreement), at (i) the time of the Call Notice Receipt or (ii) after the Call Notice Receipt, BoConcept A/S may demand that the Call Option Closing takes place immediately without prior notice. In such event, any reference to Call Option Closing in this Agreement and Schedule 1 shall be deemed as a reference to the immediate date at which BoConcept A/S chooses to invoke this clause 5.1 and the following adjustments to the Purchase Price shall be made:

a) **The Company's EBITDA** as of the date of the Call Notice Receipt shall be calculated on the basis of applicable mandatory provisions as well as internationally recognized accounting principles applied and determined as the average level of EBITDA for the LTM; and

b) The Purchase Price shall be reduced by 50%.

## 6. Other provisions

### 6.1 Costs

6.1.1 Either Party pays its own costs of conclusion of the Agreement. In the event of any notary fees, etc. related to the signing of this Agreement, such fees etc. shall be paid by the Parties in equal shares.

### 6.2 Entire Agreement

6.2.1 This Agreement and its schedules constitute the entire agreement between the Parties concerning the Call Option and supersede all previous oral or written commitments and undertakings relating hereto.

### 6.3 Changes to the Agreement

6.3.1 Should the Parties agree to amend this Agreement, such agreement must be made in writing and signed by all parties in order to be valid.

### 6.4 Severability

6.4.1 The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

## 6.5 Notices

6.5.1 Any notice required to be given under this Agreement must be in writing and as regards BoConcept A/S addressed to:

BoConcept A/S  
Fabriksvej 4  
6870 Ølgod  
Denmark  
Attn.: [NAME], [EMAIL ADDRESS]

and to the following as regards the Option Provider:

[NAME]  
[ADDRESS]  
[POSTAL CODE, TOWN]  
[COUNTRY]  
Attn.: [NAME], [EMAIL ADDRESS]

unless the individual Party gives written notification of another addressee.

6.5.2 Any notice required to be given under this Agreement shall be regarded as having been duly given with immediate effect and received by addressee on the next business day following delivery, if sent by commercial overnight mail or delivery with proof of delivery, postage or delivery prepaid to the addressee specified in clause 6.5.1 (alternatively the addressee later designated in writing and ) or if receipt thereof is otherwise acknowledged in writing by addressee. Either Party is responsible for ensuring that the other Party at all times is provided with information of the correct addressee and the receiving Party bears the risk of non-receipt of a notification, if such notification has been sent to the designated addressee.

## 6.6 Additional Consideration.

6.6.1 As additional consideration for entering into this Call Option Agreement for **Franchisee's** BoConcept Retail Brand store located at \_\_\_\_\_, [Insert Store Address] pursuant to the Franchise Agreement and this Call Option Agreement, BoConcept provided Franchisee with a discount on inventory purchases through BoConcept's Growth and Brand compliance Bonus ("G&BC Bonus-discounts"), the receipt of which Franchisee hereby further acknowledges. BoConcept is also allowing Franchisee to participate in BoConcept's G&BC Bonus-discounts program for this Retail Brand Store, pursuant to the terms attached hereto and incorporated herein as Exhibit "A".

6.6.2 Option Provider (**Company and all of Company's individual owners**), personally) hereby: i) acknowledges receipt of this additional consideration (G&BC Bonus-discounts), for this Call Option Agreement; and ii) acknowledges the terms of the G&BC Bonus-discounts are subject to change from time to time by BoConcept, effective upon at least sixty (60) calendar days prior notice; and iii) ratifies all terms and conditions of this or any other Call Option Agreement for any **of Franchisee's BoConcept** Retail Brand Stores; and iv) acknowledges that Franchisee has reviewed all terms and provisions of all Call Option Agreements with independent legal counsel and fully understands and unconditionally agrees to all conditions and terms therein; and v) further acknowledges that all Call Option Agreements are fully enforceable.

## 7. Governing law and venue

7.1 Except as provided in clause 7.4, this Agreement shall be governed by the laws of Denmark and any dispute arising out of or in connection with this Agreement, including disputes regarding the existence or validity of the Agreement, shall be settled pursuant to Danish law (with the exception of any conflict of laws rules which may lead to the application of other law than Danish law).

7.2 Any disputes which cannot be amicably settled by the Parties shall be settled with binding and final effect by arbitration administered by the Danish Institute of Arbitration in accordance with the rules of arbitration procedure adopted by the Institute and in force at the time of filing of the arbitration case.

7.3 The arbitral tribunal shall be composed of one (1) arbitrator appointed by the Danish Institute of Arbitration if the subject matter, which shall

mean the pecuniary claim or the value of the non-pecuniary claim specified in the statement of claim, amounts to less than EUR 100,000. In all other cases the arbitral tribunal shall be composed of three (3) arbitrators, and each Party is entitled to appoint one (1) arbitrator and the chairman is to be appointed by the Danish Institute of Arbitration. The place of arbitration shall be Copenhagen, the language to be used in the arbitral proceedings shall be English, **and the arbitral tribunal's decisions** and awards shall be confidential. The arbitral award shall be final and conclusive and binding on the Parties.

The arbitral tribunal will be solely and exclusively competent for all claims, irrespective of their nature (contractual, tort or based on written law) in relation to or arising out of this Agreement, especially in relation to or arising out of the circumstances of its negotiation, its conclusion, its execution or non-execution, its termination, and all subsequent disputes.

The arbitral tribunal, and not any court, will have exclusive authority to **decide arbitrability including questions of the arbitration's provision's** formation, scope, validity or conscionability. The arbitral tribunal, and not any court, will have exclusive authority to resolve any dispute over **the enforceability of all or any part of the "Governing law and venue"** section including the enforceability of the arbitration, choice of law and forum selection clauses. Option Providers all hereby individually and personally hereby irrevocably submits to the jurisdiction and laws of Denmark and unconditionally waive any objections they may have to either the applicability of Danish law and Danish jurisdiction and/or venue.

- 7.4 Notwithstanding anything in this Agreement or any other agreement between the Parties to the contrary, this arbitration clause does, however, not prevent BoConcept A/S from protecting its rights and enforcing the terms under this Agreement by pursuing legal action to enforce the terms of this Agreement, including without limitation, injunction orders or other interim measures available under the law of the jurisdictions of the Option Provider and/or a Company and/or location of the brand store or stores from the local courts, as well as orders to compel Option Holder and any other applicable parties to timely comply with the terms of this Agreement. In the event, BoConcept elects to pursue any such legal action, in local courts in (at BoConcept's sole option): i) the location of the residence of any individual Option Provider; or primary business location of any Company; or any location of any of the brand stores, (herein the

**“Local US State Court”), then Option Provider and/or all of their** individual owners and spouses, each irrevocably, personally and jointly and severally all hereby: agree the terms of this Agreement, including all Schedules, shall all be interpreted in accordance with and be governed by the laws of the State of the Local US State Court; and submit to the jurisdiction of such Local US State Court within the US State; waive any objection to jurisdiction or venue of such Local US State Court; and BoConcept shall be entitled without bond, to obtain temporary, preliminary, and permanent injunctions and orders of specific performance to enforce the provisions of this Agreement and all Schedules or any other related agreement related to any such legal action by BoConcept. Bo Concept and Option Provider and/or all of their individual owners and spouses, each irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party. In addition to any judgements and/or awards, the prevailing party to such legal action shall be entitled to recover its costs and expenses including without limitation, all, court costs, fees for in-house and outside attorneys and support staff, management preparation time, expert witness fees, reasonable collection agency fees, accounting fees, including without limitation, all such costs incurred, prior to filing of any such legal action.

8. Counterparts

8.1 The Agreement may be executed in any number of counterparts each of which when taken together shall constitute an original on the effective date above written.

9. Schedules

- 9.1 Schedule 1: Share/Asset purchase agreement
- 9.2 Schedule 2: Power of Attorney
- 9.3 Schedule 3: Principles for calculation of EBITDA
- 9.4 Schedule 4: Examples of the calculation of the Purchase Price

OPTION PROVIDERS:

Date: [DATE]

Date: [DATE]

On behalf of [Company Name]:

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

\_\_\_\_\_  
[Insert Name and Title]

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

\_\_\_\_\_, personally  
[Insert Individual Name]

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

\_\_\_\_\_, Personally

[Insert Individual Name]

BoConcept A/S:

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

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

\_\_\_\_\_  
[Insert Name and Title]

ALL INDIVIDUAL OWNERS OF OPTION PROVIDER: PERSONAL Guaranty  
of Call Option Agreement and All Schedules 1, 2, 3 and 4

The undersigned, representing they are all of the individual owners and spouses of Option Provider, hereby unconditionally undertake as owner and agrees to be individually, personally and jointly and severally liable and bound by all terms and all other obligations whatsoever under the Call Option Agreement and Schedules 1, 2, 3 and 4 and any current or future Amendments, including without limitation Amendments adding additional Retail Brand Stores or any other related agreements with BoConcept and any of its Affiliates, all such agreements collectively **referred to as ("Agreements") as a guarantor on first demand, with primary liability** for complete and timely compliance of the Agreements, including but not limited to the complete and timely transfer of ownership of the Shares or Assets, under the Agreements to BoConcept or the Designee. Furthermore, any subsequent modifications or amendments to any such Agreements shall not extinguish **the undersigned's obligations herein and the undersigned hereby waives any right** to approve any later modifications or amendments to such Agreements. This guaranty shall be fully enforceable without signing any other separate documents and are incorporated into the Call Option Agreement and Schedules 1, 2, 3 and 4. These obligations are all: governed by U.S. law; and include all present and future brand stores and Franchise Agreements; and are all joint and several against each **person signing; and include all owners' spouses (and by not including and having a spouse sign, the undersigned is representing that they are currently unmarried).** At the time of signing, the undersigned shall be provided with a copy of this Call Option Agreement and Schedules 1, 2, 3 and 4.

1) \_\_\_\_\_ (signatures) \_\_\_\_\_ (Spouse)

\_\_\_\_\_  
[Individual Owner/Spouse-Name, home address, citizenship, date of birth, social security number,]

2) \_\_\_\_\_ (signatures) \_\_\_\_\_ (Spouse)

\_\_\_\_\_  
[Individual Owner/Spouse-Name, home address, citizenship, date of birth, social security number,]

3) \_\_\_\_\_ (signatures) \_\_\_\_\_ (Spouse)

\_\_\_\_\_  
[Individual/Owner/Spouse-Name, home address, citizenship, date of birth, social security number,]

4) \_\_\_\_\_ (signatures) \_\_\_\_\_ (Spouse)

\_\_\_\_\_  
[Individual/Owner/Spouse-Name, home address, citizenship, date of birth, social security number,]

(Additional space can be provided if necessary)

Schedule 1 to Call Option Agreement



## SHARE/Asset PURCHASE AGREEMENT

On the date of this Agreement,

[COMPANY]  
Business reg. no. [•]  
[ADDRESS]  
[ADDRESS]  
**(hereinafter the "Purchaser")**

and

[OPTION PROVIDER]  
Business reg. no. [•][Taxpayer ID]  
[ADDRESS]  
[ADDRESS]  
**(hereinafter the "Seller")**

(The Purchaser and the Seller are hereinafter collectively referred to as **the "Parties" and individually as a "Party"**)

have concluded the following share/asset **purchase agreement (the "Agreement") regarding the Seller's shares in (i) [COMPANY], business reg. no. [•], [ADDRESS]; and (ii) [COMPANY], business reg. no. [•], [ADDRESS] (the "Company/collectively the "Companies" and each a "Company")**) and/or (iii) all of the Assets of any one or all BoConcept Retail brand stores owned by Company,").

### 1. Background

- 1.1 This Agreement is concluded as a consequence of the execution of the call option granted to BoConcept A/S (or a designee) under the call option agreement concluded between BoConcept A/S and [OPTION PROVIDER] on [DATE] **(the "Call Option Agreement")**.
- 1.2 Any term with initial capitalized letter not expressly defined in the Agreement shall have the meaning referred to in the Call Option Agreement.

### 2. Sale and purchase of the Shares/Assets

- 2.1 In consideration of the mutual promises herein and the additional consideration specified in clause 6.6 of the Call Option Agreement, the receipt of which is hereby acknowledged, on [DATE] **(the "Call Option Closing")**, **the Seller sells** all (100%) (i) [•] shares/ownership interests in [COMPANY] each in the nominal amount of [•]; and (ii) and [•] shares in [COMPANY] each in the nominal amount of [•] **(the "Shares")**, **to the Purchaser** and the Purchaser acquires the Shares from the Seller; and/or (ii) all the Assets of any one or all BoConcept Retail brand stores owned by Company, located at \_\_\_\_\_ [Insert all current Store Addresses].
- 2.2 As of the Call Option Closing, the Purchaser shall be entitled to all benefits, and to exercise all rights, attached or accruing to the Shares and/or Assets including, without limitation, the right to receive all dividends or any other return on capital declared, paid or made by the [Company/Companies] on or after the Call Option Closing.
3. Purchase price
- 3.1 The purchase price payable for the Shares and/or Assets by the Purchaser **(the "Purchase Price") shall be calculated as set out below:**
- 3.1.1 **If the Company's first opening of a BoConcept brand store takes place** less than twelve (12) months prior to the Call Notice Receipt, then the Purchase Price shall be equal to the net asset value of the Company as of the date of the Call Option Closing.
- 3.1.2 **If the Company's first opening of a brand store takes place twelve (12) months or more prior to the Call Notice Receipt**, then the Purchase Price **shall be equal to [the total sum of] 4 x [the/each] Company's EBITDA** as of the date of the Call Notice Receipt, calculated in accordance with the principles set out in Schedule 3 to the Call Option Agreement less (i) Net Interest Bearing Debt, cf. clause 3.1.2.2 and (ii) Net Working Capital, cf. clause 3.1.2.3.
- 3.1.2.1 **[The/Each] Company's EBITDA as of the date of the** Call Notice Receipt shall be calculated on the basis of applicable mandatory provisions as well as internationally recognized accounting policies applied and determined as the average level of (i) the average level of EBITDA for the last twelve (12) months **("LTM") (which shall be determined on the basis of the Company's end of month EBITDA for the LTM prior to the date of the Call Notice Receipt)** and (ii) the average level of EBITDA for the next

twelve (12) months ("NTM") (which shall be determined on the basis of the Company's end of month EBITDA for the NTM after the date of the Call Notice Receipt). In the event that the Company's first opening of a BoConcept brand store takes place twelve (12) to eighteen (18) months prior to the Call Notice Receipt, then **"the average level of EBITDA for LTM"** shall be calculated as the average level of EBITDA for the actual number of months passed after the end of the first six (6) months since the Company's first opening of a BoConcept brand store and until the Call Notice Receipt. Likewise, in the event that the Call Option Closing will take place less than twelve (12) months' after the Call Notice Receipt, then **"the average level of EBITDA for NTM"** shall be calculated as the average level of EBITDA for the actual number of months passed from the Call Notice Receipt and until Call Option Closing. Furthermore, **when determining the Company's EBITDA for the purposes of this Agreement**, Other Activities (as defined in clause 4.2 of the Call Option Agreement) shall be disregarded.

3.1.2.2 **Net Interest Bearing Debt** is calculated as the Company's net interest bearing liabilities as of the Call Option Closing less the Company's net interest bearing assets as of the Call Option Closing and shall be calculated in accordance with internationally recognized principles and applicable legislation.

3.1.2.3 **Net Working Capital** shall be calculated as the Company's Net Working Capital as of the Call Option Closing. However, if the Net Working Capital as of the Call Option Closing is higher than the Net Working Capital as **of the Company's latest annual report prior to the Call Notice Receipt**, then the Net Working Capital shall be calculated as the Net Working Capital as of the Company's latest annual report.

For the purposes of this Agreement, Net Working Capital is calculated as:

The sum of:

Inventories

Accounts Receivable

Prepayments

Other receivables related to the primary operation of the business (for example VAT receivable)

Less:

Accounts Payable

Prepayments received from customers

Accruals and deferred income

Other debt (VAT payable and payroll related liabilities and other payables related to the primary operation of the business).

- 3.2 Five (5) business days prior to the Call Option Closing, the Seller shall **estimate the Purchase Price (the "Estimated Purchase Price")** in accordance with the principles in clauses 3.1-3.1.2.3 above on the basis of the information available to the Seller at that time. BoConcept A/S is entitled to withhold 25% of the Estimated Purchase Price, however, no less than EUR 100,000, until the adjustment of the estimated Purchase Price has been finally determined, cf. clause 3.3. The remaining part of the Estimated Purchase Price is payable in cash at the Call Option Closing into a bank account designated by the Seller.
- 3.3 Adjustment of the Estimated Purchase Price
- 3.3.1 No later than thirty (30) business days after the Call Option Closing the Seller shall calculate the Purchase Price. The Purchaser shall allow the Seller free access to all relevant documentation, which the Seller might request, for calculation of the Purchase Price.
- 3.3.2 If the Purchaser disagrees with the statement of the Purchase Price, the Purchaser must notify the Seller thereof in writing within thirty (30) business days after the Purchaser's receipt of the statement from the Seller. If the Purchaser has not forwarded such notification within the time stipulated, the Purchaser will be regarded as having accepted the statement of the Purchase Price.
- 3.3.3 If the Parties are unable to reach an agreement on the Purchase Price, the final calculation must be made by an independent auditor appointed by FSR - Danish Auditors who must be a state-authorized public accountant. The independent auditor is obliged to determine the Purchase Price in accordance with the guidelines specified in the Agreement.
- 3.3.4 The Purchaser and the Seller shall each pay their own costs of advisers incurred in connection with the procedure described in this clause 3. The costs of the independent auditor, cf. clause 3.3.3, are payable by the Party which does not prevail in its position concerning the disputed matters.

3.3.5 The difference between the Estimated Purchase Price and the Purchase Price is paid by the obliged Party to the other Party no later than eight (8) business days after the final determination of the Purchase Price.

#### 4. Closing

4.1 At the Call Option Closing, **subject to the Purchaser's simultaneous** performance of its obligations pursuant to clause 4.2, the Seller shall take the following actions or procure the following to the Purchaser:

4.1.1 **Deliver to the Purchaser the [Company's/Companies'] register of shareholders/owners** showing the Purchaser as the sole shareholder of the Shares; and or deliver to the Purchaser a Bill of Sale transferring title to all Assets and showing Purchaser as the sole owner of all Assets.

4.1.2 Execute all deeds, documents, render all declarations and effect the relevant registration with the relevant authorities as provided by applicable law in order to have the title to the Shares and/or Assets fully and validly transferred to the Purchaser free of any third party rights; and

4.2 At the Call Option Closing, **subject to the Seller's simultaneous** performance of its obligations pursuant to clause 4.1, the Purchaser shall take the following actions and deliver to the Seller or procure the following:

4.2.1 Pay the part of the Estimated Purchase Price, which is not withheld by BoConcept A/S, cf. clause 3.2, into the bank account designated by the Seller in immediately available funds with value as of the Call Option Closing;

4.3 At Closing, the Parties shall execute such further documents and take such further action as may be necessary to give full force and effect to the provisions of this Agreement.

4.4 The abovementioned actions in this clause 4 shall be deemed to have been executed at the same time and none of the actions performed by one Party shall be deemed to have been performed before the actions that must be performed by the other Party have taken place.

#### 5. Representations and warranties of the Seller

5.1 As at the date of the Call Option Closing, the Seller provides the following representations and warranties in favour of the Purchaser:

- 5.1.1 [The/Each] Company is duly founded, existing and registered with the relevant authorities.
- 5.1.2 The **Shares account for 100% of the [Company's/Companies'] issued** and outstanding share capital and the Seller is the sole, unrestricted legal and beneficial owner of the Shares and Seller is the sole owner of all Assets utilized in the operation of the BoConcept Retail brand store(s), located at \_\_\_\_\_[Insert all current store Addresses].
- 5.1.3 The Shares are free of encumbrances and any other third party rights and are freely transferable and may be transferred to the Purchaser without the prior consent of third party, including the [Company/Companies].
- 5.1.4 Since the Call Notice Receipt, the [Company has/Companies have] been operated in accordance with ordinary course of business and normal practice and during the period no extraordinary or unusual transactions have been made. Moreover, the [Company has/Companies have] not (i) assumed any unusual obligations; (ii) charged the assets of the [Company/Companies] to any third party or granted third party any other type of security therein; or (iii) made any material changes to existing practice and operations.
- 5.1.5 The Seller has loyally disclosed all material matters relating to the [Company/Companies] and [its/their] Assets and activities for the period prior to the Call Option Closing which are generally important for a Purchaser's evaluation of the value of the [Company/Companies], and/or Assets, to the effect that there is no information which the Seller ought to have but has not disclosed to the Purchaser prior to the signing of the Agreement **in order to comply with the Parties' general duty to disclose material facts to each other.**

## 6. Remedies

- 6.1 The Parties (including all individual Sellers personally) hereby undertake to indemnify each other in accordance with the generally applicable laws of Denmark for all losses actually suffered by the other Party as a result of any breach of contract, including breach of representations and warranties under this Agreement.

6.2 In addition, if the Seller commits a breach of this Agreement, the Purchaser may claim payment of an agreed penalty in the amount of EUR 500,000., in addition to all other available remedies, including **reimbursement of attorney's fees and costs.**

## 7. Other provisions

### 7.1 Costs

7.1.1 Either Party pays its own costs of conclusion of the Agreement. In the event any notary fees, stamp duties, etc. related to the transfer of the Shares, such fees etc. shall be paid by the Parties in equal shares. However, Seller shall be responsible for all costs related to any local, state and federal taxes and assessments on the sale of the Shares, including without limitation any bulk sales or other transfer taxes.

### 7.2 Changes to the Agreement

7.2.1 Should the Parties agree to amend this Agreement, such agreement must be made in writing in order to be valid.

### 7.3 Severability

7.3.1 The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

### 7.4 Notices

7.4.1 Any notice required to be given under this Agreement must be in writing and as regards the Purchaser addressed to:

[NAME]

[ADDRESS]

[POSTAL CODE, TOWN]

[COUNTRY]

Attn.: [NAME], [EMAIL ADDRESS]

and to the following as regards the Seller:

[NAME]

[ADDRESS]

[POSTAL CODE, TOWN]

[COUNTRY]

Attn.: [NAME], [EMAIL ADDRESS]

unless the individual Party gives written notification of another addressee.

- 7.4.2 Any notice required to be given under this Agreement shall be regarded as having been duly given with immediate effect if delivered or sent by registered and pre-paid mail or sent by pre-paid overnight service with proof of delivery, with a copy via email to the addressee specified in clause 6.5.1 (alternatively the addressee later designated) or if receipt thereof is otherwise acknowledged. Either Party is responsible for ensuring that the other Party at all times is provided with information of the correct addressee and the receiving Party bears the risk of non-receipt of a notification, if such notification has been sent to the designated addressee.

## 8. Governing law and venue

- 8.1 This Agreement shall be governed by the laws of Denmark and any dispute arising out of or in connection with this Agreement, including disputes regarding the existence or validity of the Agreement, shall be settled pursuant to Danish law (with the exception of any conflict of laws rules which may lead to the application of other law than Danish law).
- 8.2 Any disputes which cannot be amicably settled by the Parties shall be settled with binding and final effect by arbitration administrated by the Danish Institute of Arbitration in accordance with the rules of arbitration procedure adopted by the Institute and in force at the time of filing of the arbitration case.
- 8.3 The arbitral tribunal shall be composed of one (1) arbitrator appointed by the Danish Institute of Arbitration if the subject matter, which shall mean the pecuniary claim or the value of the non-pecuniary claim specified in the statement of claim, amounts to less than EUR 100,000. In all other cases the arbitral tribunal shall be composed of three (3) arbitrators, and each Party is entitled to appoint one (1) arbitrator and the chairman is to be appointed by the Danish Institute of Arbitration. The place of arbitration shall be Copenhagen, the language to be used in the **arbitral proceedings shall be English, and the arbitral tribunal's decisions**



and awards shall be confidential. The arbitral award shall be final and conclusive and binding on the Parties.

This arbitration clause does, however, not prevent BoConcept A/S from protecting its rights under this Agreement by seeking injunction orders or other interim measures available under the law of the jurisdictions of the Purchaser and/or a Company from the local courts.

9. Counterparts

9.1 The Agreement is executed in several identical counterparts each of which may be deemed an original and all such counterparts shall constitute one and the same Agreement.

\_\_\_\_\_

Date: [DATE]

Date: [DATE]

On behalf of [NAME]:

On behalf of [NAME]:

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

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

## Schedule 2 to Call Option Agreement

### POWER OF ATTORNEY

**By this power of attorney ("Power of Attorney")**

[OPTION PROVIDER]

a company under [•] law having its business address at [•] and registered in the [•] under registration no. [•]

**(the "Principal")**

authorises unconditionally and irrevocably the company BoConcept A/S,

a public limited liability company having its business address at Fabriksvej 4, 6870 Ølgod, Denmark and registered in the Danish Central Business Register under registration no. (CVR) 89 86 66 18,

**(the "Agent")**

to sign and execute all relevant documents in order to effect the:

a) transfer of all shares, ownership interests in: \_\_\_\_\_ [Insert Company Name]; and or

b) purchase of all Assets of a BoConcept Retail Brand Store, owned by [Insert Franchisee Name], located at \_\_\_\_\_ [Insert store Address].  
(Insert additional Retail Brand Stores if applicable)

in connection with the call options of the Agent regarding the Principal's shareholding/ownership of the [Company/Companies] and/or Assets in strict accordance with the provisions of the Call Option Agreement dated [•], and to give and receive any and all declarations and to undertake any and all measures which the implementation of such transfer relating to a call option, in particular (but not limited to) to enter into transfer agreements and similar agreements in connection with the transfer of the shares in [the/each] Company and/or sale of Assets, to pass shareholders' resolutions in connection with the transfer of such shares and/or Assets and to make filings for court or administrative clearances, permissions, authorisations, or registrations on behalf and for the account of the Principal.

In case of doubt, the scope of this Power of Attorney shall be construed broadly.

The Agent has the right to transfer the Power of Attorney and is entitled to grant a sub-power of attorney within the limits of this Power of Attorney.

This Power of Attorney and its interpretation is subject to the laws of Denmark, (with the exception of any conflict of laws rules which may lead to the application of other law than Danish law).

As the Principal:

On behalf of [•]:

Date:

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[NAME]

## Schedule 3 to Call Option Agreement

### PRINCIPLES FOR CALCULATION OF EBITDA

EBITDA used for calculating the Purchase Price under the Call Option Agreement will be corrected for unnormal items. Unnormal items shall mean any non-recurring cost or profit, which is not part of normal operation in a BoConcept brand store. Such unnormal items includes without limitation:

- Unnormal rent, i.e. if the owner of the building is a related party;
- Rent contribution; and
- Other subvention in general.

**In addition, any transaction with a related party may at BoConcept A/S' sole discretion** be adjusted to market value in the EBITDA calculation, to ensure a true and fair normalized EBITDA. Related party shall have the same meaning as set out in International Standards; IAS 24 – related party disclosures.

**As part of BoConcept A/S' or the Designee's due diligence investigations,** [the/each] Company is obliged to provide an overview of unnormal items and transactions with related parties. For each such transaction contained in the overview, the impact and/or lack of impact and the market value (if any deviation) must be described.

## Schedule 4 to Call Option Agreement

### EXAMPLES OF THE CALCULATION OF THE PURCHASE PRICE

Below you will find two (2) examples of how to calculate the Purchase Price under the Call Option Agreement in accordance with clauses [ ] of the Call Option Agreement.

#### Calculation "Example 1"

P&L	Last twelve months (LTM)		Next twelve months (NTM)	
Invoiced revenue	1.350.000		1.500.000	
COGS etc.	607.500	45,0%	675.000	45,0%
Gross profit before warehouse costs	742.500	55,0%	825.000	55,0%
Assembly & Delivery	81.000	6,0%	90.000	6,0%
Gross profit after warehouse costs	661.500	49,0%	735.000	49,0%
Housing expenses	175.500	13,0%	195.000	13,0%
Staff costs	229.500	17,0%	240.000	16,0%
Marketing	67.500	5,0%	75.000	5,0%
Other costs	67.500	5,0%	75.000	5,0%
EBITDA	121.500	9,0%	150.000	10,0%

#### Balance sheet

	LTM	NTM
<b>ASSETS</b>		
Fixed assets	80.000	75.000
Leasehold improvements	120.000	110.000
Equipment & store front	150.000	120.000
Installations	50.000	40.000
IT Equipment	10.000	5.000
Other	25.000	15.000
Keymoney/deposit/Entrance fee	50.000	50.000
	485.000	415.000
<b>Current assets</b>		
Inventory	180.000	200.000
Creditcard Company	5.000	10.000
Other	50.000	35.000
Cash funds/overdraft	25.000	80.000
	260.000	325.000
<b>TOTAL ASSETS</b>	<b>745.000</b>	<b>740.000</b>
<b>LIABILITIES</b>		
Capital/Equity		
Beginning	25.000	25.000

Transferred profit	285.000	370.000
	310.000	395.000

#### Liabilities

Loan	150.000	140.000
Trade creditors	130.000	175.000
Prepayment/Deposit	75.000	60.000
Other	50.000	40.000
VAT	30.000	30.000
	435.000	445.000

TOTAL LIABILITIES	745.000	840.000
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	LTM	NTM
EBITDA	121.500	150.000
Corrected for unnormal items		
Rent contribution	-15.000	-5.000
EBITDA after unnormal items	106.500	145.000

Average EBITDA	125.750
Multiple x4	4
Purchase price	

adjusted for

Less net interest bearing debt

Loan	-150.000	-140.000
Cash funds/overdraft	25.000	80.000
Total net bearing debt	-125.000	-60.000

Net Working Capital decrease	LTM	NTM
Inventory	180.000	200.000
Creditcard Company	5.000	10.000
Other	50.000	35.000
Trade creditors	-130.000	-175.000
Prepayment/Deposit	-75.000	-60.000
Other	-50.000	-40.000
VAT	-30.000	-30.000
Total - Net Working Capital	-50.000	-60.000

Purchase price

Net Working Capital last annual report	-55.000
----------------------------------------	---------

Purchase price
503.000
-60.000
-60.000
383.000

## Calculation "Example 2"

P&L	Last twelve months (LTM)		Next twelve months (NTM)	
Invoiced revenue	1.800.000		1.500.000	
COGS etc.	810.000	45,0%	675.000	45,0%
<b>Gross profit before warehouse costs</b>	<b>990.000</b>	55,0%	<b>825.000</b>	55,0%
Assembly & Delivery	108.000	6,0%	135.000	9,0%
<b>Gross profit after warehouse costs</b>	<b>882.000</b>	49,0%	<b>690.000</b>	46,0%
Housing expenses	234.000	13,0%	225.000	15,0%
Staff costs	306.000	17,0%	255.000	17,0%
Marketing	90.000	5,0%	75.000	5,0%
Other costs	90.000	5,0%	75.000	5,0%
<b>EBITDA</b>	<b>162.000</b>	9,0%	<b>60.000</b>	4,0%

## Balance sheet

	LTM	NTM
<b>ASSETS</b>		
Fixed assets	80.000	70.000
Leasehold improvements	50.000	40.000
Equipment & store front	100.000	80.000
Installations	50.000	40.000
IT Equipment	0	0
Other	25.000	25.000
Keymoney/deposit/Entrance fee	75.000	75.000
	<b>380.000</b>	<b>330.000</b>
Current assets		
Inventory	220.000	180.000
Creditcard Company	10.000	10.000
Other	50.000	70.000
Cash funds/overdraft	50.000	20.000
	<b>330.000</b>	<b>280.000</b>
<b>TOTAL ASSETS</b>	<b>710.000</b>	<b>610.000</b>
<b>LIABILITIES</b>		
Capital/Equity		
Beginning	25.000	25.000
Transferred profit	295.000	290.000
	<b>320.000</b>	<b>315.000</b>
Liabilities		
Loan	0	0

Trade creditors	170.000	130.000
Prepayment/Deposit	90.000	80.000
Other	100.000	70.000
VAT	30.000	15.000
	<b>390.000</b>	<b>295.000</b>
<b>TOTAL LIABILITIES</b>	<b>710.000</b>	<b>610.000</b>

### Calculation "Example 2"

	LTM	NTM	Purchase price
EBITDA	162.000	60.000	
<b>Corrected for unnormal items</b>			
Subvention	-10.000	0	
<b>EBITDA after unnormal items</b>	<b>152.000</b>	<b>60.000</b>	
Average EBITDA	106.000		
Multiple x4	4		
<b>Purchase price</b>			424.000
adjusted for			
Less net interest bearing debt			
Loan	0	0	
Cash funds/overdraft	50.000	20.000	
<b>Total net bearing debt</b>	<b>50.000</b>	<b>20.000</b>	20.000
<b>Net Working Capital decrease</b>	<b>LTM</b>	<b>NTM</b>	
Inventory	220.000	180.000	
Creditcard Company	10.000	10.000	
Other	50.000	70.000	
Trade creditors	-170.000	-130.000	
Prepayment/Deposit	-90.000	-80.000	
Other	-100.000	-70.000	
VAT	-30.000	-15.000	
<b>Total - Net Working Capital</b>	<b>-110.000</b>	<b>-35.000</b>	-80.000
<b>Purchase price</b>			<b>364.000</b>
Net Working Capital last annual report	-80.000		



## **Growth and Brand Compliance Bonus ("G&BC Bonus")**

The BoConcept G&BC Bonus is offered to all Partners who i) have signed the standard franchise agreement version 25.a or later and ii) have signed the standard call option for all stores owned by a) the same natural person or b) the same group of people or holding company.

The bonus runs over two periods each year, i) January to June and ii) July to December. To be eligible for the bonus, all franchisees stores, must be signed up on agreements in compliance with the above terms (point i and ii). If a franchisee signs up during a period, the first eligible period will be from the date of signing contracts until the end of that current 6 month period.

If a franchisee is eligible for the G&BC Bonus, performance will be calculated on two main parameters:

### Growth bonus: MAX 3%

The growth bonus will be measured on total wholesale order entry ("WOE") at partner level, i.e. if a natural person has three companies, operating three different stores, this will be measured as a total of the three.

Bonus will be calculated on a straight-line basis as follows:

- Less than 10,0% growth = 0,0% Bonus
- 10,0% growth = 1,5% bonus
- 20,0% growth = 2,5% bonus
- 25,0% growth and above = 3,0% bonus

Eg. 12% growth would give 1,7% growth bonus, 17% growth would give a 2,2% bonus payout. The maximum payout under the growth bonus measurement is capped at 3,0% of WOE.

Growth is measured twice per year in 6 month periods running from i) January to June and ii) July to December. The WOE will be compared to the same period last year.

### Compliance bonus: MAX 1%

The compliance bonus will be measured on compliance with the following elements:

- Operating the store/stores in accordance with the guidelines and process laid out in Retail Excellence Execution = 0,2%
- That staff are attending all training courses organized by BoConcept Academy as quickly as possible but at no point more than 18 months from first employment day = 0,2%
- Full compliance with the guidelines laid down by the BC A/S visual merchandising department = 0,2%
- Full compliance with payment terms on BC A/S invoices = 0,1% Bonus
- Timely opening of brand stores in accordance with your development plan(s) = 0,1% bonus
- If in compliance with all of the above, a full compliance bonus will be given = 0,2% bonus

BC A/S can with 3 months' notice change the elements on which the growth and brand compliance bonus is measured for the following period. The compliance bonus will be added to the growth bonus and is capped at 1,0% of bonus, a compliance bonus can only be obtained if the franchisee has growth of more than 10,0% as measured in the Growth bonus i.e. if a partner grows with more than 25% and is in full compliance with the above, then the partner will receive 3% + 1% bonus = 4%.

Two consecutive periods of achieving the full bonus of 4%, will in the second period qualify the franchisee for a 1% additional bonus, meaning 5% in total<sup>1</sup>. Continuing to achieve the full bonus (4%), will mean continuing to receive a 1% booster. Failure to qualify for the full bonus in one half year period, will disqualify the booster. To be eligible again, two consecutive periods with full compliance are required (i.e. 4%).

The G&BC Bonus will be given as a credit note on purchases (WOE) made in the relevant half year period, i.e. if a bonus of 3% has been obtained in the period July 2019 to December 2019, then the G&BC bonus will be credited to franchisee account within 45 days of the end of the qualifying period (February 15<sup>th</sup> 2020).

As some of the measurement points in the G&BC bonus are subjective, BC A/S reserve the right to determine compliance on a case by case basis. Any doubts on whether you comply with certain measures, should be addressed in the first instance with your country manager.

Any contract breaches will immediately disqualify the franchisee from participating in the program.

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<sup>1</sup> The bonus can at no point in time exceed 5%.

**You are only eligible for the G&BC Bonus as long as all of your franchise agreements are valid, i.e. not expired nor terminated. Please refer to your Franchise Agreement for information on potential renewal, and please note that the Franchise Agreement takes precedence above this agreement.**

## APPENDIX 14 - (FORM) REQUEST FOR RENEWAL OF TERM

[INSERT NAME]

[INSERT ADDRESS]

[INSERT POSTAL CODE, TOWN]

[INSERT COUNTRY] Reg. no. [INSERT REG. NO.]

(hereinafter referred to as the "Franchisee")

hereby submits its request to:

BoConcept Franchise, Inc.

210 Mountain Avenue #48

Springfield, NJ 07081-2211

(hereinafter referred to as "BoConcept")

for an extension of the Initial Term of the franchise and Development Plan agreement entered into between the Franchisee and BoConcept (the "Agreement") effective as of \_\_\_\_\_ [Insert original Effective Date], concerning the development, opening and operation of all currently open and operating Brand Stores for an additional five (5) years from BoConcept's receipt of this request (the "Request") signed by the Franchisee (the "Renewal Term").

Terms and phrases indicated by initial capital letters in this Request shall have the meaning set out in clause 2 of the Agreement, unless otherwise explicitly stated in this Request.

The Franchisee **acknowledges and accepts that BoConcept's granting of the Renewal Term** will be subject to the terms and conditions set out in clause 23 of the Agreement.

Date:

Franchisee: [INSERT ENTITY NAME]

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

[INSERT NAME/TITLE]

[Note-This is merely a Form, do not sign, instead please place your initials below]

Initials: \_\_\_\_\_

## APPENDIX 15- REQUEST TO OPEN/ADD INITIAL OR ADDITIONAL RETAIL BRAND STORE (AMENDMENT)

[INSERT NAME OF FRANCHISEE TO ORIGINAL FRANCHISE AGREEMENT]

[INSERT ADDRESS]

[INSERT POSTAL CODE, TOWN]

[INSERT COUNTRY] Reg. no. [INSERT REG. NO.]

(hereinafter referred to as the "Franchisee")

On this \_\_\_\_\_, [INSERT Date of Request], hereby submits its request to:

BoConcept Franchise, Inc.

210 Mountain Avenue #48

Springfield, NJ 07081-2211

(hereinafter referred to as "BoConcept")

for an amendment to their Franchise Agreement entered into between the Franchisee and BoConcept (**the "Franchise Agreement" and "Agreement"**) effective as of \_\_\_\_\_[INSERT original Effective Date], concerning the addition and opening and operation of the initial or an additional Retail Brand Store, identified as Store # \_\_[INSERT Store Number#], pursuant to Franchisee's Development Plan, Appendix 4 of the Agreement, herein referred to as "Additional Retail Store".

Terms and phrases indicated by initial capital letters in this Request shall have the meaning set out in clause 2 of the Agreement, unless otherwise explicitly stated in this Request.

In consideration of the mutual promises and agreements hereinafter set forth, BoConcept and Franchisee hereby agree to this Amendment to their Franchise Agreement for this Additional Retail Store, as follows:

1. Location. This proposed Additional Retail Store shall be located at: \_\_\_\_\_, [INSERT New Store Address];

2. Franchisee. **The term "Franchisee" shall now include:** \_\_\_\_\_, and \_\_\_\_\_, [INSERT: name of Additional Retail Store (Franchisee) legal entity; and name(s) of all prior Store (legal entities), per Franchise Agreement and Appendix 4];

Accordingly, all of the above-named **Franchisee's** all hereby agree to be fully bound and obligated by the terms of the Agreement entered into between \_\_\_\_\_, [INSERT Franchisee legal entity name from Original Franchise Agreement] and BoConcept, effective as of \_\_\_\_\_, [INSERT Effective date of Original Franchise Agreement];

3. Security Deposit. Clause 5.6 of the Agreement for this Additional Retail Store shall be amended as follows: The last sentence of first paragraph of clause 5.6 shall be deleted in its entirety and the following new sentence inserted in its place:

"Upon the opening of this Additional Retail Store #\_\_, BoConcept shall be entitled to require that the Security Deposit for this separate Additional Retail Store and all currently operating Retail Stores are adjusted once a year in January so that it corresponds to an amount equal to \_\_\_\_ (\_\_) per cent of the value of the estimated yearly purchase by Franchisee of Products, supplies and service fees for that calendar year for this separate Additional Retail Store and **all currently operating Retail Stores.**"

4. Shop Fixtures and updates, clauses 8.4. and 23.2.4. Regardless of any resetting of the **Term for any of Franchisee's separate Brand store locations pursuant to** this Amendment, BoConcept may require Franchisee, at any time for each separate Brand store, to fully comply with all terms and provisions of clause 8.4, including without limitation clause 8.4.2 (Major Changes). Furthermore, pursuant to clause 23.2.4, no later than 60 Calendar Days before the end of the fifth year of each Brand **Store's original opening date (regardless of any Term resetting pursuant to clause 6** of this Amendment), a complete renovation of each Brand Store must be completed by Franchisee in accordance with **BoConcept's instructions. Among other things, the** Franchisee shall renovate, modernise, renew and replace the fixtures, signs, fittings and equipment to the extent necessary to bring each Brand Store up to the standards stipulated by BoConcept at the time.

5. Minimum turnover. Clauses 10.2 and 10.3 of the Agreement for this Additional Retail Store shall be deleted in their entirety and the following clauses 10.2 and 10.3 inserted in their place:

**10.2 The Franchisee's Gross Turnover from the** retail operation of this Additional Retail Brand Store #\_\_, [Insert Store #] shall, on the basis of an evaluation based on the 3-year budget prepared at the time of signing of the Agreement, cf. Appendix 5, be equal to or exceed at least the following minimum amounts:

10.2.1 During the period from the Effective Date until the 31st of December of that year, the Gross Turnover must amount to at least USD [Insert Amount].

10.2.2 During the first full calendar year after the Effective Date, the Gross Turnover must amount to at least USD [Insert Amount].

10.2.3 During the second full calendar year after the Effective Date, the Gross Turnover must amount to at least USD [Insert Amount].

\* These same minimum amounts of Gross Turnover in clauses

10.2.1, 10.2.2 and 10.2.3 shall all be included in each subsequent Amendment and applied to each additional Brand Store.

10.3 The relevant minimum Gross Turnover for each subsequent year shall be established by BoConcept, at its sole discretion, after discussion with the Franchisee before the start of each calendar year and by the 30th of November of the year preceding the relevant calendar year at the latest.

Regardless of the above mentioned clause, however, BoConcept can only with the consent of the Franchisee, establish the amount of the annual minimum Gross Turnover pursuant to this clause at a level exceeding the realized Gross Turnover of the previous calendar year with an addition of five percent (5%).

6. Term. Pursuant to clause 21 and Appendix 4, the term of the Franchise Agreement shall be five (5) years from the Effective Date of the last Brand Store to open as specified in Appendix 4-Development Plan.

7. Appendix 8, Marketing contribution. Clauses 6.1 and 6.2 of Appendix 8-Supply Agreement, for this Additional Retail Store shall be deleted in their entirety and the following clauses 6.1 and 6.2 inserted in their place:

6.1 In compliance with clause 11 of the Franchise Agreement, the Franchisee shall pay BoConcept for participation in the national marketing efforts within the Territory. As a result hereof the Franchisee shall be under an obligation to pay to BoConcept a contribution to the national marketing pool of three percent (3%) **of Franchisee's** Gross Turnover of all operating Retail Stores, as defined in clause 10.1 of the Franchise Agreement. The contribution is to be paid at any time by Franchisee within 30 calendar days of receipt of BoConcept's notice. In case the contribution to the national marketing pool is insufficient to cover the costs of the national marketing, BoConcept is at any time, with three (3) months' prior notice, entitled to increase Franchisee's contribution.

6.2 In compliance with clause 11 of the Franchise Agreement the Franchisee shall pay for participation in the local marketing efforts within the Territory. As a result hereof the Franchisee shall be under an obligation to spend a minimum of eight percent (8%) **of Franchisee's** Gross Turnover of all operating Retail Stores on local marketing, per BoConcept's recommended channels.

8. Additional terms: [Insert if applicable] \_\_\_\_\_  
\_\_\_\_\_

The Franchisee acknowledges and accepts that BoConcept has no obligation to accept **Franchisee's** Request to Open/Add this Initial or Additional Retail Brand Store and BoConcept's **acceptance of Franchisee's Request to Open/Add this Initial or Additional** Retail Brand Store, shall be subject to all terms and conditions of the Agreement, as Amended herein. Except for the changes and amendments contained herein, all other terms and provisions, including but not limited to any portion of any specific paragraphs referenced above that are not specifically amended herein of the Franchise Agreement and any additional Amendments, as well as all other Agreements between the parties, shall all remain the same and are hereby ratified by the parties hereto and shall be unconditionally and fully enforceable. Furthermore, unless specifically noted as applying to a certain Brand store location as in in clause # 5 of this Amendment, (Minimum Turnover), which applies solely to the Additional Retail Store, as defined herein, these amendments shall apply to all Brand store locations and/or the Franchise Agreement.

FRANCHISEE:

[INSERT signature blocks below **for all Franchisee's Named in clause 2 of this Amendment**]

[INSERT ENTITY NAME]

By: \_\_\_\_\_,  
\_\_\_\_\_, [INSERT NAME/TITLE]

[INSERT ENTITY NAME]

By: \_\_\_\_\_,  
\_\_\_\_\_, [INSERT NAME/TITLE]

[INSERT ENTITY NAME]

By: \_\_\_\_\_,  
\_\_\_\_\_, [INSERT NAME/TITLE]

[Add additional signature blocks if needed]

Accepted:

BoConcept Franchise, Inc.

By: \_\_\_\_\_, Date: \_\_\_\_\_, [Insert Acceptance Date]  
\_\_\_\_\_, [INSERT NAME/TITLE]

## EXHIBIT “C”

### AGENTS FOR SERVICE OF PROCESS/ STATE ADMINISTRATORS

#### EXHIBIT C-1 STATE ADMINISTRATORS:

STATE	STATE ADMINISTRATOR	ADDRESS
California	Department of Financial Protection and Innovation	320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-1105 Toll Free Telephone #: 1-866-275-2677
Connecticut	The Banking Commissioner, The Department of Banking, Securities and Business Investment Division	260 Constitution Plaza, Hartford, CT 06103-1800 (860) 240-8299
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division	335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Office of the Attorney General	500 South Second Street Springfield, IL 62706
Indiana	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Maryland	Office of the Attorney General Securities Division	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Consumer Protection Division Franchise Section	525 West Ottawa 670 Law Building Lansing, MI 48913
Minnesota	Department of Commerce	85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
New York	NYS Department of Law Investor Protection Bureau	28 Liberty St. 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222
North Dakota	North Dakota Securities Department	600 East Boulevard Fifth Floor Bismarck, ND 58505
Rhode Island	Department of Business Regulation Securities Division	1511 Pontiac Avenue Cranston, RI 02920
South Dakota	Department of Insurance Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia	Virginia State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division	150 Israel Rd. S.W. Tumwater, WA 98501
Wisconsin	Department of Financial Institutions Securities Division	345 W. Washington, 4th Floor Madison, WI 55103



**EXHIBIT C-2 AGENTS FOR SERVICE OF PROCESS:**

STATE	AGENT	ADDRESS
California	Department of Financial Protection and Innovation	320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-2344
Connecticut	The Banking Commissioner, The Department of Banking, Securities and Business Investment Division	260 Constitution Plaza, Hartford, CT 06103-1800 (860) 240-8299
Hawaii	Department of Commerce and Consumer Affairs	335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana	Indiana Secretary of State	201 State House Indianapolis, IN 46204
Maryland	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Commerce Corporations and Securities Bureau	525 West Ottawa 670 Law Building Lansing, MI 48913
Minnesota	Commissioner of Commerce	85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
New York	New York Secretary of State New York Department of State	One Commercial Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	Securities Commissioner	600 East Boulevard, 5 <sup>th</sup> Floor Bismarck, ND 58505
Rhode Island	Director of the Department of Business Regulation	1511 Pontiac Avenue Cranston, RI 02920
South Dakota	Department of Insurance Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia	Clerk of the State Corporation Commission	1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23209
Washington	Department of Financial Institutions Securities Division	150 Israel Rd. S.W. Tumwater, WA 98501
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 345 W. Washington Ave., 4 <sup>th</sup> Floor Madison, WI 53703

## EXHIBIT "D"

### FRANCHISEE LISTING

August 1, 2023, issue date

<u>STATE</u>	<u>ADDRESS</u>	<u>CONTACT INFO</u>	<u>PHONE</u>	<u>EMAIL</u>
1) CALIFORNIA	1731 Fourth Street Berkeley, CA 94710	Soren Krogh Jensen Caroline Krogh Jensen	415-999-4198 415-990-1258 510-647-8816	<a href="mailto:soren@boconcept-ca.com">soren@boconcept-ca.com</a> <a href="mailto:caroline@boconcept-ca.com">caroline@boconcept-ca.com</a>
2) CALIFORNIA	3311 Hyland Avenue Costa Mesa, CA 92626	Stephanie Duval Stephane Duval	949-491-6717 949-473-0507 657-267-0100	<a href="mailto:stephanie@boconcept-oc.com">stephanie@boconcept-oc.com</a> <a href="mailto:stephane@boconcept.la">stephane@boconcept.la</a>
3) CALIFORNIA	8797 Beverly Blvd., Los Angeles, CA 92626	Stephanie Duval Stephane Duval	949-491-6717 949-473-0507 424-512-9170	<a href="mailto:stephanie@boconcept-oc.com">stephanie@boconcept-oc.com</a> <a href="mailto:stephane@boconcept.la">stephane@boconcept.la</a>
4) CALIFORNIA	73-375 El Paseo Drive Palm Desert, CA 92260	Stephanie Duval Stephane Duval	949-491-6717 949-473-0507 657-267-0100	<a href="mailto:stephanie@boconcept-oc.com">stephanie@boconcept-oc.com</a> <a href="mailto:stephane@boconcept.la">stephane@boconcept.la</a>
5) CALIFORNIA	1 Rhode Island Street San Francisco, CA 94710,	Soren Krogh Jensen Caroline Krogh Jensen	415-999-4198 415-990-1258 415-371-0100	<a href="mailto:soren@boconcept-ca.com">soren@boconcept-ca.com</a> <a href="mailto:caroline@boconcept-ca.com">caroline@boconcept-ca.com</a>
6) CALIFORNIA	3080 Stevens Creeks Blvd., #1010 San Jose, CA 95128	Soren Krogh Jensen Caroline Krogh Jensen	415-999-4198 415-990-1258 408-261-1663	<a href="mailto:soren@boconcept-ca.com">soren@boconcept-ca.com</a> <a href="mailto:caroline@boconcept-ca.com">caroline@boconcept-ca.com</a>
7) DISTRICT OF COLUMBIA	Georgetown Design Dist. 3342 M Street NW Washington, DC 20007	Tim Machenaud Laurence Machenaud	240-705-1054 240-805-4858 202-333-5656	<a href="mailto:tim@boconcept-dc.com">tim@boconcept-dc.com</a> <a href="mailto:laurence@boconcept-dc.com">laurence@boconcept-dc.com</a>
8) FLORIDA	Shops at Merrick Park 342 San Lorenzo Avenue, #1110, Coral Gables, FL 33146	Carlos Salamonovitz	52 5554087722 305-350-1941	<a href="mailto:csalamonovitz@boconceptamerica.com">csalamonovitz@boconceptamerica.com</a>
9) FLORIDA	2448 North Federal Hwy Fort Lauderdale, FL 33305	Carlos Salamonovitz	52 5554087722 305-350-1941	<a href="mailto:csalamonovitz@boconceptamerica.com">csalamonovitz@boconceptamerica.com</a>
10) FLORIDA	800 Brickell Avenue Suite 107, (At 1st Avenue & 8th Street) Miami, FL 33131	Carlos Salamonovitz	52 555408722 305-350-1941	<a href="mailto:csalamonovitz@boconceptamerica.com">csalamonovitz@boconceptamerica.com</a>
11) FLORIDA	901 S. Federal HWY Space #1280, Hallandale Beach, FL 33009	Carlos Salamonovitz	52 555408722 305-350-1941	<a href="mailto:csalamonovitz@boconceptamerica.com">csalamonovitz@boconceptamerica.com</a>
12) MASSACHUSETTS	275 Newbury Street Boston, MA 02116	Anthony Goodh Louis Morffe	917-399-8467 917-209-4301 617-588-7777	<a href="mailto:anthony@boconceptboston.com">anthony@boconceptboston.com</a> <a href="mailto:louis@boconceptboston.com">louis@boconceptboston.com</a>
13) MASSACHUSETTS	238 Legacy Place Dedham, MA 02026	Anthony Goodh Louis Morffe	917-399-8467 917-209-4301	<a href="mailto:anthony@boconceptboston.com">anthony@boconceptboston.com</a> <a href="mailto:louis@boconceptboston.com">louis@boconceptboston.com</a>

<u>STATE</u>	<u>ADDRESS</u>	<u>CONTACT INFO</u>	<u>PHONE</u>	<u>EMAIL</u>
14) NEW JESERY	573 Route 17 South Paramus, NJ 07652	Peter Chong	917-459-3628 201-967-5300	<a href="mailto:peter@boconceptnj.com">peter@boconceptnj.com</a>
15) NEW JESERY	Marketfair 3535 US 1 South Princeton, NJ 08540	Peter Chong	917-459-3628 609-733-5300	<a href="mailto:peter@boconceptnj.com">peter@boconceptnj.com</a>
16) VIRIGINA	Tysons Galleria 2001 International Dr. McLean VA 22102	Tim Machenaud Laurence Machenaud	240-705-1054 240-805-4858 571-378-2144	<a href="mailto:tim@boconcept-dc.com">tim@boconcept-dc.com</a> <a href="mailto:laurence@boconcept-dc.com">laurence@boconcept-dc.com</a>
<b>CANADA</b>				
17) COQUITLAM	1348 United Blvd Coquitlam V3K 6Y2	Steen Skaaning	604-968-5100 604-529-6888	<a href="mailto:steen@inspirationfurniture.ca">steen@inspirationfurniture.ca</a>
18) LAVAL	620 Boulevard Le Corbusier Laval H7N 0A9	Hani Hamze Natalie Turlik	514-688-2100 514-688-2956 450-681-1011	<a href="mailto:hani@boconcept-quebec.com">hani@boconcept-quebec.com</a> <a href="mailto:natalia@boconcept-quebec.com">natalia@boconcept-quebec.com</a>
19) MONTREAL	625 Av. Du President-Kennedy Suite #100 Montreal H3A 1K2	Hani Hamze Natalie Turlik	514-688-2100 514-688-2956 514-543-9009	<a href="mailto:hani@boconcept-quebec.com">hani@boconcept-quebec.com</a> <a href="mailto:natalia@boconcept-quebec.com">natalia@boconcept-quebec.com</a>
20) TORONTO	230 Adelaide Street E Toronto M5A 1M9	Rene Hjortshøj	647-963-7543 647-352-8802	<a href="mailto:rene@boconcept-toronto.com">rene@boconcept-toronto.com</a>

Exhibit D is a listing of all current franchisees and contact information. The BoConcept franchise store in Vancouver Canada voluntarily closed this location in February 2023. Except for BoConcept Vancouver Canada, there are no franchisees who had outlets-franchises terminated, canceled, not renewed, or otherwise voluntarily ceased to do business under our franchise agreement, during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the FDD issuance date.

If you buy this franchise, your contact information will be disclosed to other buyers, of this franchise, even after you have left our system.

Current and former franchisees sign agreements restricting their ability to speak openly about their experience with BoConcept. You may wish to speak with current and former franchisees, however, all current and former franchisees have signed agreements prohibiting them from providing or otherwise disclosing any financial and certain other proprietary information about this franchise and the franchised business to any other parties, unless previously allowed to do so in writing by us (in which we would also specifically identify the information such franchisee could provide and only to specific named third party or party's).

There are no States in which a proposed registration or filing is or will be shortly on file, except for California, Illinois, Maryland, New York, Virginia and Washington. No States have refused, by order or otherwise, to register these franchises. No States have revoked or suspended the right to offer these franchises. There are no States in which a proposed registration of these franchises has been withdrawn.

**EXHIBIT “E”**  
**STATE ADDENDA**

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT, FOR CERTAIN STATES FOR BOCONCEPT FRANCHISE, INC.**

The following modifications are made to the BOCONCEPT FRANCHISE, INC.. (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to Franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_, .

[**INSERT Effective Date of Agreement**] (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means **the Country of Denmark**.

Certain States have laws governing the franchise relationship and franchise documents and some States require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“**State Addendum**”) will modify these agreements to comply with certain State’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable State independent of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement and any other agreements related to your franchise and any reference in this State Addendum to Franchise Agreement shall include any other agreements related to your franchise between you and franchisor and any affiliates thereof. This State Addendum only applies to the following States: **California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin**.

If your State requires these modifications, you will sign this State Addendum along with the Franchise Agreement.

## 1. CALIFORNIA

**CALIFORNIA ADDENDUM.** This **Addendum to BoConcept Franchise, Inc. Franchise Agreement and Franchise Disclosure Document** supplements and modifies the Franchise Agreement and Franchise Disclosure Document, for all franchises in California. Registration of this franchise with the State of California does not constitute approval, recommendation, or endorsement by the Department of Financial Protection and Innovation.

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.

**Item 3- LITIGATION:** Neither we nor any person listed in Item 2 above is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

**Item 5-INITIAL FRANCHISE FEE:** For franchises in California, the California Department of Financial Protection and Innovation requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement and the franchisee opens for business.

**Item 17-RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION:** California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

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.

The franchise agreement requires binding arbitration. The arbitration will occur at the city in which the franchisor's headquarters are located when the proceedings are conducted with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 200405, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

The Franchise Agreement requires you to execute a general release of claims on 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 under this Agreement is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA- DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

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.

**BOCONCEPT FRANCHISE, INC.**

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

**PROSPECTIVE FRANCHISEE:**

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

## 2. HAWAII

The following is added to the Cover Page:

(1) THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.**

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs Business  
Registration Division

335 Merchant Street, Room 203

Honolulu, Hawaii 96813

### 3. ILLINOIS

Payment of Initial Franchise Fees per Article 2. A., of the Franchise Agreement are not payable until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business.

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and any related agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

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 this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).



#### **4. INDIANA**

Item 13 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law, State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

**5. MARYLAND**

Item 17 of the FDD and the Franchise Agreement are amended to state: “any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement is amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.).

\_\_\_\_\_  
PROSPECTIVE FRANCHISEE

\_\_\_\_\_  
PRINTED NAME

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

## **6. MINNESOTA**

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

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.

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.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.17, Subd. 5, which requires that no action may be commenced more than three years after the cause of action accrues.

Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, any provision in the FDD and the Franchise Agreement, which requires you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

The following language will appear as a new paragraph of the Franchise Agreement: "No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail."

Item 6 of the FDD and Section I of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.

7. **NEW YORK**

Rev. April 18, 2023

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

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 SERVICES OR 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 ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies 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 the “Summary” sections of Item 17(c), titled **“Requirements for a 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.

4. 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.

5. 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 the franchisee by Article 33 of the General Business Law of the State of New York

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **8. NORTH DAKOTA**

The Cover Page, Item 5 and Item 7 of the FDD and Article 2. A., of the Franchise Agreement shall be amended by the addition of the following language:

“Based on our financial condition, the North Dakota Securities Department has required that payment of the initial franchise fee be deferred until you have completed your initial training and open for business.”

Sections of the FDD and the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD and the Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD and the Franchise Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD and the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

## **9. RHODE ISLAND**

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this State or requiring the application of the laws of another State is void with respect to a claim otherwise enforceable under this Act.” The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee agree with the above language and believe that each of the provisions of the Franchise Agreement and any other agreements signed by franchisee, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.



10. **SOUTH DAKOTA**

The cover page and Items 5 and 7 of the FDD and Article 2. A, of the Franchise Agreement are supplemented with the following language: “Based on our financial condition, the South Dakota Securities Regulation Office has required that **all initial fees be deferred until such time as we have completed our initial obligations to you and your Franchised Business is open for business.**”

## 11. VIRGINIA

**VIRGINIA ADDENDUM.** This Addendum to BoConcept Franchise, Inc. Franchise Agreement and Franchise Disclosure Document supplements and modifies the Franchise Agreement and Franchise Disclosure Document, for all franchises in Virginia.

**Item 5-INITIAL FRANCHISE FEE:** The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

**Item 17(h).** The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement and any other agreements signed by franchisee involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD, the Franchisor or use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement 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.

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.

**BOCONCEPT FRANCHISE, INC.**

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

**PROSPECTIVE FRANCHISEE:**

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

## **12. WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT AND UNIFORM FRANCHISE DISCLOSURE DOCUMENT FOR BOCONCEPT FRANCHISE, INC.**

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

Item 5-INITIAL FRANCHISE FEE: For franchises in Washington, the Washington Department of Financial Institutions Securities Division requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement and the franchisee is open for business.

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

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

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

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

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

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

The undersigned hereby acknowledges receipt of this Washington Addendum, dated \_\_\_\_\_, 20\_\_.

**FRANCHISOR: BoConcept Franchise, Inc.**

By: \_\_\_\_\_,  
\_\_\_\_\_  
[INSERT Name-Title]

**FRANCHISEE: \_\_\_\_\_,**  
**[Insert Entity Name]**

By: \_\_\_\_\_,  
\_\_\_\_\_  
[INSERT Name-Title]

By: \_\_\_\_\_  
\_\_\_\_\_, personally  
[INSERT Name]

By: \_\_\_\_\_,  
\_\_\_\_\_, personally  
[INSERT NAME]

### **13. WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and any other agreements signed by franchisee are amended accordingly.

### **State Effective Dates**

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

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

<b>State</b>	<b>Effective Date</b>
California	September 26, 2022
New York	November 22, 2022

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

RECEIPT

**ACKNOWLEDGEMENT OF RECEIPT OF THE BOCONCEPT FRANCHISE, INC. DISCLOSURE DOCUMENT**

**THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.**

**IF BOCONCEPT FRANCHISE, INC. OFFERS YOU A FRANCHISE, THEY MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU FOURTEEN 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, OR SOONER IF REQUIRED BY APPLICABLE STATE LAW.**

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

**IF BOCONCEPT FRANCHISE, INC. 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, D.C. 20580 AND APPLICABLE STATE AGENCY (LOCATED IN EXHIBIT "C").**

The Name, Principal Business Address, Telephone number of each Franchise Seller offering the franchise are: **Henrik Eriksen, Chief Executive Officer, BoConcept Franchise, Inc., 210 Mountain Avenue, #48, Springfield, New Jersey 07081-2211, PH # (201) 433-4461.**  
(to be completed by Franchise Seller).

**Issuance Date: August 1, 2023**

I have received a Uniform Franchise Disclosure Document dated August 1, 2023. This Disclosure Document included the following Exhibits:

- A. Auditor's Consent, Audited Financial Statements as of April 30, 2023, April 30, 2022 and April 30, 2021 and Unaudited-(internal) Verified Income Statement and Balance Sheet July 31, 2023.
- B. BoConcept Franchise, Inc., Franchise Agreement and Appendices 2, 3, 4, 7, 8, 10, 12, 13, 14, & 15
- C. List of Agents for Service of Process and State Administrators
- D. Listing and contact information of current franchisees.
- E. State Addendums

Signed \_\_\_\_\_,

Print Name: \_\_\_\_\_,

Address: \_\_\_\_\_,

Telephone: \_\_\_\_\_,

Date Received: \_\_\_\_\_,

Signed \_\_\_\_\_,

Print Name: \_\_\_\_\_,

Address: \_\_\_\_\_,

Telephone: \_\_\_\_\_,

Date Received: \_\_\_\_\_,

## RECEIPT

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**THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.**

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**New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.**

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**(to be completed by Franchise Seller).**

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- D. BoConcept Franchise, Inc., Franchise Agreement and Appendices 2, 3, 4, 7, 8, 10, 12, 13, 14, & 15
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- D. Listing and contact information of current franchisees.
- F. State Addendums

Signed \_\_\_\_\_,

Signed \_\_\_\_\_,

Print Name: \_\_\_\_\_,

Print Name: \_\_\_\_\_,

Address: \_\_\_\_\_,

Address: \_\_\_\_\_,

Telephone: \_\_\_\_\_,

Telephone: \_\_\_\_\_,

Date Received: \_\_\_\_\_,

Date Received: \_\_\_\_\_,