

FRANCHISE DISCLOSURE DOCUMENT



**RED MANGO FC, LLC**

A Texas, limited liability company  
14860 Montfort Drive, Suite 150 PMB 34  
Dallas, Texas 75254  
214-302-5910

[www.redmangofranchising.com](http://www.redmangofranchising.com)  
[www.facebook.com/redmango](https://www.facebook.com/redmango)  
[twitter.com/redmango](https://twitter.com/redmango)

You will operate a retail store primarily offering authentic frozen yogurt and treats, yogurt and non-yogurt based smoothie beverages, fruit-based smoothie beverages, fresh-squeezed fruit and vegetable juices, health foods, café items (e.g. wraps, salads, soups, flatbreads) and related products and services for dine-in consumption and take-out service under the trade name RED MANGO®, RED MANGO CAFÉ® and/or RED MANGO CAFÉ & JUICE BAR™. This disclosure document describes four types of franchise offerings: the Traditional Store, the Non-Traditional Store, RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store and the RED MANGO Co-Branded with a Third Party Concept.

The total investment necessary to begin operation of a Traditional Store ranges from \$372,000 to \$590,500. This includes the \$42,000 that must be paid to the franchisor or an affiliate. The total investment necessary to begin operation of a Non-Traditional Store ranges from \$238,800 to \$435,000. This includes the \$27,000 that must be paid to the franchisor or an affiliate. The total investment necessary to begin operation of a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store ranges from \$365,000 to \$533,000. This includes the \$47,000 that must be paid to the franchisor or an affiliate. The total investment necessary to begin operation of a RED MANGO Store Co-Branded with a Third Party Concept ranges from \$128,000 to \$313,000. This includes the \$20,000 to \$27,000 that must be paid to the franchisor or an affiliate. If you are acquiring development rights under our standard store development program, we require a commitment to develop at least two Stores. At the time you sign our Store Development Agreement, you will pay us a development fee equal to the initial franchise fees due for the type of Stores you commit to develop. For example, if you commit to develop two RED MANGO Stores (assuming that the military veteran's program discount does not apply), the minimum development fee will be \$15,000 + \$15,000 = \$30,000. If both of your stores are RED MANGO Non-Traditional Stores (assuming that the military veteran's program discount does not apply), then the minimum development fee will be \$7,500 + \$7,500 = \$15,000.

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 payments to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Sherif Mityas at 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254 or 214-302-5932.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency listed on Exhibit G 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: April 28, 2023

## 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 an outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
<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 E 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 RED MANGO business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement 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 RED MANGO franchisee?</b>	Item 20 or Exhibit F 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 G.

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

## Special Risks to Consider About *This* Franchise

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

1. Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.

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.

## **MICHIGAN NOTICE**

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (a) A prohibition against you joining an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver or estoppel, which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits the franchisor to terminate your franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits the franchisor to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials, which have no value to the franchisor, and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business, are not subject to compensation. This provision applies only if:
  - (i) The term of the franchise is less than five years; and
  - (ii) You are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise, or if you do not receive at least six months advance notice of the franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew the franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This provision does not require a renewal provision in the Franchise Agreement or other agreement.
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of the arbitration, to conduct arbitration at a location outside of Michigan.
- (g) A provision that permits the franchisor to refuse to permit a transfer of ownership of the franchise except for good cause. This provision does not prevent the franchisor from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to, the following:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.
- (h) A provision that requires you to resell to the franchisor items that are not uniquely identified with the franchisor. This does not prohibit a provision that grants the franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a *bona fide* third party willing and able to purchase those assets, nor does it prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in (c), above.

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

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

Any questions concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Section, 525 W. Ottawa Street, G. Mennen Williams Building, 1<sup>st</sup> Floor, Lansing, Michigan 48913, (517) 373-7117.

**RED MANGO FC, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
TABLE OF CONTENTS**

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

ITEM 2 BUSINESS EXPERIENCE ..... 3

ITEM 3 LITIGATION..... 3

ITEM 4 BANKRUPTCY ..... 5

ITEM 5 INITIAL FEES ..... 5

ITEM 6 OTHER FEES..... 8

ITEM 7 ESTIMATED INITIAL INVESTMENT ..... 15

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES ..... 23

ITEM 9 FRANCHISEE’S OBLIGATIONS..... 27

ITEM 10 FINANCING..... 28

ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING ..... 28

ITEM 12 TERRITORY ..... 34

ITEM 13 TRADEMARKS..... 37

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION ..... 40

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS ..... 41

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL ..... 41

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION ..... 42

ITEM 18 PUBLIC FIGURES..... 50

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS..... 50

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION ..... 2

ITEM 21 FINANCIAL STATEMENTS..... 6

ITEM 22 CONTRACTS ..... 6

ITEM 23 RECEIPTS..... 7

STATE SPECIFIC ADDENDA

EXHIBITS:

- Exhibit A – Franchise Agreement and State-Specific Addenda
- Exhibit B – Store Development Agreement and State-Specific Addenda
- Exhibit C – General Release (Sample Form Only)
- Exhibit D – Table of Contents of Confidential Operations Manual
- Exhibit E – Financial Statements
- Exhibit F – List of Current and Former Franchisees
- Exhibit G – List of State Administrators and Agents for Service of Process
- Exhibit H – Receipts

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

To simplify the language in this disclosure document, “we,” “us,” or “our” refers to Red Mango FC, LLC, a Texas limited liability company, the franchisor. “You” means the business entity, person or persons who sign the Franchise Agreement, the franchisee. If the franchisee is a corporation, a limited liability company, or other entity, the term “you” does not include the entity’s principals, unless otherwise stated.

### The Franchisor, and Any Parents, Predecessors and Affiliates

We were originally formed on August 3, 2006, as Red Mango Franchising Company, a California corporation and, in July 2010, converted to a Texas limited liability company and changed our name to Red Mango FC, LLC. We do business only under our corporate name. We maintain our principal business address at 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254. Our agents for service of process are listed in Exhibit G.

We have been offering franchises of the type described in this disclosure document since July 2007. We do not operate the businesses of the type being franchised. We also have entered into license agreements, and intend to continue entering into licensing arrangements, with hospitality-management companies for airport, collegial, medical, hospitality and other similar locations in the United States. As of January 1, 2023, there were 16 licensed locations. We have never offered franchises in any other business.

We are a wholly-owned subsidiary of Red Mango, LLC (“RM LLC”) (formerly Red Mango, Inc. (“RMI”), a California corporation formed on June 29, 2006 that was converted to a Texas corporation in January 2011), which owns the trademarks and other intellectual property related to the RED MANGO® franchise system. RMI converted to a Texas limited liability company (i.e., RM LLC) according to a Plan of Conversion approved on December 23, 2013. RM LLC shares our principal business address at 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254. Neither RMI nor RM LLC has ever offered franchises in any line of business.

In July 2006, RMI (now RM LLC) acquired an exclusive license to the RED MANGO trademarks and a license to use other intellectual property related to the RED MANGO system from Relay International Co., Ltd (“Relay International”), a South Korean company, which may be considered our predecessor. Further, in July 2008, Relay International irrevocably transferred and assigned to RMI (now RM LLC) all of its rights, title and interest in and to the RED MANGO trademarks and granted it a license to use other intellectual property related to the RED MANGO system. According to this arrangement, RM LLC owns the trademarks and is licensed to use certain proprietary business information related to the RED MANGO system in North America, South America, and Latin America (collectively, the “Americas”), and has the exclusive license to offer and sell RED MANGO franchises in the Americas. Relay International manages and oversees company-owned and franchised RED MANGO Stores in South Korea. It maintains its principal business address as the following: B1 Marobuilding, 203-8 Donggyo-dong, Mapo-ku, Seoul, 121-819, and does not maintain an office in the United States. Relay International franchises the operation of RED MANGO businesses outside the Americas but, to our knowledge, has never offered franchises in any other line of business.

We acquired from our affiliate, Smoothie Holdings, LLC, a license to offer our franchisees the right to offer and sell SMOOTHIE FACTORY products according to a RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment. We offered RED MANGO-SMOOTHIE FACTORY Co-Brand licenses from December 2013 through December 2016. As of January 1, 2023, 2 of our franchisees are co-branded with SMOOTHIE FACTORY.

We have never offered franchises in any other line of business, but a certain number of our affiliates offer franchises for other businesses:

- Our affiliate, Smoothie Holdings FC, LLC (“SHFC”), franchises the operation of SMOOTHIE FACTORY Stores in the United States, which feature non-alcoholic, fruit-based smoothie beverages, fresh-squeezed fruit and vegetable juices, health foods, and nutritional supplements. Pursuant to a licensing agreement with RM LLC, SHFC also licenses its franchisees the right to offer and sell RED MANGO branded products according to a SMOOTHIE FACTORY-RED MANGO Co-Brand Amendment. SHFC has been offering SMOOTHIE FACTORY franchises and RED MANGO Co-Brand licenses since September 2013. As of January 1, 2023,



there were 17 franchised SMOOTHIE FACTORY Stores operating in the United States, none of which is co-branded with RED MANGO. SHFC has never engaged in any other business.

- Our affiliate, Souper Salad FC, LLC (“SSFC”), franchises the operation of SOUPER SALAD restaurants, which feature an all-you-can-eat buffet of fresh-cut salads and handcrafted soups, breads, desserts and beverages. SSFC has been offering these franchises since September 2014. As of January 1, 2023, there were 3 franchised SOUPER SALAD restaurants operating in the United States. SSFC has never engaged in any business other than operating and franchising the operation of SOUPER SALAD restaurants.
- Our affiliate, Orange Leaf FC, LLC (“OLFC”), franchises the operation of ORANGE LEAF stores, which feature the sale of authentic frozen yogurt and treats and other related products and services. OLFC has been offering these franchises since December 2020. As of January 1, 2023, there were 70 franchised ORANGE LEAF stores operating in the United States. OLFC has never engaged in any business other than operating and franchising the operation of ORANGE LEAF stores.
- Our affiliate, Humble Ds FC, LLC (“HDFC”), currently licenses the right to offer HUMBLE DONUT CO. menu items, which feature made-to-order mini donuts and related products and services to ORANGE LEAF franchisees. HDFC has been offering these licenses since December 2020. As of January 1, 2023, there were 6 ORANGE LEAF-HUMBLE DONUT CO. stores operating in the United States. HDFC has never engaged in any business other than licensing HUMBLE DONUT CO. marks and menu items to ORANGE LEAF franchisees. HDFC is not currently franchising HUMBLE DONUT CO. stores.

Red Mango FC, LLC and/or any of its affiliates may in the future operate, and/or license the right to third parties to operate, virtual sales platforms on third party delivery services such as Door Dash, Uber Eats, Grub Hub and Postmates using the RED MANGO trademarks or service marks. Some of our RED MANGO franchisees and/or franchisees of our affiliates have or may be in the process of operating a similar RED MANGO virtual presence. We may also develop other virtual concepts that may compete with your RED MANGO Store.

Our affiliate, Brix Brands Operating Co., LLC (“BB OpCo”), periodically grants us a license to use certain proprietary recipes, products and programs for the products and services that you will offer. We call these the Licensed Programs or Products. Our license, generally, is nonexclusive, meaning that BB OpCo may grant our franchising affiliates and third parties the right to use any of the Licensed Programs or Products. See Item 12.

Each of our affiliates shares our principal business address at 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254.

### The RED MANGO® Franchise

We franchise the right to operate retail stores that offer authentic frozen non-fat and low-fat yogurt, yogurt and non-yogurt based smoothie beverages, fruit-based “smoothie” beverages, fresh-squeezed fruit and vegetable juices, health foods, café items (e.g. wraps, salads, soups, flatbreads), and related products and services. RED MANGO Stores operate under our proprietary business system (the “System”), which includes proprietary products, recipes, and menu items, a distinctive Store design and layout, product offerings, operating methods, procedures, standards, and specifications, all of which we may improve and further develop. The Store will operate under the trade name and service mark “RED MANGO,” “RED MANGO CAFÉ” and “RED MANGO CAFÉ & JUICE BAR,” and will use other trade names, service marks, trademarks, logos, emblems, and indicia of origin that we designate for use by RED MANGO Stores (the “Marks”).

This disclosure document describes four types of franchise offerings:

- A Traditional Store, that typically occupies 800 to 1,200 square feet of commercial space, and typically is located on a major thoroughfare, in or adjacent to a retail strip mall, or in an urban storefront. A Traditional Store typically offers upscale retail frozen yogurt (in either a full-serve or self-serve model), yogurt and non-yogurt-based smoothie beverages, fruit-based smoothie beverages, fresh-squeezed fruit and vegetable juices, health foods, café items (e.g. wraps, salads, soups, flatbreads) and related products and services for dine-in consumption and take-out service.

- A Non-Traditional Store, that typically occupies 250 to 800 square feet of commercial space, and typically operates in a food court or kiosk located within an enclosed shopping mall, college campus, medical facility, hospital, or other closed market environment. A Non-Traditional Store offers limited or no seating (for example, as in a food court of a shopping mall environment) and may offer limited product selections due to the layout of the location.
- A co brand opportunity that authorizes you to operate a RED MANGO Traditional Store, and to add on SMOOTHIE FACTORY menu items such as non-alcoholic, fruit-based smoothie beverages, fresh-squeezed fruit and vegetable juices, health foods, nutritional supplements, and related products to the list of authorized menu offerings. If you are granted co-branding rights, you will sign the RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment attached to the Franchise Agreement as Attachment G. We refer to this option as the RED MANGO-SMOOTHIE FACOTRY Co-Branded Traditional Store.
- A co-brand opportunity that grants you the right to add on a RED MANGO store to a third party concept.

In this disclosure document, the term “Store” includes Traditional Stores, RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store and Non-Traditional Stores, unless otherwise indicated.

If you are opening multiple Stores, you will sign our Store Development Agreement, under which you commit to develop a defined number of Stores (minimum of two) in a designated geographic area (the “Development Area”) according to a defined schedule (the “Development Schedule”). Under the Store Development Agreement, you will enter into the then-current Franchise Agreement, as new Stores are developed.

#### Market and Competition

The frozen yogurt market is well established and very competitive. RED MANGO Stores will compete with various established independent local frozen yogurt stores and regional or national frozen yogurt stores, as well as with other stores and take-out facilities selling varieties of food and other specialty foods, including well-established national chain outlets and local businesses and other RED MANGO Stores, both franchised and company-operated outlets. Typically, restaurant and fast food businesses operate year-round, but sales in the frozen yogurt business are partially seasonal, with higher sales generally in warmer months of the year.

#### Special Industry Regulation

A number of states and local jurisdictions have enacted laws, rules, regulations, and ordinances which may apply to the operation of your Franchised Business, including those which (1) establish general standards, specifications and requirements for the construction, design and maintenance of the Franchised Location; (2) regulate matters affecting (i) the health, safety, and welfare of your customers, such as general health and sanitation requirements for Stores, (ii) employee practices concerning the storage, handling, cooking, and preparation of food, (iii) restrictions on smoking, and (iv) availability of and requirements for public accommodations, including restrooms; (3) set standards pertaining to employee health and safety; (4) set standards and requirements for fire safety and general emergency preparedness; (5) govern the use of vending machines; and (6) regulate the proper use, storage, and disposal of waste, insecticides, and other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your franchise and should consider both their effect and cost of compliance.

## **ITEM 2 BUSINESS EXPERIENCE**

### Chief Executive Officer: Sherif Mityas

Mr. Mityas has served as our Chief Executive Officer in Dallas, Texas since September 2022 to present. Mr. Mityas also serves as Chief Executive Officer of our affiliates, SHFC, OLFC, HDFC and SSFC, all in Dallas, Texas. Prior to September 2022, Mr. Mityas was our President and also served as the President of our affiliates, SHFC, OLFC, HDFC and SSFC since January 2022. Prior to January 2022, Mr. Mityas has held various executive positions in consulting and the retail-restaurant industry sectors including SJM Hospitality in Dallas, Texas from March 2020 to November 2021 and most notably as the chief experience officer for TGI FRIDAYS in Dallas, Texas from April 2016 through

February 2020 and as the chief executive officer for Hollywood Video/Movie Gallery in Wilsonville, Oregon from June 2008 to February 2010.

Chief Financial Officer: Pam Hunt

Ms. Hunt has served as our Chief Financial Officer in Dallas, Texas since May 2022. Ms. Hunt also serves as Chief Financial Officer of our affiliates, OLFC, SHFC, HDFC and SSFC, all in Dallas, Texas; she is also a member of our shared services team that provides services to Friendly's Restaurants pursuant to a shared services arrangement between BRIX Holdings, LLC and Amici Partners. Group, LLC. Prior to May 2022, Ms. Hunt served as Vice President of Finance and Accounting for Bioworld Merchandising, Inc., in Dallas, TX, a premier global manufacturer of licensed apparel and accessories. She also has prior experience with the restaurant industry as she was Vice President, Controller of On the Border Mexican Grill and Cantina, in Dallas, TX, from 2016 to 2019.

Chief Legal Officer: Melitha Lynn Brown

Ms. Brown has served as Chief Legal Officer for us and our parent, Red Mango, LLC, since May 2011. She has served as Chief Legal Officer for our affiliate, SHFC since July 2013, and SSFC since July 2014, and OLFC and HDFC since December 2020, all in Dallas, Texas. She is also a member of our shared services team that provides services to Friendly's Restaurants pursuant to a shared services arrangement between BRIX Holdings, LLC and Amici Partners. Group, LLC.

Chief Experience Officer: Roberto De Angelis

Mr. De Angelis has served as our Chief Experience Officer in Dallas, Texas since July 2021. He also serves as Chief Experience Officer of our affiliates, SHFC, OLFC, HDFC and SSFC, all in Dallas, Texas; Mr. De Angelis is also a member of our shared services team that provides services to Friendly's Restaurants pursuant to a shared services arrangement between BRIX Holdings, LLC and Amici Partners. Group, LLC. Prior to July 2021, Mr. De Angelis served in various roles for P.F. Chang's in Phoenix, Arizona over 18 years, most recently as the chief operating officer of global development From March 2020 to February 2021 and as the Vice President of Global Development from January 2009 to March 2020.

Chief Technology Officer: Carissa De Santis

Ms. De Santis has served as our Chief Technology Officer in Dallas, Texas since December 2021. She also serves as Chief Technology Officer of our affiliates, SHFC, OLFC, HDFC and SSFC, all in Dallas, Texas; Ms. De Santis is also a member of our shared services team that provides services to Friendly's Restaurants pursuant to a shared services arrangement between BRIX Holdings, LLC and Amici Partners. Group, LLC. Prior to December 2021, Ms. De Santis spent more than 15 years as a technology and operational leader for global restaurant organizations and was most recently Chief Information Officer at Dickey's Barbecue Restaurants, Inc. in Dallas, Texas from June 2019 to December 2021. From June 1999 to June 2019, she led a technology team for the global TGI Fridays chain in Dallas, Texas.

**ITEM 3  
LITIGATION**

Concluded Actions

*Brandy Benson and Larchmont Mango, LLC v. Red Mango FC, LLC, et al.*, in the Supreme Court of the State of New York, County of Westchester (Index No. 59157/2013). On or about June 2013, our franchisee sued us, alleging that we had breached the territorial protection afforded by her Franchise Agreement by awarding a new franchise location. The complaint alleged breach of contract, tortious interference with contract, and equitable estoppel on account of fraudulent concealment. Plaintiffs sought compensatory damages, and injunctive and declaratory relief. On September 3, 2013, the Parties entered into a Settlement Agreement, under which we agreed to pay Plaintiff \$50,000 and amend her Franchise Agreement to provide a temporary reduction in royalty fees, and the Parties exchanged mutual releases.

*Red Mango FC, LLC v. Howard Grosser*. (Case Number DC-12-07867 in the 160<sup>th</sup> Judicial District of Dallas County, Texas) and *Howard Grosser, et al v. Red Mango FC, LLC* (Civil Action No. 3:12-cv-02691, U.S. District Court for the Northern District of Texas, Dallas Division). On July 17, 2012, we sued our franchisee, Howard Grosser, in Texas State

Court, for refusing to pay royalty and other fees due under his Franchise Agreement (the “State Court Proceeding”). On August 8, 2012, Mr. Grosser sued us in Federal Court, asserting vague allegations of fraud and violation of federal and state franchise and deceptive trade practices laws, breach of contract, and seeking compensatory damages in an unidentified amount, attorneys’ fees, and court costs (the “Federal Court Proceeding”). Mr. Grosser and his limited liability company, Phrozen Assets, then filed a counterclaim against us in the State Court Proceeding in February 2013, raising the same claims as were raised in the Federal Court Proceeding, and later amending his claims to add a claim for rescission. The Court granted summary judgment in our favor as to all claims asserted by Phrozen Assets, LLC. Mr. Grosser sought compensatory damages, exemplary damages, and reimbursement of more than \$700,000 in attorneys’ fees. On March 10, 2014, the Parties entered into a Settlement Agreement, under which we agreed to pay Plaintiff \$125,000, and the Parties agreed to exchange mutual releases.

*Sweet Justine, LLC v. Red Mango FC, LLC, Red Mango, Inc., and Does 1 through 100*, in the Superior Court of the State of California, County of Los Angeles (Case Number SC121111). On or about March 4, 2008, we entered into a Franchise Agreement with Sweet Justine, LLC (“Sweet Justine”) for the operation of a RED MANGO kiosk in the Southcenter Mall in Seattle, Washington. Our parent, RM LLC, guaranteed performance of the tenant’s obligations under the Premises Lease and agreed to manage store operations according to the terms and conditions of a certain management agreement. On August 25, 2009, Sweet Justine and RMI terminated the Management Agreement and Sweet Justine took over active store operations. Sweet Justine stopped paying rent, and RMI cured the deficiency and negotiated an Early Lease Termination. On August 1, 2013, Sweet Justine sued us, RMI, and additional unidentified defendants, alleging that we breached the Franchise Agreement, that RMI breached the Management Agreement, and that we breached a Covenant of Good Faith and Fair Dealing, committed fraud, and intentionally and negligently interfered with the former franchisee’s prospective economic relations by refusing to renew the Franchise Agreement and negotiating the Early Lease Termination. On July 18, 2014, the Parties entered into a Settlement Agreement, under which Sweet Justine agreed to pay us \$60,000 over time, which is subject to reduction for timely payments, and the Parties agreed to exchange mutual releases.

Litigation Against Franchisees in the Last Fiscal Year:

During our last fiscal year, we initiated no lawsuits against franchisees.

**ITEM 4  
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

Initial Franchise Fee – Single Store Development

When you sign the Franchise Agreement, you will pay us an initial franchise fee. Except for the differences described below, the initial franchise fee is uniform for all new franchisees. Some of our existing franchisees, however, have the right to develop additional Stores under existing agreements and on different terms. In addition, in certain circumstances, we may discount the initial franchise fee in connection with a franchisee’s participation in a co-brand or management leveraged concept.

Traditional Store – the initial franchise fee is \$30,000 unless you qualify for either the military veteran’s program discount or for the Early Franchise Incentive Program.

- The military veteran’s discount is available to veterans who have received a discharge (other than dishonorable) as well as any active-duty personnel. If the franchisee is a corporation, limited liability company, or other legal entity, the veteran participant must maintain at least 51% ownership interest in the entity to qualify for this discount. To apply for the discount, you must provide us a copy of form DD-214, reflecting your military status, before the Franchise Agreement is signed. The military veteran’s program discounts the initial franchise fee by 50%.

Non-Traditional Store – the initial franchise fee is \$15,000 unless you qualify for the military veteran’s program discount or Early Franchise Incentive Program.

RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store - the initial franchise fee is \$30,000, unless you qualify for either the military veteran’s program discount or for the Early Franchise Incentive Program, plus you will pay a \$5,000 license fee under the RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment, described below.

RED MANGO Store Co-Branded with a Third Party Concept – the initial franchise fee is \$30,000, unless you qualify for the military veteran’s program discount, to the extent applicable.

The initial franchise fee is fully earned and nonrefundable upon payment.

### SMOOTHIE FACTORY License Fee

If you are acquiring franchise rights for a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, you will sign a RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment at the same time you sign the Franchise Agreement. Our standard SMOOTHIE FACTORY License Fee is \$5,000, but as part of our 2023 promotion, we have agreed to waive this fee if you are developing a new RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store. This offer applies only to the first RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store that you develop. This offer does not apply to existing RED MANGO Stores that subsequently add a SMOOTHIE FACTORY license. The RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment establishes terms for the operation of a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, including such matters as training, accounting for sales, intellectual property protection, uniforms and other matters. We have a separate operations manual for SMOOTHIE FACTORY. If you open a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, you will receive an operations manual for each type of store.

If you are acquiring franchise rights for your first RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, you will pay us \$30,000 (i.e., \$30,000 initial franchise fee for RED MANGO + \$0 SMOOTHIE FACTORY License Fee), or \$15,000 if you qualify for either the veteran’s discount or the Early Franchise Incentive Program (i.e., \$15,000 initial franchise fee + \$0 SMOOTHIE FACTORY License Fee). For each additional RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store franchise that you acquire, the \$5,000 SMOOTHIE FACTORY License Fee applies. Except as described in this paragraph, the SMOOTHIE FACTORY License Fee is uniform for all new franchisees acquiring rights for a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store and is fully earned and nonrefundable upon payment.

### Store Development Agreement

If you are acquiring multi-unit development rights, we require you to commit to develop at least two Stores. You will sign our Store Development Agreement and pay us a development fee equal to the sum of initial franchise fees that correspond to the proposed development.

The initial franchise fee will be reduced by 50% for each Store to be developed under a Store Development Agreement (i.e., \$15,000 for a Traditional Store or \$7,500 for a Non-Traditional Store). For example, if you commit to develop five RED MANGO Stores, the development fee would be \$75,000 ( $\$15,000 \times 5 = \$75,000$ ). If you are developing five RED MANGO Non-Traditional Stores, the development fee would be \$37,500 ( $\$7,500 \times 5 = \$37,500$ ).

As each Franchise Agreement is signed under the Store Development Agreement, we will credit a portion of the development fee payment toward the initial franchise fee due under the Franchise Agreement. Therefore, if the development fee is fully paid, you will not need to pay an additional initial franchise fee when you sign a Franchise Agreement for a Store to be developed under the Store Development Agreement, but you will need to pay other initial fees such as the Project Management Fee and the New Store Marketing Plan Fee, described below, and applicable licensing fees if the Store will be a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store. Further, if your Store Development Agreement is for RED MANGO Non-Traditional Stores and you subsequently request the right to develop one or more Traditional Stores, you will be required to pay the difference between the initial franchise fee paid by you for a Non-Traditional Store as part of the Development Fee and the then current initial franchise fee for a Traditional Store.

The development fee is fully earned and nonrefundable upon payment.

### Red's Real Deal

If you qualify, you may participate in our Red's Real Deal incentive program which includes a Store purchase program. Subject to other provisions specified in the Franchise Agreement, if you notify us within six months after opening that you want to sell the RED MANGO Traditional Store, we will agree to buy it from you for a purchase price specified in Attachment K of the Franchise Agreement.

To qualify for the program, neither you nor your family members may currently own any interest in a RED MANGO® Store franchise or be party to a Store Development Agreement; the franchise agreement must be one of the first ten (10) franchisees to have their franchise agreement fully signed and the initial franchise fee paid in full on or before September 30, 2023; you must build a RED MANGO Traditional Store and you must otherwise meet our financial and operating criteria for new franchisees. See Attachment K to the Franchise Agreement for full details.

### Early Franchise Incentive Program

Qualified applicants also may have the opportunity to participate in our Early Franchise Incentive Program ("Early Franchise Incentive Program"). If you are participating in the Red's Real Deal, you are not eligible to participate in any of the components of the Early Franchise Incentive Program.

- **50% Franchise Fee.** The initial franchise fee will be reduced by 50% (i.e., from \$30,000 to \$15,000 for an RED MANGO Traditional Store or a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store or from \$15,000 to \$7,500 for a RED MANGO Non-Traditional Store) for the first 15 franchisees that sign a Franchise Agreement in 2023 to develop a RED MANGO Traditional Store, a RED MANGO Non-Traditional Store or a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store in the United States. To qualify for the Early Franchise Incentive Program, you must meet our financial and operating criteria for new franchisees and be one of the first 15 persons to sign a Franchise Agreement for a RED MANGO Traditional Store, a RED MANGO Non-Traditional Store or a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store in 2023. The Early Franchise Incentive Program is not available for a RED MANGO Non-Traditional Store Co-Branded with a Third Party Concept development. An initial franchise fee may only be reduced by one discount program (e.g. military veteran's program discount or Early Franchise Incentive Program). The 50% off the initial franchise fee portion of the Early Franchise Incentive Program will not apply to any Store Development Agreement as the initial franchise fees are already reduced by 50% for any Store committed to in a Store Development Fee.
- **Reduced First Year Royalties.** In addition, for any Franchise Agreement that is signed in 2023, the Royalty Fee will be waived for the first six (6) accounting periods of operation and will be reduced to 3% for the next seven (7) accounting periods of operation, provided that the Store was opened for business within one (1) year of signing the Franchise Agreement.

### Site Selection Fee

In most cases, we will require you to pay us a \$3,500 Site Selection Fee when you sign a Franchise Agreement. In consideration for this payment, we or our recommended service provider will guide you through the site selection and lease negotiation process. Ultimate site selection, however, is solely your responsibility and our services will not replace the need for you to hire your own commercial real estate professionals (including a real estate attorney to review and negotiate your lease). The Site Selection Fee is nonrefundable upon payment.

We will collect the Site Selection Fee on behalf of our internal development management team or our designated tenant representative consulting firm.

### Project Management Fee

In most cases we will require you to pay us a Project Management Fee when you sign a Franchise Agreement. In consideration for this payment, we or our recommended service provider will provide space planning and construction coordination assistance. Store development, however, remains solely your responsibility, and our services will not

replace the need for you to hire your own general contractor and architect. The Project Management Fee is \$3,500. The Project Management Fee is nonrefundable upon payment.

We will collect the Project Management Fee on behalf of our internal development management team or our recommended service provider.

**New Store Marketing Plan Fee**

When you sign your Store lease, or on the date by which you are required to have acquired a site, whichever occurs first, you will pay us the New Store Marketing Plan Fee, which we will spend in your market area to promote your Store. The New Store Marketing Plan Fee is \$5,000 for either a Traditional Store or a Non-Traditional Store. This payment generally is uniform for all franchisees, but we have negotiated this requirement based on the specific marketing needs of a particular Store. We will refund unexpended portions of this payment if the Store does not open for business.

**ITEM 6  
OTHER FEES**

**Franchise Agreement**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks<sup>1</sup></b>
Royalty Fee	6% of Gross Revenue	Weekly	If you sign a RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment, "Gross Revenue" under your Franchise Agreement will include the total amount of sales of RED MANGO and SMOOTHIE FACTORY products, services, and merchandise, respectively.
Marketing Allocation (Brand Development Fund and Local Marketing)	Traditional Store (i.e., RED MANGO, RED MANGO-SMOOTHIE FACTORY Co-Branded): 3% of Gross Revenue	Weekly	We can require that all or a portion of the Marketing Allocation be contributed to our Brand Development Fund; the remainder must be spent on local marketing. We currently require you contribute 3% of Gross Revenue to the Brand Development Fund. In addition, we recommend that you spend 1% of Gross Revenue on local marketing. We also may require you to contribute all or a portion of your local marketing dollars to a regional or local advertising cooperative.  If you sign a RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment, "Gross Revenue" under your Franchise Agreement will include the total amount of sales of RED MANGO and SMOOTHIE FACTORY products, services and merchandise, respectively.
	RED MANGO Non-Traditional Store:	Weekly	RED MANGO Non-Traditional Store – We require you to contribute 1% of

Type of Fee	Amount	Due Date	Remarks <sup>1</sup>
	1% of Gross Revenue		Gross Revenue to the Brand Development Fund and recommend, but do not require, that you spend 1% on local marketing.
Interest	Lesser of 1.5% per month or highest legal rate	On demand	We may charge interest on all overdue amounts.
Technical Services Fee	Amount we determine, currently \$150 per Accounting Period	Once per Accounting Period (i.e., four-week period)	Currently, our third party gift card processor is not set up to invoice and collect the monthly gift card processing fees directly with our franchisees. At some point, this fee may be charged and collected directly between our third party vendor and our franchisees. This fee would also cover costs for FranConnect to the extent that FranConnect is not billed direct to the franchisee.
Managed Security Service Provider Fee	Actual costs, typically between \$250-\$350 a month	On Demand	This fee will be paid to a third-party service provider, as designated by us, to provide you with in-store network security, cyber security, firewall monitoring and failover services.
Costs for RED MANGO Goods and Services	Actual costs as invoiced by the Designated Supplier or us as applicable.	On delivery	You must purchase our frozen yogurt mixes and certain beverages, food products, and other ingredients that are produced or manufactured in accordance with our proprietary recipes, specifications, and/or formulas (the "Proprietary Products") from a Designated Supplier.
Related Promotional Costs	Actual cost for participating in such promotions	On demand	You must participate, at your expense, in any loyalty programs, prize promotions, meal deals, test marketing programs, and/or any other such promotional campaign that we designate. There is no limit to the number or related costs of such programs that we may require.
Late Charges	18% per year or the highest amount allowed by law, calculated weekly.	Continues to accrue until paid	
Charge for Nonpayment due to "Nonsufficient Funds" ("NSF")	\$50 (which will increase to \$100 for any second or more NSF during any rolling 12 month period) plus reimbursement of our costs and expenses from your non-payment.	On demand	
Guest Experience	Actual costs, up to \$500	As incurred	Paid to us for conducting our secret



<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks<sup>1</sup></b>
Monitoring Fee	per year		shopper program at your Store or Non-Traditional Store.
Initial Training and any Additional Training	Currently, \$1,500 (per person)	On demand	With respect to your first Store, we will initially train two persons at no cost to you, provided that you are responsible for all travel, lodging, and dining costs incurred by your managers and/or employees in connection with the training. You must pay us the \$1,500 per person training fee if we train additional persons for you.
Store Opening Assistance	Travel, lodging and dining costs of the individual we assign to provide Store opening assistance to you	Upon demand	We are required to provide five days of Store opening assistance only with respect to your first Store.
Additional Store Opening Assistance	\$1,500 per each individual we assign to provide assistance to you per day plus travel, lodging and dining costs for such individual while he/she is providing assistance	Upon demand	
Renewal Fee (Franchise Agreement)	25% of the then current initial franchise fee, per store format (as applicable)	Before renewal	To renew the franchise, you must sign our then-current Franchise Agreement, the terms of which may be materially different than the terms of our current Franchise Agreement.
Transfer Fee – payable if you are an individual transferring to a Business Entity for convenience of operation	\$1,500	Before transfer	See Item 17 for more information about restrictions and conditions of transfer.
Transfer Fee – payable if your Owners are transferring among themselves or transferring a minority ownership interest to one or more third parties	\$2,500	Before transfer	See Item 17 for more information about restrictions and conditions of transfer.
Transfer Fee – payable if you are assigning your interest in the Franchise Agreement, transferring all or	\$10,000 for RED MANGO Traditional Store or \$5,000 for RED MANGO Non-Traditional Store, plus our related expenses	Before transfer	See Item 17 for more information about restrictions and conditions of transfer.

Type of Fee	Amount	Due Date	Remarks <sup>1</sup>
substantially all of the assets of the Franchised Business, or your Owners are transferring a controlling interest			
Extended Term Fee	An amount equal to the then-current initial franchise fee divided by the number of days included in the initial term, multiplied by the number of days of additional term being purchased	Signing of new Franchise Agreement	You may elect to purchase an extended term at the time of transfer.
Point of Sale ("POS") System Maintenance Fee	Approximately \$200 per month	On demand	You must sign a maintenance agreement with the manufacturer of the POS System, and pay the annual service fees to the POS System manufacturer.
Yogurt Freezer Equipment Maintenance Fee	Approximately \$400 per frozen yogurt machine per year	On demand	You must sign a maintenance agreement with the manufacturer of the frozen yogurt equipment, and pay the annual service fees to the frozen yogurt equipment manufacturer.
Reimbursement of monies paid by us on your behalf	Actual cost incurred by Us	On demand	Covers the cost of insurance and other payments you fail to make, which we make on your behalf.
Supplier Approval Fee	The greater of \$1,000 or our actual testing or inspection costs plus reimbursement of our related travel, lodging, and salary costs for the individual(s) performing the inspection or testing	On demand	If we agree to evaluate a new supplier or vendor at your request, we may require you to pay the greater of \$1,000 or actual cost of testing the supplier's products and inspecting its facilities, including reimbursement of travel, lodging, and salary expenses for individuals performing the evaluation.
Audit by Mango	Amount due plus costs of audit	On demand	If an audit discloses an underpayment of Gross Revenue due to us of 3% more, you must pay us the amount in error, plus our costs and expenses for the audit.
Technology Fee	Capped at the greater of \$150 per Accounting Period or \$1,950 per calendar year. The capped fee will automatically increase by an amount not to exceed 10% of the prior year's cap.	On demand	For the development and use of software, internet and communications technologies. At some point, these fees may be charged and collected directly between our third party vendor(s) and our franchisees.

Type of Fee	Amount	Due Date	Remarks <sup>1</sup>
Online Ordering Fee	\$55 per month plus 5% per transaction and \$0.50 per delivery order transaction	On demand	For use of the OLO online ordering system that allows guest to order meals for pickup or delivery; OLO software integrates into your Store's POS with third party online ordering systems. Some or all of these fees may be paid by us on your behalf or charged and collected directly between our third party vendor(s) and our franchisees. This fee may vary based on actual charges from OLO or replacement online ordering service provider.
Standard Operating Procedures Manual duplicate	\$250	On receipt of duplicate copy.	Payable only if original Manual is lost or destroyed.
Administrative Fee	\$250 per enforcement effort (i.e., written or verbal notification and follow up), and \$250 per week for each week that the issue remains unresolved	On demand	We may assess an administrative fee to compensate us for our time.
Private or Public Offer of Securities	The greater of (a) \$5,000 or (b) our costs and expenses associated with reviewing the proposed offering	Before the offering	
Costs and Attorneys' Fees	Our actual costs and attorney's fees	On demand	You must reimburse us for our expenses in enforcing or terminating any agreements between us, including any Franchise Agreement and/or Store Development Agreement.
Indemnification	Our actual costs and attorney's fees	On demand	You must reimburse and pay our attorneys' fees with respect to any and all losses and expenses incurred by us arising or resulting from your operation of the Store.
Days and Hours of Operation	\$150 per day	On demand	Payable only if you fail to operate your Store during the minimum hours and days as specified by us in the Manual or other written directives without our prior written authorization or permission.
Site Selection Fee	\$3,500	At signing	For our internal development management team or our designated tenant representative consulting firm for site selection, lease negotiations.
Project Management	\$3,500	At signing	For our internal development

Type of Fee	Amount	Due Date	Remarks <sup>1</sup>
Fee			management team or our recommended service provider for space planning and construction coordination assistance for the Store.
New Store Marketing Plan Fee	\$5,000	Payable when you actually sign your Store lease or the date by which you are required to acquire a site for the Store, whichever occurs first.	This amount is in consideration for the grand opening advertising services provided by us and we will spend such amount we deem appropriate at our sole discretion to promote the opening of the Store.
Liquidated Damages <sup>4</sup>	Present value of average Royalty Fees calculated through the end of the term	On demand	Payable only if you prematurely close the Store without the required prior written notice and satisfaction of the other waive requirements or if we terminate the Franchise Agreement on account of your material breach.
Default Fee	\$1,500 plus the cost of reinspection and the cost of enforcing compliance.	Upon Demand	If you are in default under this Agreement, at our direction and without waiver of any of our rights under this Agreement, in lieu of termination of this Agreement, we may impose a fee ("Deficiency Fee") in an amount of \$1,500 plus the cost of reinspection and the cost of enforcing compliance. You must pay the deficiency fee within 3 days of our demand.
On-Site Training Cancellation Fee	Our then-current on-site training cancellation fee	Upon demand	May vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.
Step-In Rights	Not to exceed 10% of Gross Revenues plus travel, lodging and other, expenses for our personnel	On demand	Payable only if we manage the Store on your behalf.

### **Store Development Agreement**

Type of Fee	Amount	Due Date	Remarks
Renewal Fee	\$15,000 per Store to be developed during the renewal term	Before renewal	Payable only if you renew your development rights upon completion of your initial development schedule.
Assignment of Franchise Rights	\$2,500	Before you sign the	Payable only if you assign your right to enter into a Franchise Agreement to an Affiliate.

Type of Fee	Amount	Due Date	Remarks
		Franchise Agreement	
Transfer Fee – payable if you are an individual transferring to a Business Entity for convenience of operation	\$1,500	Before transfer	
Transfer Fee – payable if your Owners are transferring among themselves or transferring a minority ownership interest to one or more third parties	\$2,500	Before transfer	
Transfer Fee – payable if you are assigning your interest in the Store Development Agreement, or your Owners are transferring a controlling interest	\$15,000 plus our related expenses	Before Transfer	

**Notes:**

Note 1: All fees are imposed by and are payable to us, unless otherwise noted. Except as noted with respect to the Site Selection Fee, Project Management Fee and Technical Services Fee, we do not impose or collect any other fees or payments for any third party. Any fees paid to us are nonrefundable, unless otherwise noted. Except as described above, all fees are uniformly imposed, although we may reduce, defer, or waive such fees, if and when we determine that it is warranted by a unique or compelling situation.

Note 2: "Gross Revenue" means all revenue from the sale of all products and services related to the Franchised Business (regardless of whether such products are served at the Franchised Business or elsewhere), and all other income of every kind and nature related to the Franchised Business including, without limitation, catering income and proceeds of business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit, less any sales taxes or other taxes collected by you from your customers for transmittal to the appropriate taxing authority and authorized discounts. If any state or local taxing authority imposes a tax, other than a net income tax, on any payments you make to us, you must also pay the tax. If you sign a RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment, "Gross Revenue" under your Franchise Agreement will include the total amount of sales of RED MANGO and SMOOTHIE FACTORY products, services and merchandise, respectively.

Note 3: Guest Experience and Monitoring Fee. We reserve the right to implement a Guest Experience and Store Monitoring Program where we will periodically send secret shoppers to review and assess your Store's guest experience and provide you with direct feedback concerning the results obtained. The total amount of the fee charged during each calendar year depends on the number of secret shopper visits we initiate. We may make available to you our secret shoppers to conduct additional visits at your request. Only visits we initiate are subject to the maximum annual amount of this fee; the maximum annual fee may be increased if your ratings fall below our standards and additional visits and reviews are required in our discretion. If you open a Co-Branded Traditional Store or Co-Branded Non-Traditional Store, secret shoppers who review and assess both brands at the same time.

Note 4: Liquidated Damages. If the Franchise Agreement terminates because you have closed or abandoned the Franchised Business, you must pay us liquidated damages calculated as an amount equal to the average weekly Royalty Fee for the 26-week period immediately preceding termination, multiplied by the number of weeks remaining in the current Term, discounted to present value.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**  
**RED MANGO Traditional Store**

Type Of Expenditure	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee <sup>1</sup>	\$30,000	Cash	At signing	Us
Site Selection Fee <sup>2</sup>	\$3,500	Cash	At signing	Us, on behalf of our internal development management team or our designated tenant representative consulting firm.
Project Management Fee <sup>2</sup>	\$3,500	Cash	At signing	Us, on behalf of our internal development management team or our recommended service provider.
Lease Deposits & Rent <sup>3</sup>	\$8,000 - \$12,500	Cash	As required	Landlord
Architect; Engineer; Drawings	\$7,500 - \$14,000	As Arranged	As incurred	Your architect and engineer
Permits	\$1,500 - \$3,000	Cash	As incurred	City, county, state
Interior Improvements, General Contractor; Lighting; Tile <sup>3/4</sup>	\$130,000 - \$190,000	As Arranged	As incurred	Contractor
Exterior Signage <sup>5</sup>	\$7,500 - \$12,000	As Arranged	As incurred	Approved supplier
Millwork; Smallwares; Furniture; Interior Graphics; Fixtures; Equipment <sup>5</sup>	\$90,000 - \$150,000	As Arranged	As incurred	Approved supplier
POS System <sup>5</sup>	\$7,000 - \$10,000	As Arranged	As incurred	Approved supplier
Soft Serve Machines <sup>6</sup>	\$40,000 - \$80,000	As Arranged	As incurred	Approved supplier
Drive-thru Equipment <sup>4</sup>	\$6,000 - \$18,500	As Arranged	As incurred	Approved supplier.
Drive-thru Electronics <sup>4</sup>	\$10,000 - \$12,000	As Arranged	As incurred	Approved supplier
Inventory; Uniforms	\$6,000 - \$11,000	As Arranged	Before opening	Approved supplier

Type Of Expenditure	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Pre-opening training expenses <sup>7</sup>	\$3,000 - \$6,500	As Arranged	Before opening	Suppliers of transportation, food and lodging; your employees
New Store Marketing Plan Fee	\$5,000	Cash	Payable when you actually sign your Store lease or the date by which you are required to acquire a site for the Store, whichever occurs first.	Us
Additional Grand Opening expenses <sup>8</sup>	\$500 - \$1,000	Cash	As incurred	Your employees and third party suppliers
Insurance - Liability & Workers compensation (initial deposit)	\$1,000 - \$2,000	Cash	Monthly premium	Insurance carriers
Professional Fees	\$2,000 - \$6,000	Cash	As incurred	Your legal and accounting professionals
Additional Funds (3 months) <sup>9</sup>	\$10,000 - \$20,000	Cash	As Incurred	Approved third party suppliers, employees
Total <sup>10</sup>	\$372,000 - \$590,500			

**RED MANGO Non-Traditional Store**

Type Of Expenditure	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee <sup>1</sup>	\$15,000	Cash	At signing	Us
Site Selection Fee <sup>2</sup>	\$3,500	Cash	At signing	Us, on behalf of our internal development management team or our designated tenant representative consulting firm.

Type Of Expenditure	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Project Management Fee <sup>2</sup>	\$3,500	Cash	At signing	Us, on behalf of our internal development management team or our designated tenant representative consulting firm.
Lease Deposits & Rent <sup>3</sup>	\$5,000 - \$20,000	Cash	As required	Landlord
Architect; Engineer; Drawings	\$3,000 - \$14,000	As Arranged	As incurred	Your architect and engineer
Permits	\$1,500 - \$3,000	Cash	As incurred	City, county, state
Interior Improvements; General Contractor; Lighting; Tile <sup>3/4</sup>	\$75,000 - \$125,000	As Arranged	As incurred	Contractor
Signage <sup>5</sup>	\$2,500 - \$12,000	As Arranged	As incurred	Approved supplier
Millwork; Smallwares; Furniture; Interior Graphics; Fixtures; Equipment <sup>5</sup>	\$60,000 - \$120,000	As Arranged	As incurred	Approved supplier
POS System <sup>5</sup>	\$7,000 - \$10,000	As Arranged	As incurred	Approved supplier
Soft Serve Machines <sup>6</sup>	\$40,000 - \$60,000	As Arranged	As incurred	Approved supplier
Inventory; Uniforms	\$3000 - \$10,000	As Arranged	Before opening	Approved supplier
Pre-opening training expenses <sup>7</sup>	\$1,500 - \$5,000	As Arranged	Before opening	Suppliers of transportation, food and lodging; your employees
New Store Marketing Plan Fee	\$5,000	Cash	Payable when you actually sign your Store lease or the date by which you are required to acquire a site for the Store, whichever occurs first.	Us
Additional Grand Opening expenses <sup>8</sup>	\$500 - \$1,000	Cash	As incurred	Your employees and third party suppliers
Insurance - Liability & Workers compensation (initial deposit)	\$1,000 - \$2,000	Cash	Monthly premium	Insurance carriers



Type Of Expenditure	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Professional Fees	\$2,000 - \$6,000	Cash	As incurred	Your legal and accounting professionals
Additional Funds (3 months) <sup>9</sup>	\$10,000 - \$20,000	Cash	As Incurred	Approved third party suppliers, employees
Total <sup>10</sup>	\$238.800 - \$435,000			

**RED MANGO-SMOOTHIE FACTORY Co-Branded Store**

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee <sup>1</sup>	\$30,000	Cash	At signing	Us
SMOOTHIE FACTORY Co-Brand Fee	\$5,000	Cash	At signing	Us
Site Selection Fee <sup>2</sup>	\$3,500	Cash	At signing	Us, on behalf of our internal development management team or our designated tenant representative consulting firm.
Project Management Fee <sup>2</sup>	\$3,500	Cash	At signing	Us, on behalf of our internal development management team or our designated tenant representative consulting firm.
Lease Deposits & Rent <sup>3</sup>	\$8,000 - \$12,500	Cash	As required	Landlord
Architect; Engineer; Drawings	\$7,500 - \$14,000	As Arranged	As incurred	Your architect and engineer
Permits	\$1,500 - \$3,000	Cash	As incurred	City, county, state
Interior Improvements, General Contractor; Lighting; Tile <sup>3/4</sup>	\$135,000 - \$175,000	As Arranged	As incurred	Contractor
Exterior Signage <sup>5</sup>	\$7,500 - \$12,000	As Arranged	As incurred	Approved supplier

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Millwork; Smallwares; Furniture; Interior Graphics; Fixtures; Equipment <sup>5</sup>	\$80,000 - \$120,000	As Arranged	As incurred	Approved supplier
SMOOTHIE FACTORY Signage and Smallwares <sup>5</sup>	\$5,000 - \$7,500	As Arranged	As incurred	Approved supplier
POS System <sup>5</sup>	\$7,000 - \$10,000	As Arranged	As incurred	Approved supplier
Soft Serve Machines; Chiller Unit <sup>6</sup>	\$40,000 - \$80,000	As Arranged	As incurred	Approved supplier
Inventory; Uniforms	\$10,000 - \$15,000	As Arranged	Before opening	Approved supplier
Pre-opening training expenses <sup>7</sup>	\$3,000 - \$8,000	As Arranged	Before opening	Suppliers of transportation, food and lodging; your employees
New Store Marketing Plan Fee	\$5,000	Cash	Payable when you actually sign your Store lease or the date by which you are required to acquire a site for the Store, whichever occurs first.	Us
Additional Grand Opening expenses <sup>8</sup>	\$500 - \$1,000	Cash	As incurred	Your employees and third-party suppliers
Insurance - Liability & Workers compensation (initial deposit)	\$1,000 - \$2,000	Cash	Monthly premium	Insurance carriers
Professional Fees	\$2,000 - \$6,000	Cash	As incurred	Your legal and accounting professionals
Additional Funds (3 months) <sup>9</sup>	\$10,000 - \$20,000	Cash	As Incurred	Approved third party suppliers, employees
Total <sup>10</sup>	\$365,000 - \$533,000			

**RED MANGO Store Co-Branded with a Third Party Concept<sup>11</sup>**

Type Of Expenditure	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee <sup>1</sup>	\$15,000	Cash	At signing	Us
Site Selection Fee <sup>2</sup>	\$0 - \$3,500	Cash	At signing	Us, on behalf of our internal development management team or our designated tenant representative consulting firm.
Project Management Fee <sup>2</sup>	\$0 - \$3,500	Cash	At signing	Us, on behalf of our internal development management team or our designated tenant representative consulting firm.
Architect; Engineer; Drawings	\$1,500 - \$7,000	As Arranged	As incurred	Your architect and engineer
Permits	\$500 - \$3,000	Cash	As incurred	City, county, state
Interior Improvements, General Contractor; Lighting; Tile <sup>3/4</sup>	\$25,000 - \$75,000	As Arranged	As incurred	Contractor
Exterior Signage <sup>5</sup>	\$2,500 - \$12,000	As Arranged	As incurred	Approved supplier
POS System <sup>5</sup>	\$0 - \$10,000	As Arranged	As incurred	Approved supplier
Millwork; Smallwares; Furniture; Interior Graphics; Fixtures; Equipment <sup>5</sup>	\$25,000 - \$65,000	As Arranged	As incurred	Approved supplier
Soft Serve Machines <sup>6</sup>	\$40,000 - \$80,000	As Arranged	As incurred	Approved supplier
Inventory; Uniforms	\$3,500 - \$10,000	As Arranged	Before opening	Approved supplier
Pre-opening training expenses <sup>7</sup>	\$1,500 - \$5,000	As Arranged	Before opening	Suppliers of transportation, food and lodging; your employees
New Store Marketing Plan Fee	\$5,000	Cash	Payable when you actually sign your Store lease or the date by which you are required to acquire a site for the Store, whichever occurs first.	Us
Additional Re-Grand Opening expenses <sup>8</sup>	\$500 - \$1,000	Cash	As incurred	Your employees and third party suppliers

Type Of Expenditure	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Insurance - Liability & Workers compensation (initial deposit)	\$1,000 - \$2,000	Cash	Monthly premium	Insurance carriers
Professional Fees	\$2,000 - \$6,000	Cash	As incurred	Your legal and accounting professionals
Additional Funds (3 months) <sup>9</sup>	\$5,000 - \$10,000	Cash	As Incurred	Approved third party suppliers, employees
Total <sup>10</sup>	\$128,000 - \$313,000			

**Notes:**

Note 1: The figure in the chart above reflects our standard initial franchise fee. See Item 5 for any applicable discounts and for more information. Unless otherwise specified in this disclosure document, none of the amounts listed above that are paid to us are refundable. The refundability of the other items listed above are dependent upon the terms and conditions offered by the party to whom the funds are paid.

Note 2: Unless we agree otherwise, you must use the services of our internal development management team or our designated tenant representative consultant/broker to assist you with site selection, lease negotiations, and space planning for the Store. Although we provide this assistance, the site selection and finalizing the location for your Store is ultimately your choice and your responsibility.

Note 3: You must lease a location accepted by us and construct, remodel, alter, and improve it to our specifications. These estimates assume that your location will be a leased, unimproved, unfinished retail store-type unit. A Traditional Store typically occupies 800 to 1,200 square feet of commercial space. These businesses typically are located on a major thoroughfare, or in or adjacent to a retail strip mall or shopping center, or in an urban storefront. A Non-Traditional Store typically occupies 250 to 800 square feet of commercial space, and is typically located within a food court or kiosk of an enclosed shopping mall, college campus, medical facility, hospitality, or other closed market environment. For clarification, not all enclosed mall locations are Non-Traditional Stores. Typical rent costs usually range from \$2.00 to \$8.00 per square foot per month, depending upon factors such as size, condition, and location. Your rent will generally be a fixed base rent plus triple net charges. Your lease may also provide for percentage rent, which will be a percentage of your sales at the Store. Security deposits generally are required by utilities, the landlord, and equipment lessors. Amounts will vary depending on the provisions of various leases, utilities' policies, and your credit rating.

Note 4: Construction and remodeling costs vary widely, depending upon the location, design, configuration, and condition of the premises, the condition and configuration of existing services and facilities such as air conditioning, electrical and plumbing, and the terms of your lease. The figures in the chart above include a general contractor's fee (generally equal to 10% to 15% of total construction costs); contractor's insurance; materials and supplies; tools; labor and subcontractor fees; and other costs to construct leasehold improvements conforming to our standards. The range of costs in the chart above for a RED MANGO Traditional Store for drive-thru equipment includes typical costs associated with the menu board, canopy and one presell menu or directional sign. The range of drive-thru electronics costs include the typical costs associated with headsets, speaker/microphone and order confirmation screen.

Note 5: Furniture, fixtures and equipment include tables, chairs, freezers, display cases and serving equipment, artifacts, all interior design elements and interior and exterior signage, and the POS System described in Item 11. It does not include the costs of air conditioning equipment. Financing may be available for all or a portion of your equipment purchases. You must prepare and sell all of the menu items as we designate, as part of the Store's standard menu, and provide all standard services we designate periodically. If any special or additional equipment or fixtures are needed to provide those services or menu items, you must acquire that equipment or fixture, the cost of which may

be significant. The figures in the chart above reflect the cost to purchase two to three frozen yogurt machines with respect to Traditional Stores and Non-Traditional Stores.

Note 6: The estimates above provide for two to four soft-serve machines for Traditional Stores and two to three soft-serve machines for Non-Traditional Stores, at an estimated cost of \$20,000 per machine.

Note 7: You must make arrangements for and pay the expenses of persons attending our Initial Training Program, including transportation, lodging, meals, and wages. The amount expended will depend, in part, on the distance you must travel and the type of accommodation you choose. The figures in the chart represent the estimated cost for two individuals to attend our initial training program. If you are opening a Traditional Store, you will also be required to attend an additional initial training program held in our offices in Dallas, which focuses on managing and operating your business.

Note 8: This estimate includes costs of labor, free yogurt samplings, and product presentation. You will bear these costs as overhead to conduct the grand opening event, and other than your labor costs, no payments are required to be made to any other third parties.

Note 9: These estimates do not include pre-opening training expenses, pre-opening food waste, managerial salaries, or any payment to you. These estimates also do not take into account (i) finance payments or charges, interest, and related costs you may incur if any portion for the initial investment is financed, or (ii) the costs of a security system, which we estimate will cost between \$100 and \$150 per month to lease. These amounts are the minimum recommended levels to cover operating expenses, including your employees' salaries for three months. However, we cannot guarantee that those amounts will be sufficient. Additional working capital may be required if sales are low or fixed costs are high. Regarding the third party co-brand concept, we assumed that the RED MANGO Store is being added to an existing business and, therefore, there will be no need for additional working capital. We relied on our experience in working with our franchisees in compiling these working capital estimates.

Note 10: All amounts are nonrefundable, unless otherwise noted. If you develop multiple Stores under our Store Development Agreement, we anticipate that your initial investment for each Store developed will be the same as reflected in the above chart, subject to applicable inflationary increases.

Note 11: In certain instances, we may permit you to operate a Store in conjunction with your operation of a third party franchised concept. This table reflects the range of additional costs typically experienced to development a RED MANGO Store as a co-brand with another concept. Further, in certain circumstances, we may discount the initial franchise fee in connection with a franchisee's participation in a co-brand or management leveraged concept.

Note 12: Neither we nor our affiliates finance any part of the initial investment.

**Store Development Agreement  
Traditional Store or Non-Traditional Store**

Type Of Expenditure	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Store Development Fee <sup>1</sup>	\$15,000 plus \$15,000 for each additional Store to be developed	Lump sum	When Store Development Agreement is signed	Us
Grand Total	\$15,000 plus \$15,000 for each additional Store to be developed			

**RED MANGO Non-Traditional Store**

Type Of Expenditure	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Store Development Fee <sup>1</sup>	\$7,500 plus \$7,500 for each additional Store to be developed	Lump sum	When Store Development Agreement is signed	Us
Grand Total	\$7,500 plus \$7,500 for each additional Store to be developed			

Note 1: At least two Stores must be developed under each Store Development Agreement. Above chart assumes that the military veteran's program discount does not apply (which if it did apply, would result in the applicable discount being applied to the initial franchise fee for all of the Stores committed to in the Store Development Agreement). For example, if franchisee qualified for the military veteran's program and signed a five RED MANGO Traditional Store-Store Development Agreement, the Development Fee would be \$37,500 ( $(\$15,000 * 5 = \$75,000) * 50\%$ ). The chart above also does not contemplate any other discounts offered by us, see Item 5 for more details.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

### Purchases from Approved or Designated Suppliers

You must purchase the frozen yogurt machines from our approved third-party vendor, and you must, as we direct, maintain a Preventative Maintenance Agreement with the manufacturer for the term of the Franchise Agreement.

You must purchase and maintain an inventory of Proprietary Products as needed to meet reasonably anticipated consumer demand. You must purchase our frozen yogurt mixes (which are manufactured exclusively for us according to a private label manufacturing agreement), flavorings, toppings, drink mixes, and bottled waters and teas from our Designated Distributor. You must purchase all products, which bear any of our trademarks from us or from a producer, manufacturer, distributor, or supplier we designate or approve.

In addition, we can require you to purchase from us or from suppliers or distributors we designate other goods and services as we identify periodically, including: (a) fixtures, furniture, equipment, interior and exterior signage, graphics, décor, and Store design consulting services; (b) your requirements of Proprietary Products, yogurt mix, and all other food products and ingredients; (c) all fountain and bottled beverages, including waters and teas; (d) uniforms, shirts, memorabilia, and all merchandise and items intended for retail sale (whether or not bearing the Marks); (e) advertising, point-of-purchase materials, and other printed promotional materials; (f) gift certificates, gift cards, and stored value cards; (g) stationery, business cards, contracts, and forms; and (h) cups, spoons, paper goods, packaging, and supplies.

We may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods and services that you are required to purchase from only that Designated Supplier and Designated Distributor (each a "Designated Distributor"). These suppliers and distributors may provide, among other things, supplies, fixtures, technology, software and equipment, all in accordance with our proprietary standards and specifications or private label goods that we have authorized and prescribed for sale by System Franchised Businesses. You recognize that such products and services are essential to the operation of your Franchised Business and to the System in general. Your failure to pay Designated Suppliers and/or Designated Distributors may interfere willingness to supply the System and may result in other System Franchised Businesses' inability to obtain a product or an ability to obtain a product only on less favorable credit terms. Accordingly, you must pay Designated Suppliers and Designated Distributors as and when due. You must use products purchased from any approved suppliers and/or distributors (including Designated Suppliers and Designated Distributors) solely in connection with the operation of your Franchised Business and not for any competitive business purpose.

You must purchase the POS computer system from our approved third-party vendor. At our request, you must install and maintain interactive multi-media equipment, devices, and facilities that we require, including approved music systems, Wi-Fi, and other wireless internet and communications systems, and interactive displays, including plasma or LCD screens. We may require that these systems be purchased from and installed by approved or designated suppliers. See Item 11 for more information about computer hardware and software requirements.

You must subscribe to any third-party on-line ordering or delivery services (which may require you or the third party to provide the delivery services) that we have approved and may be available to provide services in your area. OLO is the currently approved vendor for on-line orders placed through the website maintained for Red Mango by OLO. For other delivery services, we will provide you with a list of currently approved vendors in your area. We may require you to participate in third-party discount voucher programs (i.e. Groupon or Living Social) that have been approved by us. We may add or remove vendors from the approved vendor list at any time. We may also provide you with written guidelines governing minimum standards and specifications on certain products, services, and equipment which you procure from unrelated third parties. These standards and specifications may be set forth in the Manuals. We may modify these standards and specifications, as well as the other standards and specifications discussed in this Item 8, by providing you with written notification.

Currently, neither we, nor our Affiliates, are approved suppliers for any goods or services. None of our officers own an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers, of the RED MANGO franchise system. Occasionally, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

#### Supplier Approval

We will provide you with our Manual and various supplemental bulletins and notices that will contain the specifications, standards, and restrictions on your purchase of products and services. Upon request, we will furnish you an approved list of suppliers that we may update periodically.

If you desire to purchase products from other than our approved suppliers, you must submit a written request to us for approval of the proposed supplier, together with any evidence of conformity with our standards and specifications as we may reasonably require, or we will request the supplier itself to do so. We may inspect and evaluate the supplier's facilities and products before we approve or disapprove your proposed supplier, and you must pay all of our reasonable costs and expenses incurred in doing so. We may charge a fee for testing, which will be the greater of \$1,000 or the actual cost of the inspection and testing plus reimbursement of our related travel, lodging, and salary costs for the individual(s) performing the inspection or testing. You may not use a supplier before we approve the supplier in writing. A supplier must demonstrate to our reasonable satisfaction that it can supply an item meeting our standards and specifications for the item, that it is in good financial standing in the business community, and that its products and services are reliable. We will provide you with our specifications and standards, and our criteria for approval of suppliers, and will approve or disapprove a proposed supplier in 60 – 90 days. We will notify you if and when we no longer approve a previously approved supplier. A supplier must continually adhere to our standards and specifications to maintain its approval. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments, updates to our Manuals, and other forms of communication. We formulate and modify our standards and specifications for products and services based on our industry experience and our management decisions as to the overall operation and expansion of the System. You must comply with these changes upon receipt of our communication.

You may purchase from any supplier of your choice items (including frozen yogurt machines, refrigerators, freezers, and blenders) and services for which we have not identified Designated Suppliers or Designated Distributors, as long as the supplier possesses adequate quality controls and has the ability to meet your needs, and the items or services meet our specifications. These specifications may include brand requirements ("Approved Brands"), and to the extent that Approved Brands have been identified, you may purchase and use only the Approved Brands. We currently have established brand requirements for our frozen yogurt machines, blenders, and refrigeration equipment.

#### Franchised Location and Lease

You must acquire a site for your Store that meets our site selection criteria and that we approve. If you occupy the Store according to a commercial lease, the lease must contain terms that we specify. (See Lease Addendum attached as Attachment F to the Franchise Agreement). You must also sign a Collateral Assignment of Lease that is Attachment J of the Franchise Agreement whereby at our sole discretion, you agree to assign your rights to the lease to us in the event of a termination or expiration of the term of the Franchise Agreement or a default under the lease. When you sign the Franchise Agreement, we will mutually agree on a "Control Date," which will be the date by which you must have secured a location and signed a lease. When you sign a Store Development Agreement, we will mutually agree on the Store Development Schedule, which will include a Franchise Agreement Execution Date and Store Opening Date for each Store to be developed thereunder.

You must construct, equip, and improve the Store in compliance with our current design standards and trade dress. While you may select an architect, engineer, and contractor of your choice, such persons and/or firms must be approved by us. You must submit a written request to us for approval of the proposed service provider, together with any evidence of conformity with our standards and specifications, as we may reasonably require, including without limitation proof of adequate insurance and certification, or we will request the supplier itself to do so. You may not use a supplier before we approve the supplier in writing. A supplier must demonstrate to our reasonable satisfaction that it can supply an item meeting our standards and specifications for building and constructing a RED MANGO Store, that it is in good financial standing in the business community, and that its services are reliable. We will provide you with our specifications and standards and our criteria for approval of architects, engineers, and contractors, and we will approve or disapprove a proposed supplier in 30 days from submission of the approval package and personal visit. A supplier must continually adhere to our standards and specifications to maintain its approval. You must purchase and install, at your expense, all millwork and customized seating, fixtures, furnishings, equipment (including a POS cash register system), decor, and signs from an approved third-party supplier.

#### Insurance

During Store construction, you must maintain general liability and property damage insurance of the type and with the limits we require, protecting you and us and our related parties, as additional insureds, on a primary non-contributory basis. The policy must be written by a responsible insurer or insurers acceptable to us, and must contain a waiver of subrogation in favor of the additional insureds.

Throughout the franchise term, you must obtain and maintain insurance policies protecting you and us and our related parties, as additional insureds, on a primary non-contributory basis to the general liability policy and the auto liability policy. The additional insureds should be listed on the certificate as follows: Red Mango FC, LLC, Red Mango, LLC, and their officers, directors, partners, shareholders, members, regional directors, subsidiaries and Affiliates, agents, employees, successors, and assigns; and it must be provided on an Additional Insured Grantor of Franchise Endorsement form CG2029 (or an endorsement form with comparable wording acceptable to us). The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Store is located and with a rating of "A" or better. These policies must include the coverage that we require, which currently includes: (a) "all risk" or "special" property insurance covering all real and personal property and equipment on a replacement costs basis, including business interruption and extra expense insurance on an actual loss sustained basis; (b) comprehensive general liability insurance, including products and completed operations in an amount of not less than the following combined single limits: \$2,000,000 per occurrence, \$2,000,000 personal and advertising injury, \$2,000,000 completed operations/products aggregate, \$2,000,000 aggregate per location; (c) employment practices liability coverage with a limit of \$100,000 per occurrence and in the aggregate; (d) automobile liability coverage, including coverage of owned, non-owned rented or hired vehicles with coverage in amounts not less than \$1,000,000 combined single limit; (e) workers' compensation insurance for statutory limits and employer's liability insurance in an amount not less than \$1,000,000; and (f) data privacy/cyber liability insurance, including first party coverage (forensics investigation, notification, credit monitoring, loss of business income, crisis management) and third party coverage, with coverage limits of no less than \$1,000,000. You and your insurers shall agree to waive rights of subrogation against Red Mango FC, LLC, Red Mango, LLC, and their officers, directors, partners, shareholders, members, regional directors, subsidiaries and Affiliates, agents, employees, successors, and assigns. At least 10 days before you are required to carry insurance, and at least 30 days before the expiration of any policy thereafter, you must deliver to us certificates



of insurance evidencing the proper types and minimum amounts of required coverage, and evidence of the waiver. If you fail to maintain the required insurance, we, or our designee, may obtain the insurance for you and charge and demand reimbursement of the premium costs and costs of acquiring the insurance. Each year, we may unilaterally modify the insurance minimum coverage requirements, which may include an increase to the minimum coverage requirements to reflect changes in inflation, or as market conditions warrant.

#### Revenue Derived from Franchisee Purchases and Leases

We, and our parent company, derive revenue from franchisee purchases and leases to the extent that franchisees purchase products or services from us, or our parent. Our parent also receives payment from our supplier of proprietary yogurt mix, ranging from \$1.20 to \$1.75 per gallon of product sold to franchisees. The payments are intended to offset the cost of providing product development, research, logistics, distribution, and volume minimums on proprietary products and procurement services. In addition, the RED MANGO Stores in certain airports, hospitality, medical, educational, and other similar facilities are operated by food service operators under a license arrangement that is different from the franchise offering described in this disclosure document. These operators may pay an ongoing license fee that is built in to the cost of our proprietary mixes. In this regard, we derive revenue from our licensees' product purchases, and we account for this revenue in our Statement of Operations (see Item 21) as "Royalties." We also receive rebates from our supplier based on our licensee's purchases of proprietary products, as described above.

Other than revenue derived by our parent RM LLC, from product sales to our licensees, as described above, during our last fiscal year, January 2, 2022 to January 1, 2023, neither we nor our parent derived any revenue or other material consideration as a result of franchisee purchases or leases. During the same period, our parent, RM LLC, derived \$164,401 from our supplier based on the sale of proprietary yogurt mix to our franchisees. These revenues help to fund RM LLC's research and development costs for new products, procurement services, facilitating logistics and distribution, and cover the cost of minimum purchase requirements for proprietary products. We do not provide material benefits to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers. We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchisees.

#### Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that approximately 90% of your expenditures for leases and purchases in establishing your Franchised Business and approximately 30 – 35% of your total annual operating expenses on an ongoing basis will be for goods and services, which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which must meet our standards or specifications).

#### Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with primary suppliers for the benefit of franchisees. If we negotiate a purchase agreement for the region where your Store is located, you must participate in the purchasing program. We do not provide you any material benefits (for example, additional renewal rights or rights to acquire additional franchises) based on your purchase of particular products or services or use of particular suppliers.

Presently, there are no purchasing or distribution cooperatives in existence for the franchise system.

**ITEM 9  
FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section(s) in Franchise Agreement	Section(s) in Store Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 3.1 and 3.3	Not applicable	Items 8 and 11
b. Pre-opening purchases/leases	Sections 3.3, 3.4, 6.5, 6.6, and 10.1	Not applicable	Items 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 3.1, 3.2, 3.4 and 5.3	Article 4	Items 7, 8, and 11
d. Initial and ongoing training	Sections 5.1, 5.2, and 5.5	Not applicable	Items 6 and 11
e. Opening	Sections 3.5, 5.2, and 6.8	Section 4.5	Item 11
f. Fees	Sections 4.1 – 4.12, 8.1, and 9.3	Article 3	Items 5, 6, 7, 8, and 11
g. Compliance with standards and policies/Operating Manual	Article 8	Not applicable	Item 8, 11, 14, and 16
h. Trademarks and proprietary information	Article 7	Not applicable	Items 11, 13, and 14
i. Restrictions on products/services offered	Sections 6.4, 6.5, and 6.6	Not applicable	Items 8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable	Not applicable
k. Territorial development and sales quotas	Not applicable	Article 1, Sections 4.2, 4.4, 5.1 and 5.3	Item 12
l. Ongoing product/service purchases	Sections 6.5, 6.6, and 8.2	Not applicable	Item 8
m. Maintenance, appearance, and remodeling requirements	Sections 6.7 and 6.10	Not applicable	Items 7, 8, and 11
n. Insurance	Section 11.2	Section 7.2	Item 7 and 8
o. Advertising	Article 9	Not applicable	Items 6 and 11
p. Indemnification	Section 11.3	Section 7.3	Item 6
q. Owner's participation/management/staffing	Sections 6.2, 6.3, 6.7 and 6.8	Not applicable	Item 15
r. Records and reports	Sections 10.4, 10.5, and 10.6	Not applicable	Item 11

Obligation	Section(s) in Franchise Agreement	Section(s) in Store Development Agreement	Disclosure Document Item
s. Inspections and audits	Sections 6.9, 10.3, and 10.7	Not applicable	Items 6 and 11
t. Transfer	Article 12	Article 8	Items 6 and 17
u. Renewal	Article 2.2	Section 4.4	Items 6 and 17
v. Post-termination obligations	Article 14 and Section 15.2	Sections 2.2 and 10.2	Items 6 and 17
w. Non-competition covenants	Sections 15.1 and 15.2	Article 10	Item 17
x. Dispute resolution	Article 19	Article 14	Item 17
y. Guaranty and Personal Undertaking	Sections 12.4.8 and 18.6	Section 8.3, 8.4.8, and 13.6	Item 15
z. Liquidated Damages	Sections 14.5 and 19.6 and Guaranty	Not applicable	Items 6 and 17

## ITEM 10 FINANCING

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

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

**Except as listed below, Red Mango FC, LLC is not required to provide you with any assistance.**

Before you open your Store for business:

1. We will approve or refuse to approve your site within 30 days of receiving all requested information. (Franchise Agreement, Section 3.2.)
2. With respect to the first Store you develop, we will admit two individuals to our initial training program, described below. (Franchise Agreement, Section 5.1.)
3. With respect to the first Store that you develop, we will make available one individual to provide you five days of store opening assistance; there is no fee for the service, but you must reimburse us all travel, lodging, and dining costs for the individual who provides assistance. (Franchise Agreement, Section 5.2.1.)
4. With respect to the first Store that you develop, at your request, we will provide additional Store opening assistance, subject to the availability of personnel, in consideration for a per diem fee and reimbursement of all travel, lodging, and dining costs for the individuals providing such additional assistance. (Franchise Agreement, Section 5.2.1.)
5. We will loan you one copy of our Manuals. (Franchise Agreement, Section 8.1.) The Table of Contents of our Confidential Operations Manual is attached to this disclosure document as Exhibit D. Our Confidential Operations Manual contains 278 pages.
6. We will provide such pre-opening consultation and advice as we deem appropriate, which may include advice with regard to the development and operation of the Store, building layout, specification and list of approved suppliers for your purchase of furnishings, fixtures, and equipment, plans and specifications, purchasing and inventory control, and such other matters as we deem appropriate. (Franchise Agreement, Section 5.3.)

7. If you are developing a Traditional Store, we will spend your New Store Marketing Plan Fee to promote the opening of the Store as we deem appropriate. (Franchise Agreement, Section 9.2.)

During the operation of the Franchised Business:

1. We will provide such ongoing consultation and advice as we deem appropriate, which may include information about new product development, instruction concerning the operation and management of a Store, advertising and marketing advice, and financial and accounting advice. (Franchise Agreement, Section 5.4.)
2. We will communicate to you information about our Designated Suppliers and Designated Distributors. (Franchise Agreement, Section 6.6.)
3. We will administer the Brand Development Fund, and allocate funds for authorized purposes. (Franchise Agreement, Section 9.3.)

### Advertising

Our advertising program for the products and services offered by RED MANGO Stores currently consists of social media/digital advertising campaigns, radio advertising in certain local and/or regional markets and dissemination of coupons and promotional materials at the store level, and in-store promotional materials including window posters, point-of-purchase materials, and menu-based inserts, and customer participation in loyalty programs. Currently, our advertising materials are created in-house and with the help of an outside advertising agency. You may develop your own advertising and marketing materials, at your own expense, subject to the requirements and our approval described below. We may elect to utilize various local, regional and/or national media campaigns in the future that may, in addition to radio, include television, magazine, newspaper, and Internet advertising campaigns.

We must approve all of your promotional and marketing materials before you may use them. To obtain approval, you must submit to us samples of the proposed materials and notify us of the intended media. We will use good faith efforts to approve or disapprove your materials within 15 days from the date we receive them. You may not use the materials until they are approved, and we have the right to disapprove materials that have previously been approved.

### New Store Marketing Plan Fee

You will pay us a New Store Marketing Plan Fee when you sign the lease for the Store, or on or before the date by which you are required to acquire a site for the Store (whichever occurs first), in consideration for the grand opening advertising services that we provide. The New Store Marketing Plan Fee is \$5,000 for either a Traditional Store or a Non-Traditional Store.

### Marketing Allocation; Local Marketing; Brand Development Fund

We can require you to spend a certain percentage of Gross Revenue on approved marketing activities. We call this your "Marketing Allocation." The Marketing Allocation is up to 3% of Gross Revenue per year. We may require you to contribute all or a portion of the Marketing Allocation to a Brand Development Fund ("Fund") that we administer, as described below. The remainder must be spent to promote the Store in your local market area. For a RED MANGO Traditional Store or a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, we currently require a 3% contribution to the Brand Development Fund and we currently recommend, but do not require, that you spend 1% of Gross Revenue on local marketing. We may change the apportionment periodically by providing you 90 days' advance notice of the change. For a RED MANGO Non-Traditional Store, we currently require a 1% contribution to the Fund and we recommend, but do not require, a 1% spend on local marketing.

We administer the Fund, and may use Fund monies for authorized purposes, which include payment for creative development services (including creation and modification of store design and trade dress, logos, menu design, graphics and vehicle wraps, and advertising and promotional items, including the cost of photography services and design software); preparing and procuring market studies, providing or obtaining marketing services (including, without limitation, conducting customer surveys, focus groups, and marketing and compliance-related mystery shops, and customer interviews); employing advertising and/or public relations agencies; developing, producing, distributing, and placing advertising (including, without limitation, preparing and conducting media advertising campaigns in various

media, local store advertising and promotion in a particular area or market, or for the benefit of a particular Store or Stores in connection with store opening promotion or otherwise, conducting and administering in-store promotions; preparing and executing direct mail advertising, and developing, producing, and purchasing POS advertising, menus and menu boards, and other sales aids and promotional items and materials); new product development and development of product packaging; developing, updating, and hosting our web site (including development of locator programs) and/or an intranet or extranet system; obtaining sponsorships and endorsements; preparing and conducting sweepstakes and other promotions; developing, administering, and distributing coupons, gift certificates, gift cards, stored value card and loyalty card programs, and customized promotions, and the cost of product associated with the redemption of free coupons, gift certificates, gift cards, stored value cards, loyalty cards, and/or other customized promotions; developing and administering other customer loyalty programs; providing and procuring public relations services; conducting public relations activities; charitable donations; membership fees in international, national, regional, and/or local trade or other associations or organizations. We also may use Fund monies to reimburse ourselves for our costs of personnel and other administrative and overhead costs associated with providing the services described in this paragraph.

We will not use Fund monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared (including Internet advertising) information concerning franchise opportunities, and a portion of Fund monies may be used to create and maintain one or more pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by prospective franchise candidates. We are not obligated to spend any amount on advertising in the area where your RED MANGO Store is located or to ensure that your RED MANGO Store will benefit directly from the Fund monies. Any amounts contributed to the Fund that are not spent in the year they are collected will remain in the Fund for use during the next year.

Although not contractually required to do so, we anticipate that each RED MANGO Store owned by us or an affiliate of ours will contribute to the Fund on the same basis as our franchisees.

Upon your reasonable written request, we will provide you an annual unaudited statement of Fund contributions and expenditures. During our fiscal year, which ended January 1, 2023, Fund Contributions were spent as follows:

13.9%	Production
0.3%	Media Placement
34.1%	Other (including point-of-purchase materials, website development, public relations, research, and direct mail costs)
<u>51.7%</u>	Administrative Expenses
100%	Total

### Advertising Cooperatives

We can designate any geographic area in which two or more Stores are located as a region for an Advertising Cooperative (“Cooperative”). Each Cooperative will be organized and governed according to bylaws that we create or approve. Each Cooperative will be organized for the exclusive purpose of developing and placing advertising in the market served by the Cooperative. Each Store located in the area served by the Cooperative will be entitled to one vote, and we also have the right to cast one vote on all matters put to a vote. The Cooperative will act by majority vote. If a Cooperative is established for the area in which your Store operates, you must participate in and contribute to the Cooperative the amounts required by the Cooperative’s governing documents, which may exceed the amount of your local marketing expenditure under the Franchise Agreement. Amounts that you contribute to a Cooperative will be credited against your local marketing requirement under the Franchise Agreement. At this time, no Cooperatives have been formed, and there are no sample bylaws available for review. Currently there is no advertising council composed of franchisees. We anticipate that corporate owned stores will contribute on the same basis as the franchisee participating in the cooperative.

### POS & Computer Systems

You must purchase, install and maintain an electronic point of sale cash register system and related hardware and software to record sales and transaction data (such as item ordered, price and date of sale) that is approved by us (the "POS System"). You will use the POS System as a cash register system, a customer data system, an inventory system, an employee payroll and time maintenance system and a daily sales reporting system. All sales must be processed through the approved POS systems and reported as Gross Revenue and no other supplemental or secondary POS system may be used. You must connect the POS System to a telephone line or other communications device that is capable of accessing the internet via a third party network; such internet services must comply with our then current standards for bandwidth and speed. We will have the right to independently access all information and financial data recorded by the system for daily polling, audit and sales verification. Updates or replacement of the POS System, both hardware and software, may be required. There is no contractual limitation on the frequency or cost of these obligations. In addition, we may require you to purchase, at your cost and expense, from approved suppliers and use managed security service provider (MSSP) (which provides in-store network security, cyber security, firewall monitoring and failover services), operations, catering, back office, accounting, customer service, credit card and gift card processing, loyalty program processing, online ordering, delivery and other hardware and software in the operation of your Store. You must use our approved supplier for credit card and gift card processing. The computer system and/or POS for your Franchised Business will be dedicated for the operation of your RED MANGO business and as authorized by us for your co-branded Store and used for no other purpose unless we otherwise agree.

The approximate cost to purchase the POS System, Computer System, computer software and hardware is between \$7,000 and \$10,000 (inclusive of any software license fees and the first year of the maintenance agreement fee).

Our Designated Supplier will grant you a license to use the POS System Software in connection with your operation and management of the Franchised Business (the "Software License"). You must sign a computer maintenance agreement with the manufacturer of the POS System and pay the annual service fees of approximately \$2,400 (\$200 per month).

At our request, you must, install and maintain interactive multi-media equipment, devices, and facilities that we require, including digital menu boards, approved music systems, Wi-Fi and other wireless internet and communications systems, and interactive displays, including plasma or LCD screens. You must only play the music we designate or otherwise approve and must cease using any music we do not approve for your Store. You must obtain a license for music played in your Store and must be able to supply evidence of this license at our request. We reserve the right to designate the music system provider for your Store.

Except as described above, neither we nor our Affiliates, nor any third parties, must provide ongoing maintenance, repairs, upgrades, or updates to your POS System or other computer equipment. Except as described above, there are currently no optional or required maintenance/upgrade contracts for the POS System or other computer equipment.

You must install any other hardware or software for the operation of the Franchised Business that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades; some or all of which are developed and licensed by or on behalf of us or one of our affiliates, or otherwise required by us at such cost as we or our approved vendors make such upgrades, additions, enhancements and replacements available to franchisees. There is no contractual limitation on the frequency or cost of these obligations. You shall acquire, subscribe and use all online, delivery services and mobile app ordering software Franchisor requires, and pay all associated fees. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by RED MANGO Stores. We do not permit franchisees to contract with any alternative suppliers of computer hardware and software for use with or in the Store, nor do we issue specifications for these items. Subject to our approval, you may use standard, off the shelf general business applications software such as Microsoft Office obtained from an authorized reseller for use in the Store.

The point-of-sale system will store information concerning your sales, inventory, accounting and other operations. You may not further modify or manipulate the database for the computer software systems without our prior consent. We may retrieve from your point-of-sale system and other technology any and all information we consider necessary, desirable or appropriate. There is no contractual limitation on our] right to access information or modify the software systems on your point-of-sale system or other required technology. If necessary, we or approved vendor may utilize

remote access to provide required upgrades and installation of hardware for your technology systems. You will have independent access to the information that will be generated or stored in the point-of-sale and reporting system, but you may not manipulate the data that is generated or block or restrict our access to the data.

The OLO online ordering system is currently the only supplier approved by Red Mango for online ordering. The OLO system allows guests to order meals for pickup/delivery through the Red Mango website. Their software will also integrate your Store's point-of-sale system with third-party online ordering systems. As of this disclosure documents issuance date, the current cost for this software \$55 per month + 5% per transaction and \$0.50/delivery order transaction.

### Initial Training Program

Within a reasonable time after you sign a Franchise Agreement for the first RED MANGO Store that you develop, generally no later than three weeks before opening your Store, we will provide initial training that your Managing Owner must attend and complete to our satisfaction. Our initial training program will be held at a designated training Store, as determined by us. We will provide this training, the instructors, a training manual, and other materials without charge for the first two trainees, provided that you are responsible for expenses, including travel, lodging, dining, wages, and other expenses associated with these individuals attending the training. For each additional individual, you must pay us a fee (currently \$1,500) for each attendee you send to the initial training program. You are responsible for all expenses associated with these individuals attending the training.

If you currently operate a SMOOTHIE FACTORY Store and open a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, we may modify our training program and offer limited training to target training elements specific to the RED MANGO brand. If you are a new franchisee to us and to SMOOTHIE FACTORY, and you open a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, we may, in conjunction with SHFC offer a combined Red Mango/Smoothie Factory training program.

The initial training program is held on an as-needed basis and is directed and conducted by our approved training personnel and/or contractor(s) who have experience in the RED MANGO business. Megan McCraven and/or the Red Mango Franchise Support Manager in the applicable market will oversee training. Ms. McCraven has over 10 years of experience in the casual service industry and has been working with the RED MANGO franchise system since December 2021.

If our representative is scheduled to conduct an on-site training program at your Franchised Business and you subsequently cancel the scheduled training program, then you must pay us our then current on-site training cancellation fee ("On-Site Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.

You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this agreement. If you believe we have failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training or any other matter affecting the establishment of your Franchised Business, you must notify in writing within 30 days following the opening of your Franchised Business or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment and complied with all representations made to you.

## TRAINING PROGRAM

	Subjects	Hours of Classroom Training	Hours of On the Job Training	Location
<b>Traditional Store and Non-Traditional Store</b>				
<b>Day 1</b>	Discuss training overview Orientation. Presentations from Operations, Marketing, Finance, Supply Chain & Technology. Introduction to Red Mango Operations Manual	6 Hours	2 Hours	Corporate Office.
<b>Day 2</b>	Opening procedures Introduction to Taylor machines Taylor machine assembly Food Safety and cleanliness standards Food preparation guidelines Vendor delivery Situational practice	4 Hours	5 Hours	A certified training Store that we select.
<b>Day 3</b>	Overview of all concepts Creating product offerings Situational practice Introduction to daily cash management procedures	3 Hours	5 Hours	A certified training Store that we select.
<b>Day 4</b>	Yogurt preparation Situational practice Closing procedures Taylor machine cleaning and disassembly	2 Hours	7 Hours	A certified training Store that we select.
<b>Day 5</b>	Overview of POS back of house operation and utility Overview of FranConnect Situational practice Active sampling	3 Hours	5 Hours	A certified training Store that we select.
<b>Day 6</b>	Overview of Store Excellence Review Guerilla marketing Training assessments Individual assessment review	6 Hours	2 Hours	A certified training Store that we select.
	Subtotal	24 Hours	26 Hours	

Currently, our initial training program is a 6-day program consisting of classroom and on the job training in the certified training Store. More/less time may be allocated to individual subjects provided in the above table based on our assessments of you and your Managing Owner; we currently do an assessment on Day 6 of training.



We may make available additional courses, seminars, and other training programs as we consider appropriate. You must cause your Managing Owner (or your Key Person, if applicable) and other employees whom we designate to - and you must pay all transportation costs, food, lodging, and similar costs incurred, to attend the training.

### Site Selection and Opening

When you sign the Franchise Agreement, we will agree on a “Site Selection Area,” within which you may locate the Store. You must acquire an acceptable site for the Store by no later than the Control Date identified in the Franchise Agreement, or we may terminate the Franchise Agreement. Calculation of the “Control Date” typically depends on where the Store will be located and applicable real estate market conditions. For each proposed site that you identify, you must deliver to us a Franchise Site Application in a form that we prescribe, including information about the site, as we may reasonably request to perform our evaluation. We will approve or refuse to approve your proposed site within 30 days of receiving all requested information about the site. The criteria that we use to evaluate the site includes general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. If you intend to open a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, your proposed site must also meet the site selection criteria for a SMOOTHIE FACTORY store, as applicable and as required by the disclosure document of that system. We do not generally own or lease the premises to you that will be used in the operation of your Franchised Business. We do not provide any assistance with conforming the premises to local ordinances, building codes or obtaining any required permits, constructing or remodeling the premises and/or hiring or training your employees. These will be your responsibility. We do not generally own the premises or lease to prospective franchisees.

A RED MANGO Store usually opens for business 8–12 months after (i) the Franchise Agreement is signed or (ii) a franchisee pays consideration for the franchise. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to locate a site which we will accept; to obtain any financing you need; to obtain required permits and governmental agency approvals; to fulfill local ordinance requirements; to complete construction, remodeling, alteration, and improvement of the Franchised Location, including the installation of fixtures, equipment, and signs; to complete our initial training program, and to complete the hiring and training of personnel. Delay in construction may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages, and other similar factors.

When the site is selected, we will mutually agree on an “Opening Date” for the Store, which will be no later than 180 days after site selection. If you fail to open the Store by the Opening Date, we can terminate the Franchise Agreement.

## **ITEM 12 TERRITORY**

While we may offer limited territorial protection under our Store Development Agreement and Franchise Agreement for a Traditional Store (non-mall) location franchise, as described below, you will not receive an exclusive territory. You may face competition from other franchisees, from Stores that we own, or from other channels of distribution, or competitive brands that we control.

### Franchise Agreement

You will operate the Store at a location that we have approved, and you may relocate the Store, only with our prior written consent. We will consent to relocation if your lease expires or terminates through no fault of yours, or if the Store premises is destroyed or materially damaged by fire, flood, or other natural catastrophe, and you are not in default of the Franchise Agreement, or any other agreement with us. If you own a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store and you want to relocate, we typically will require you to relocate both the RED MANGO Store and the SMOOTHIE FACTORY store elements together. If you wish to relocate only the SMOOTHIE FACTORY Store element, you must develop a plan to establish an independent full-size Traditional Store and you must obtain approval from our affiliate SHFC and sign a SMOOTHIE FACTORY franchise agreement in order to reopen the RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store as a stand-alone SMOOTHIE FACTORY store.

When the Store location is identified, we will mutually agree on a “Protected Area,” which will be identified in Attachment B to the Franchise Agreement. If you operate the Store in a mall, you will have no Protected Area. Otherwise, your

Protected Area will be described in terms of a radius surrounding the Store, or a geographic area identified on a map. The minimum Protected Area may be as small as an office or retail building for Stores located in densely populated, urban areas such as New York City, and will likely be larger in suburban, less populated areas. Except as provided below, no other RED MANGO Stores will be in your Protected Area, but another franchisee's Protected Area may overlap with your Protected Area.

Carved out from protection in the Protected Area will be any venues that we consider "Closed Markets." These include any facility serving a captive market, including department stores, supermarkets, shopping malls (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), amusement parks, airports, train stations, travel plazas, casinos, nightclubs, restaurants, public facilities, college and school campuses, arenas, stadiums, ballparks, hospitals, office buildings, convention centers, airlines (in-flight services), military bases, and any other mass gathering events or locations, and facilities of any kind for which food and/or beverage service rights are contracted to a third party or parties (including designated roadways and adjacent facilities). Further, you acknowledge that third party delivery service providers will determine a delivery zone around your Store. Your Store may be promoted in that delivery zone by the third party delivery service provider (but not necessarily by us). We do not control the territory boundaries established by any third party delivery services provider. In certain rare circumstances, your delivery zone may overlap the delivery zone of another Store and/or the delivery zone of another Store may encroach your Protected Area. Neither the existence of any overlap or encroachment by a third party delivery service provider, nor our allowing this overlap or encroachment to persist, is considered a breach of your territory rights under this Agreement.

During the franchise term, we will not own or operate, or grant anyone else the right to operate, a RED MANGO Store within the Protected Area, except (a) for sales in "Closed Markets" (which are carved out from territorial protection, as described below), and (b) if we purchase, merge, acquire, or affiliate with another business, we may continue to operate, franchise, or license the acquired business anywhere, including in the Protected Area, under the Marks or a different trademark.

We reserve to ourselves all other rights, including the right (a) to own and operate and to grant others the right to own and operate RED MANGO Stores outside the Protected Area, regardless of their proximity to the Protected Area; (b) to operate RED MANGO Stores and license the use of the Marks and System in "Closed Markets" within and outside of the Protected Area; and (c) the right to distribute products and services identified by the Marks, including pre-packaged and soft-serve frozen yogurt, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, restaurants, virtual kitchens, ghost kitchens, and via mail order, catalog sales, third party delivery systems, and/or the Internet. We are not required to compensate you if we exercise any of the rights specified above inside your Protected Area.

You also may have the right or be obligated, periodically, to offer certain products or programs comprised of proprietary formulas or recipes, and/or identified by proprietary trademarks or service marks, that we license from an Affiliate or third party on a non-exclusive basis. We refer to these in the Franchise Agreement as "Licensed Programs or Products" and they may include, for example, elements of a fresh juice program that we license from BB OpCo. See Item 1. We will not license anyone else to offer Licensed Programs or Products in your Protected Area, but there are no restrictions on where our Affiliates and third parties sell them. So a competitive business, including a business owned or franchised by one of our Affiliates, may offer elements of Licensed Programs or Products in or near your Protected Area.

You may advertise and market the Store outside of your Protected Area and you acknowledge that as Protected Areas may overlap, other franchisees may advertise and market their RED MANGO Stores inside your Protected Area. But you may not provide on-site catering services (such as from a cart or kiosk) anywhere (including in your Protected Area) without our advance written consent. You may not deliver or ship any items, regardless of their destination, without our advance written consent, and you may not distribute RED MANGO products through wholesale channels, such as supermarkets, convenience stores, restaurants, or other retailers, or through food service providers such as airlines through in-flight services.

If you operate a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, then so long as the Franchise Agreement and the RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment are in force, neither we nor our

affiliates will own or operate or franchise or license others to own or operate either a RED MANGO Store or a SMOOTHIE FACTORY Store within your Protected Area, except as described above.

There are no circumstances that permit us to modify your territorial rights under the Franchise Agreement. Unless we grant you development rights under a Store Development Agreement, we do not grant you any options or rights of first refusal to acquire additional franchises.

### Store Development Agreement

Under the Store Development Agreement, we grant you the right to develop and operate a specified number of RED MANGO Stores at sites in a specified Store Development Area. The Store Development Area will be identified on Attachment B to the Store Development Agreement, and may be described in terms of cities, counties, states, or some other designation.

During the term of the Store Development Agreement, we will not own or operate, or grant anyone else the right to operate, a RED MANGO Store under the RED MANGO trademark within the Store Development Area, except (a) for sales in “Closed Markets” (which are carved out from territorial protection, as described below), (b) if we purchase, merge, acquire, or affiliate with another business, we may continue to operate, franchise, or license the acquired business anywhere, including in the Store Development Area, under the Marks or a different trademark, and (c) if the Development Area has been granted on a non-exclusive basis as set forth in Attachment B of the Store Development Agreement.

We reserve to ourselves all other rights, including the right (a) to own and operate and to grant others the right to own and operate RED MANGO Stores outside the Store Development Area, regardless of their proximity to the Store Development Area; (b) to operate RED MANGO Stores and license the use of the Marks and System in “Closed Markets” within and outside the Store Development Area; and (c) the right to distribute products and services identified by the Marks, such as pre-packaged and soft-serve frozen yogurt, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, restaurants, virtual kitchens, ghost kitchens, and via mail order, catalog sales, third party delivery systems, and/or the Internet. We are not required to compensate you if we exercise any of the rights specified above inside your Store Development Area. Further, you acknowledge that third party delivery service providers will determine a delivery zone around your Store. Your Store may be promoted in that delivery zone by the third party delivery service provider (but not necessarily by us). We do not control the territory boundaries established by any third party delivery services provider. In certain rare circumstances, your delivery zone may overlap the delivery zone of another Store and/or the delivery zone of another Store may encroach your Protected Area. Neither the existence of any overlap or encroachment by a third party delivery service provider, nor our allowing this overlap or encroachment to persist, is considered a breach of your territory rights under this Agreement.

If you fail to meet any of your obligations under the Store Development Agreement, including the development obligations, we may unilaterally (i) terminate or modify any territorial protections granted to you, (ii) reduce the size of the Store Development Area, or (iii) reduce the number of Stores which you may establish under the Development Schedule. There are no other circumstances that permit us to modify your territorial rights under the Store Development Agreement. After the expiration of the term of your Store Development Agreement, we may own, operate, franchise or license others to operate additional RED MANGO Stores anywhere, without restriction, including in your Store Development Area, subject to the rights granted to you in the Protected Area established under any then-existing Franchise Agreement.

As described in Item 1, our affiliate, SHFC, franchises the operation of retail stores featuring the sale of non-alcoholic, fruit-based smoothie beverages, health foods, and nutritional supplements under the trade name SMOOTHIE FACTORY + KITCHEN™, SMOOTHIE FACTORY® and/or SMOOTHIE FACTORY JUICE BAR™. Pursuant to a licensing agreement with our parent, RM LLC, SHFC also licenses its franchisees the right to offer and sell RED MANGO products according to a SF+K-RED MANGO Co-Brand Amendment. Our affiliate intends to grow this system through franchising and by developing new company-owned outlets through an affiliate. Our affiliate intends to grow this system through franchising and by developing new company-owned outlets through an affiliate. SHFC, affiliates operating company-owned outlets, and franchisees operating under the SMOOTHIE FACTORY + KITCHEN,

SMOOTHIE FACTORY or SMOOTHIE FACTORY JUICE BAR trademark, or as a SF+K-RED MANGO co-branded store, may compete with you in your Store Development Area and/or Protected Area.

Further, our affiliate, OLFC, franchises the operation of retail stores featuring the sale of authentic nonfat and low-fat frozen yogurt, frozen yogurt-based smoothies, and related products and services that do business under the trade name and service mark “ORANGE LEAF”. Our affiliate intends to grow the ORANGE LEAF system through franchising and by developing new company and affiliate-owned outlets. OLFC also licenses its franchisees the right to offer and sell HUMBLE DONUT CO. products according to an ORANGE LEAF-HUMBLE DONUT CO. Co-Brand Amendment and/or Joint Addendum. Our affiliate intends to grow this system through franchising and by developing new company-owned outlets through an affiliate. OLFC, affiliates operating company-owned outlets, and franchisees operating under the ORANGE LEAF trademark, or as an ORANGE LEAF-HUMBLE DONUT CO. co-branded store, may compete with you in your Store Development Area and/or Protected Area.

As described in Item 1, our affiliate, HDFC, currently is licensing the right to offer its made-to-order mini donuts, and related products and services under the trade name and service mark “HUMBLE DONUT CO” to ORANGE LEAF franchisees according to an ORANGE LEAF-HUMBLE DONUT CO. Co-Brand Amendment. HDFC, affiliates operating company-owned outlets, and existing HUMBLE DONUT CO. franchisees or licensees operating under the HUMBLE DONUT CO. trademark, or as a co-branded store with ORANGE LEAF store(s) may compete with you in your Store Development Area and/or Protected Area.


SHFC, OLFC and HDFC share our principal offices and may also share all or a certain part of our training facilities. There are no formal procedures in place for resolving conflicts between us and the franchisees and licensees of the SMOOTHIE FACTORY franchise system, ORANGE LEAF franchise system, HUMBLE DONUT CO. license system or between franchisees and licensees of the RED MANGO, SMOOTHIE FACTORY, HUMBLE DONUT CO. or ORANGE LEAF systems regarding territory, customers, or franchisor support, although we are not anticipating that any conflicts will arise. Each franchisor and/or licensor (SHFC, OLFC and HDFC) will be responsible for fulfilling its contractual obligations to its franchisees and licensees, and we will be responsible for fulfilling our contractual obligations to our franchisees.

Except for activities of SHFC, HDFC and OLFC, neither we, nor our affiliate, have established or have present plans to establish franchises, company-owned outlets, or other channels of distribution offering and selling products and services similar to those to be offered by you under different trademarks. There are, however, no restrictions in the Franchise Agreement that would prohibit us from doing so. You are not entitled to compensation for any sales or commissions from solicitations we make in the Store Development Area and/or Protected Area.

### ITEM 13 TRADEMARKS

RM LLC owns and has acquired the Principal Register registration for the Mark, RED MANGO, and all required affidavits have been filed and RM LLC intends to file all renewals of Marks when Due. The principal Marks are:


Mark	Registration Number	Registration Date	International Class
RED MANGO	3506567	September 23, 2008	43
TREAT YOURSELF WELL	3493577	August 26, 2008	43
“O” (In Color)	3583814	March 3, 2009	16, 21, 25, 35
RED MANGO	3745000	February 2, 2010	16, 21, 35
CLUB MANGO	3661896	July 28, 2009	35
RED MANGO	4029359	September 20, 2011	30
SPOON DESIGN	4029211	September 20, 2011	43
RED MANGO	4029360	September 20, 2011	29
O (AND DESIGN)	4584607	August 12, 2014	29, 30, 43
FRO-YO MASHUPS	4560746	July 1, 2014	30, 43
O RED MANGO CAFÉ	4602929	September 9, 2014	43


Mark	Registration Number	Registration Date	International Class
FRO-NO	5618386	November 27, 2018	30
RED MANGO CAFÉ	4602907	September 9, 2014	43
 Design plus words, letters, and/or numbers]	5013400	August 2, 2016	43
RAW6	5826989	August 6, 2019	43
O RED MANGO	5806229	July 16, 2019	43
O RED MANGO (stacked logo)	5806270	July 16, 2019	43
RETHINK LUNCH	6079352	June 16, 2020	43
RETHINK SMOOTHIES	4023467	September 6, 2011	43

RM LLC owns and has granted us the right to use these Marks in connection with the franchising of RED MANGO Stores. RM LLC has authorized us to sell franchises for RED MANGO Stores or to operate RED MANGO Stores on our own. Our agreement with RM LLC is perpetual, unless otherwise terminated by RM LLC, which RM LLC may do so at its discretion. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.



There are no currently effective material determinations of the United States Patent and Trademark Office (“USPTO”), the Trademark Trial and Appeal Board (“TTAB”), or of the trademark administrator of any state or any court. There are no pending infringement, opposition or cancellation proceedings known to us that could materially affect your use of the Marks, however, we have not conducted an exhaustive search of users of names which may be the same or similar to our Marks. Although we are not aware of anyone other than RM LLC or current franchisees who are using “RED MANGO®,” as a trademark or service mark, it is possible that the name “RED MANGO®” has been used by others in the frozen yogurt business; and we cannot represent with certainty that we have exclusive or superior rights to the name “RED MANGO®” in all geographic areas. There may be similar uses to our Marks of which we are unaware, which could arise from prior users.

Our affiliate, SH LLC, owns and has granted us the right to use the SMOOTHIE FACTORY marks (“SF Marks”) in the chart below in connection with franchising activities related to RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Stores according to a written license agreement. The following SF Marks are registered on the USPTO, and all required affidavits have been filed.

Mark	Registration Number	Registration Date	International Class
SMOOTHIE FACTORY JUICE BAR	5930300	December 10, 2019	035
SMOOTHIE FACTORY	4379473 <sup>1</sup>	August 6, 2013	035
BUILDING A BETTER YOU	5985315	February 11, 2020	043
	4678465	January 27, 2015	035, 043

Mark	Registration Number	Registration Date	International Class
	5511175	July 10, 2018	035, 043

SH LLC owns and is in the process of registering the following Marks on the Principal Register.

Mark	Serial Number	Application Date	International Class
SMOOTHIE FACTORY + KITCHEN	97537184	August 5, 2022	043
	97537787	August 5, 2022	043
	97537795	August 5, 2022	043

To date, SH LLC does not have a federal registration for these Marks. Therefore, these Marks do not have many legal benefits and rights as a federally registered trademark. If our right to use these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Our agreement with SH LLC is perpetual unless otherwise terminated by SH LLC, which SH LLC may do at its discretion. If this agreement is terminated, you must, as we direct, change to an alternative trademark, which could increase your expenses. With regard to the SF Marks, there are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court. There are no infringing uses actually known to us that could materially affect your use of the SF Marks. Although we are not aware of anyone other than SH LLC or its current franchisees who are using "SMOOTHIE FACTORY," as a trademark or service mark, it is possible that the name "SMOOTHIE FACTORY" has been used by others in the frozen yogurt business; and we cannot represent with certainty that we have exclusive or superior rights to the name "SMOOTHIE FACTORY" in all geographic areas with regard to the co-branded Stores. There may be similar uses to the SF Marks of which we are unaware, which could arise from prior users.

You may use only the Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols "®", "™", or "SM", as appropriate. You may use the Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner we prescribe. You may not contest ownership or validity of the Marks or any registration of the Marks, or our right to use or to sublicense the use of the Marks. You must sign all documents that we require in order to protect the Marks and to maintain their validity and enforceability.

You may not use the Marks or any part of the Marks in your corporate name, and may not use them to incur any obligation or indebtedness on our behalf.

You may not use the Marks or any part or derivative of the Marks on the Internet, except as expressly permitted in writing. This prohibition includes use of the Marks or any derivative of the Marks as part of any URL or domain name, as well as their registration as part of any username on any gaming website or social networking website (such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, TWITTER or YOUTUBE), whether or not such social media platform is used for commercial gain, or as part of any unauthorized email address.

You must promptly notify us of any suspected unauthorized use of, or any challenge to, the validity of the Marks or Copyrighted Works, or any challenge to our ownership of, or license to use and to license others to use, or your right to use, the Marks or Copyrighted Works. We have the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement of the proceeding. We have, or our Affiliate has, the right, but is not obligated, to take action against third parties for infringement of our Marks or Copyrighted Works. We will defend you against any third party claim, suit, or demand arising out of your use of the Marks or Copyrighted Works. If we determine that you have used the Marks and Copyrighted Works according to the terms of the Franchise Agreement, we will pay the cost of the defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks or Copyrighted Works according to the terms of the Franchise Agreement, you must pay the cost of the defense, including the cost of any judgment or settlement. In the event of a lawsuit relating to your use of the Marks or Copyrighted Works, you must sign all documents that we require and do all things that we consider necessary to carry out the defense or prosecution, which may include becoming a nominal party to the action. Unless the action is the result of your use of the Marks or Copyright Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your associated costs.

We have the right to create new, modified or replacement Marks, and to require you, at your expense, to use them in addition to or in lieu of any previously designated Marks. If you operate a RED MANGO–SF+K. Co-Branded Traditional Store, the same applies to the SF Marks.

#### **ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents or registered copyrights material to the franchise. However, we claim copyright protection in the Manuals, the design elements of our Marks, our product packaging and advertising and promotional materials, and the content and design of our website and advertising materials, (collectively, the “Copyrighted Works”).

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any Court affecting the Copyrighted Works. There is no currently effective agreement that limits our right to use and/or license the Copyrighted Works. We have no obligation to protect any rights you have to use the Copyrighted Works. We have no actual knowledge of any infringements that could materially affect the ownership, use, or licensing of the Copyrighted Works. You may not use any of the Copyrighted Works on the Internet without our written permission. This includes display of the Copyrighted Works on commercial websites, gaming websites, and social networking websites (such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, TWITTER or YOUTUBE).

You and your employees must maintain the confidentiality of all information contained in the Manuals and other information that we consider confidential, proprietary, or trade secret information. Confidential Information means all trade secrets, and other elements of the System; all customer information; all information contained in the Manuals; Red Mango’s proprietary recipes, and standards and specifications for product preparation, packaging, and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, and/or know-how concerning the methods of operation of the Franchised Business, which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, and/or all other information that Red Mango designates, (collectively, “Confidential Information”). You must implement any reasonable procedures we may adopt to protect our Confidential Information, including restrictions on disclosures to your employees and requiring employees who will have access to our Confidential Information to sign Employment Agreements containing non-disclosure and non-competition provisions.

In you open a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, we will provide you a Manual for the RED MANGO System and an operating manual for the SMOOTHIE FACTORY System (as defined in the Smoothie Factory franchise disclosure document), or, we may provide you a single Manual combining the required information of each system.

You may not contest our exclusive ownership of any of our copyrights (including, but not limited to, the Copyrighted Works), trade secrets, recipes, processes, methods, procedures, formulae, techniques, and other proprietary information to which we claim exclusive rights.

If you or your employees or owners develop any new concept, process, and/or improvement in the operation or promotion of your RED MANGO Store, you must promptly notify us and give us all necessary information about the new process and/or improvement, without compensation. You and your Owners agree that any of these concepts, processes and/or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate. If you operate a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, you must disclose such ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials to each of us regardless of whether the disclosed information relates to the RED MANGO brand, the SMOOTHIE FACTORY brand or a combination of both. We and SHFC have the exclusive rights to determine the distribution of ownership of the information you disclose.

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

The Franchised Business must be supervised on-premises by a Managing Owner. If the franchisee is an individual or general partnership, the Managing Owner will be the individual franchisee or one of the general partners. If the franchisee is a Business Entity, the Managing Owner must hold at least a 10% equity interest in the Business Entity. The Managing Owner must successfully complete our initial training program and must devote full-time efforts to the management and operation of the Franchised Business.

If you operate multiple RED MANGO Stores, or if your Managing Owner will not devote full-time efforts to the management and operation of the Store, then in addition to the Managing Owner, you must appoint an individual to serve as your “Key Person.” Your Key Person need not have an equity interest in the franchise, but must have completed our initial training program to our satisfaction. Your Key Person must devote his or her full-time efforts to Store operations and management, and may not engage in any other business or activity that requires substantial management responsibility or time commitment. We must approve your Key Person as meeting our qualifications for the position. If your Key Person ceases to serve in, or no longer qualifies for, the position, you must designate a replacement Key Person within 30 days. Your replacement Key Person must successfully complete our initial training program before assuming responsibility. You must pay our then-current fees for the initial training courses and must pay all transportation costs, food, lodging, and similar costs incurred for your replacement Key Person to attend the training.

Each person (whether a corporation or business entity or natural person) owning a beneficial ownership in the franchise, whether directly or indirectly through a business entity or multiple business entities, must sign our Guaranty and Personal Undertaking identified in Attachment D-1 to the Franchise Agreement, and Attachment D to the Store Development Agreement. Any individual who attends our initial training program, including your Key Person, must sign a Confidentiality and Non-Compete Agreement substantially in the form attached as Attachment D-2 to the Franchise Agreement. The term “Owner” means each individual or entity holding a beneficial ownership in the franchise. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of a trust. If any person required to sign a Guaranty and Personal Undertaking is a corporation or other business entity (that is, an entity other than a natural person), then its owners and parents will execute the Guaranty and Personal Undertaking; it being the intent of the parties that each entity in the chain of ownership, and each natural person holding a beneficial interest in the franchise, either directly or indirectly through business entities, will be considered an “Owner” under the Franchise Agreement and Store Development Agreement.

#### **ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

Except as described below, you must offer and sell all menu items that we require, and only the menu items that we have approved. We may add, eliminate, and change menu items periodically, and you must comply with all directives (which may require purchasing and installing additional equipment). If you operate a co-branded Store, you must only offer the menu items and sell products we designate for your co-branded Store. There are no limits on our right to make changes. We may, on occasion, require you to test market products and/or services at your Store (“Test



Marketing Programs”). You must cooperate with us in conducting these Test Marketing Programs, and must comply with all rules and regulations that we establish. We may also add, eliminate, or modify the use of pre-approved vendors and manufacturers providing goods and services.

Menu items and other food and beverage products may be prepared only by properly trained personnel strictly according to our recipes, cooking techniques, and processes (if applicable). We always have the right to approve or disapprove in advance all products and services that your Store sells. We have the right to add or modify authorized items and services that you must offer and may withdraw our approval of previously authorized items and services. There are no limits on our rights to make these changes.

Other than as approved by us in writing, you may not cobrand with any other brands. All sales must be for retail consumption only, and you may not engage in wholesale sales of any kind through any channels of distribution without our prior consent. You may not sell Proprietary Products through any means of distribution other than from the Franchised Business at the Franchised Location, unless we expressly authorize in writing. We have the right to establish maximum, minimum, or other retail pricing requirements to the extent permitted by law.

You may not operate any co-branding marketing system without our prior written consent, which may be withheld in our sole discretion. You may not offer, utilize, or provide catering services (such as from a cart, kiosk, food truck, or other mobile unit) or delivery services (directly or through third parties such as UberEATS, DoorDash, Postmates, GrubHub, etc.) without our prior written consent. You may not ship RED MANGO or if co-branding SMOOTHIE FACTORY, or other approved co-branded products, regardless of the destination without our prior written consent. No vending, gaming machines, payphones, automatic teller machines, Internet kiosks, or other mechanical or electrical devices are permitted in your Store without our prior written consent.

Brand Standards also may regulate curb-side delivery, home and business delivery and catering services, including your obligation to deliver products to customers, to engage with third-party food ordering and delivery systems that we approve, and to ring up and account for delivery and catering charges not included in the price of products only in the manner we permit.

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

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

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1	RED MANGO Traditional Store: The earlier of (a) 10 years after your Store opens for business to the public, or (b) 11 years after the effective date of your Franchise Agreement. RED MANGO Non-Traditional Store: The earlier of (a) five years after your Store opens for business to the public, or (b) six years after the effective date of your Franchise Agreement.
b. Renewal or extension of the term	Section 2.2	If you are in good standing, you can renew your franchise for two additional five-year terms.
c. Requirements for Franchisee to renew or extend	Sections 2.2 – 2.3	If you want to exercise your renewal rights when the first initial term ends, you must notify us of your intent to renew, must have the right to remain in possession of your Store premises, be current on all of your obligations to us, and must pay the renewal fee. You must sign our then-current form of Franchise Agreement, which

Provision	Section in Franchise Agreement	Summary
		may be materially different than our current form of Franchise Agreement and may include higher, or different, fee calculations. You also must renovate your Store to comply with our then-current standards for a new Store. You must comply with our then-current qualifications and training requirements that apply to new franchisees, and you and each of your Owners must sign a general release, releasing us and our affiliates from all claims. You must submit a walkthrough video of your Store.
d. Termination by franchisor without cause	Not applicable	Not applicable
e. Termination by franchisor with cause	Sections 13.1, 13.2, 13.3, 13.4, 13.5, and 13.6	We can terminate if you materially default under your Franchise Agreement, any other individual Franchise Agreement, or any Store Development Agreement (other than solely for your failure to meet your development obligation), or any other agreement between you or your Affiliates and us and our Affiliates. In the event of the death or permanent incapacity of an Owner, we may terminate if you fail to adhere to the applicable transfer requirements.
f. "Cause" defined – curable defaults	Sections 13.3, 13.4 and 13.5	You have 10 days to cure non-payment of fees, failure to obtain or maintain insurance, and any violation concerning our Marks or Copyrighted Works and our products; 30 days to cure non-compliance with laws and defaults not listed in Section 13.2. You have six months to transfer the interest of an Owner in the event of death or permanent incapacity.
g. "Cause" defined – non-curable defaults	Sections 13.1, 13.2 and 13.6	Non curable defaults: bankruptcy; foreclosure; consent or appointment of receivership; institution of proceedings for a composition with creditors against you; unsatisfied final judgment; dissolution; execution of levy against your business or property; sale of your real or personal property of the franchised business after levy; insolvency; conviction of a felony; unapproved transfers; repeated defaults (even if cured) in any time frame; misrepresentations in acquiring your franchise/license; health or safety violations; knowingly understating your Gross Revenue; knowingly maintaining false books or records; trademark misuse; failure to successfully complete training; failure to acquire a site by the Control Date; failure to open the Store by the Opening Date; abandonment of the Store; failure to maintain the right to operate the Store; violation of confidentiality and non-competition covenants; failure to comply with regard to Crisis Management Events; offering unauthorized products or services; purchase from unapproved suppliers; within any rolling 12-month period, failure to pass two or more quality assurance inspections, and/or participate in any advertising or marketing program; termination of any other agreement between you or your Affiliates and us and our Affiliates (including any Franchise Agreement between your Affiliate and us)

Provision	Section in Franchise Agreement	Summary
		provides grounds for immediate termination; two or more default notices within a 12-month time frame.
h. Franchisee's obligations on termination/nonrenewal	Section 14	<p>You must cease use of our trademarks, de-identify, pay all amounts due to us, and return the Manuals to us. We may, at our option, assume all telephone numbers for the Store. We may, at our option, assume your lease and purchase certain Store assets. You must, at our option, cancel or assign to us your rights to any Internet websites, webpages, and/or e-mail addresses that contain our Marks. See also "r." below. If the Franchise Agreement terminates because you have closed the Store, or because of your material default, you must pay us liquidated damages calculated through the end of the franchise term.</p> <p>If you operated a RED MANGO-SMOOTHIE FACTORY Co-Branded Store and your Franchise Agreement terminates or is not renewed but you want to continue to operate a SMOOTHIE FACTORY Store, you must sign a franchise agreement with SHFC and remodel the Store to only operate as a SMOOTHIE FACTORY Store.</p>
i. Assignment of contract by Mango	Section 12.1	No restriction on our right to assign.
j. "Transfer" by Franchisee – definition	Sections 12.2, 12.3, and 12.4	Includes transfer of the Agreement or change in ownership of the entity that owns it.
k. Mango's approval of transfer by Franchisee	Section 12.4	Transfers require our prior written consent, which will not be unreasonably withheld. However, transfers that do not result in a change of control of the franchise entity may, subject to certain conditions described in the Franchise Agreement, be completed without our prior written consent.
l. Conditions for Mango approval of transfer	Section 12.4	<p>First, you must offer us the right to match any third party offer, as described in "n." below.</p> <p>You must have satisfied all of your obligations to us, and be in compliance with the Franchise Agreement and all other agreements. Your transferee must meet our qualifications, and must complete training.</p> <p>Your transferee must sign our then-current Franchise Agreement, which will be modified to reflect that no initial franchise fee is due, and that the term will be the remaining term left on your Franchise Agreement. You also must pay us a transfer fee and, if applicable, our related expenses. As a condition to transfer, we may require that the Store be refurbished or modernized.</p> <p>You, and each of your Owners, must sign a General Release, releasing us and our Affiliates from all claims, and, at our option, sign our standard form of Guaranty and Personal Undertaking.</p> <p>If the Franchise Agreement has been signed under a Store Development Agreement, except as described below, you must</p>

Provision	Section in Franchise Agreement	Summary
		concurrently assign all other existing Franchise Agreements to the same assignee. (Store Development Agreement Section 8.5)
m. Mango's right of first refusal to acquire Franchisee's business	Section 12.8	We can match any offer for your business.
n. Mango's option to purchase Franchisee's business	Section 14.4	We have the option to purchase some or all of your equipment, furnishings, and fixtures on expiration or termination of your Franchise Agreement, at their then-current fair market value.
o. Death or disability of Franchisee	Section 12.9	Same requirements as for transfer in "m." above, except there is no transfer fee, and we do not have right of first refusal. If your interest is not transferred within six months following your (or a major member, partner, or shareholder's) death or legal incapacity, your Franchise Agreement may be terminated.
p. Non-competition covenants during the term of the franchise	Section 15.1	Neither you, nor your Owners, may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with, means either (i) any business (whether operated by a natural person or Business Entity) that sells café items (e.g. flatbreads, salads, soups and sandwiches), alone or in combination, comprising more than 49% of total sales, measured on a weekly basis, OR (ii) any business (whether operated by a natural person or Business Entity) that sells smoothies, frozen yogurt, and/or fresh squeezed juices, (a "Competitive Business") at any location within the U.S., its territories or commonwealths, or any other country, province, state, or geographic area in which we, or our Affiliates, have used, sought registration of, or registered the Marks, or similar marks, or operate or license others to operate a business under the Marks, or similar marks; no diversion of any present or prospective customer of ours to a competitor.
q. Non-competition covenants after the franchise is terminated or expires	Section 15.2	Neither you, nor your Owners, may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in a Competitive Business at your former Store location, or within a one mile radius of, your former Store, or within a one mile radius of any other RED MANGO Store for a period of two years following expiration, termination, or transfer.
r. Modification of the agreement	Sections 18.1 and 18.2	Must be in writing and signed by all parties.
s. Integration/merger clause	Sections 18.1 and 18.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement, or any other related written agreement, is intended to disclaim representations made in the disclosure document.

Provision	Section in Franchise Agreement	Summary
t. Dispute resolution by arbitration or mediation	Section 19.2	Claims, controversies, or disputes from, or relating to the Franchise Agreement, must be mediated, except for actions seeking injunctive relief, and actions we bring which are related to or based on our Marks or Confidential Information.
u. Choice of forum	Sections 19.2 and 19.3	Mediation occurs at the AAA offices in the city in which we maintain our principal business address, currently Dallas, Texas. Venue for any other proceeding is exclusively the courts located in the county in which we maintain our principal business address, currently Dallas County, State of Texas (subject to applicable state law). See the State Specific Addenda attached to this disclosure document.
v. Choice of law	Section 19.1	Subject to applicable state law, the Franchise Agreement is to be interpreted and construed under Texas law (without giving effect to any conflict of laws) except that any law regulating the offer or sale of franchises, business opportunities or similar interests, or governing the relationship between us and you will not apply, unless its jurisdictional requirements are met independently. See the State Specific Addenda attached to this disclosure document.

Store Development Agreement

Provision	Section in Store Development Agreement	Summary
a. Length of the Agreement term	Section 2.1	The period beginning on the effective date and ending on the earlier of: (i) the date on which you have completed your development obligations, or (ii) 12:00 midnight CST on the last day specified in the development schedule set forth in <u>Attachment B</u> of the Store Development Agreement.
b. Renewal or extension of the term	Section 2.2	You may renew your rights under the Store Development Agreement if certain conditions are met.
c. Requirements for Developer to renew or extend	Section 2.2	You notify us of your desire to renew, you are not in default of any agreement and have materially complied with all agreements, you have developed the required number of Stores and paid all amounts owed during the initial term, we have mutually agreed on a new development schedule (which must include at least the number of Stores developed during the initial term), you sign a general release, you must meet our then-current qualifications for new franchisees, which may be materially different than the current qualifications, you pay a development fee equal to \$15,000 for each Store to be developed during the renewal term.
d. Termination by Developer	No provision	Not applicable.

Provision	Section in Store Development Agreement	Summary
e. Termination by Mango without cause	No provision	Not applicable.
f. Termination by Mango with “cause”	Sections 9.1, 9.2., 9.3, 9.4, and 9.5	We can terminate if you materially default under your Store Development Agreement (including, without limitation, if you fail to meet the Development Schedule), an individual Franchise Agreement, or any other agreement between you or your Affiliate and us or our Affiliates. In the event of the death or permanent incapacity of an Owner, we may terminate if you fail to adhere to the applicable transfer requirements.
g. “Cause” defined - curable defaults	Sections 9.3, 9.4 and 9.5	You have 10 days to cure a failure to pay fees and a failure to obtain or maintain insurance; and 30 days to cure any other default, and in the case of a breach or default in the performance of your obligations under any Franchise Agreement or other agreement between you and us, the notice and cure provisions of the Franchise Agreement or other agreement will control. You have six months to transfer the interest of an Owner in the event of death or permanent incapacity.
h. “Cause” defined – non-curable defaults	Sections 9.1, 9.2 and 9.6	Non-curable defaults: consent or appointment of receivership; institution of proceedings for a composition with creditors against you; unsatisfied final judgment; dissolution; execution of levy against your business or property; failure to meet development obligation; any breach of confidentiality or unfair competition described in Section 10; cross defaults; bankruptcy; foreclosure; insolvency; conviction of a felony; unapproved transfers; misrepresentations in your application; repeated defaults in any time frame, even if cured, and/or two or more default notices within a 12-month time frame.
i. Developer’s obligation on termination/non-renewal	Sections 2.2 and 10.2	You will have no further right to develop or operate additional RED MANGO Stores which are not, at the time of termination, the subject of a then-existing Franchise Agreement between you and us. You may continue to own and operate all RED MANGO Stores under then-existing Franchise Agreements, provided such Franchise Agreements have not been terminated; if you have no existing Stores at the time of termination or non-renewal, you must honor all post-termination obligations.
j. Assignment of contract by Mango	Section 8.1	No restrictions on our right to assign.
k. “Transfer” by Developer – defined	Sections 8.2, 8.3 and 8.4	Includes transfer of the Store Development Agreement, changes in ownership of the entity that is a party to the agreement, and transfers of assets. No shares of a Developer that is a Business Entity may be offered for

Provision	Section in Store Development Agreement	Summary
		sale through the public offering of securities. Shares may be offered by private offering with our prior written consent.
l. Mango approval of Transfer by Developer	Section 8.4	Transfers require our prior written consent, which may be withheld for any reason, in our sole subjective judgment. However, transfers that do not result in a change of control may, subject to certain conditions described in the Store Development Agreement, be completed without our prior written consent.
m. Conditions for Mango's approval of transfer	Sections 8.4 and 8.5	You may not transfer any Franchise Agreement signed under the Store Development Agreement, except with our written consent, and a simultaneous assignment of the Store Development Agreement and all of the Franchise Agreements signed under the Store Development Agreement to the same assignee. You must have satisfied all of your obligations to us, and be in compliance with the Store Development Agreement and all other agreements. Your transferee must meet our qualifications, and must complete training. Your transferee must sign our then-current Store Development Agreement, which may include different percentage royalty fees and advertising obligations, and the term will be the remaining term left on your Store Development Agreement. As a condition to transfer, we may require that the Store be refurbished or modernized. You must pay the applicable transfer fee, and, if applicable, our related expenses, and sign a general release, and, at our option, sign our standard form of Guaranty and Personal Undertaking.
n. Mango's right of first refusal to acquire Developer's business	Section 8.8	We may match any offer to purchase your business.
o. Mango's option to purchase Developer's business	Not applicable	Not applicable.
p. Death or disability of Developer	Section 8.9	Same requirements as for a transfer in "m." above. If your interest is not transferred within six months following your (or a major member's, partner's, or shareholder's) death or legal incapacity, your Store Development Agreement may be terminated.
q. Non-competition covenants during the term of the Agreement	Section 10.1	Neither you, nor your Owner(s), may have any involvement in either (i) any business (whether operated by a natural person or Business Entity) that sells café items (e.g. flatbreads, salads, soups and sandwiches), alone or in combination, comprising more than 49% of

Provision	Section in Store Development Agreement	Summary
		total sales, measured on a weekly basis, OR (ii) any business (whether operated by a natural person or Business Entity) that sells smoothies, frozen yogurt, and/or fresh squeezed juices, (a "Competitive Business") (other than a RED MANGO Store operated under a valid Franchise Agreement with us) located within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which we or our Affiliates have used, sought registration of, or registered the Marks or similar Marks, or operate or license others to operate a business under the Marks or similar marks, no diversion of any present or prospective customer of ours to a competitor.
r. Non-competition covenants after the Agreement is terminated or expires	Section 10.2	Neither you, nor your Owners, may have any involvement in any Competitive Business, other than a RED MANGO Store operated under a valid Franchise Agreement with us, within the Store Development Area, or within a one-mile radius of any RED MANGO Store for two years, following expiration, transfer, or termination.
s. Modification of the agreement	Sections 13.1 and 13.2	The Store Development Agreement can only be modified or amended by written agreement of all of the Parties.
t. Integration/merger clause	Sections 13.1 and 13.2	Only the terms of the Store Development Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Store Development Agreement may not be enforceable. Nothing in the Store Development Agreement, or any other related written agreement, is intended to disclaim representations made in the disclosure document.
u. Dispute resolution by arbitration or mediation	Section 14.2	Claims, controversies, or disputes from, or relating to the Store Development Agreement, must be mediated, except for actions seeking injunctive relief and actions we bring, which are related to or based on our Marks or Confidential Information.
v. Choice of forum	Sections 14.2 and 14.3	Mediation occurs at the AAA offices in the city in which we maintain our principal business address, currently Dallas, Texas.  Venue for any other proceeding is exclusively the courts located in the county in which we maintain our principal business address, currently Dallas County, State of Texas (subject to applicable state law). See the State Specific Addenda, attached to this disclosure document.
w. Choice of law	Section 14.1	Subject to applicable state law, the Store Development Agreement is to be interpreted and construed under Texas law (without giving effect to any conflict of laws),



Provision	Section in Store Development Agreement	Summary
		except that any law regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between us and you will not apply, unless its jurisdictional requirements are met independently. See the State Specific Addenda, attached to this disclosure document

Applicable state law may require additional disclosures related to the information in this disclosure document. These additional disclosures appear in the State Specific Addenda, attached to this disclosure document.

**ITEM 18  
PUBLIC FIGURES**

We do not currently use any public figure to promote the 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 stores, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing Store you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

As of January 1, 2023, there were 57 franchised RED MANGO Stores operating in the United States and Puerto Rico. This number includes full serve and self-serve frozen yogurt traditional stores and non-traditional stores. We are providing historical sales for two time periods. The first chart reflects historical sales information concerning the 50 full serve and self-service yogurt traditional and non-traditional stores that operated for at least 12 of the 13 accounting periods between January 2, 2022 and January 1, 2023.

*[Remainder of Page intentionally left blank]*

<b>HISTORICAL SALES INFORMATION FOR THE            50 FULL SERVE AND SELF-SERVE TRADITIONAL AND NON-TRADITIONAL STORES IN OPERATION            FOR AT LEAST 12 OF THE 13 ACCOUNTING PERIODS            BETWEEN JANUARY 2, 2022 AND JANUARY 1, 2023</b>					
^\$911,802	\$790,538	\$718,061	^\$717,399	\$693,741	\$667,598
\$571,499	\$537,246	\$505,927	\$443,721	\$417,709	\$374,719
\$335,084	\$332,403	\$329,939	^\$326,330	\$315,386	\$311,936
^\$302,327	\$299,553	\$261,256	\$260,656	\$259,205	\$223,719
\$216,345	\$190,547	\$175,073	^\$150,518	^\$149,465	^\$132,235
\$132,018	\$114,750	\$103,370	\$73,649	^\$51,594	^\$43,674
^\$35,321	^\$28,758	^\$25,687	^\$19,692	^\$19,615	^\$18,469
^\$17,154	^\$15,822	^\$13,578	^\$11,970	^\$10,989	^\$10,376
^\$10,211	^\$8,094	-	-	-	-

**Non-traditional stores are marked with an ^.**

**Some stores have sold these amounts. Your individual results may differ. There is no assurance that you will sell as much.**

**The top 33% of Stores (16 out of the 50 of which 13 are Traditional Stores) had an average unit value of \$542,107.**

**The bottom 33% of Stores (17 out of the 50 of which only 1 is a Traditional Store and remaining 16 are Non-Traditional Stores) had an average unit value of \$24,391.**

**The average unit volume for the 27 Traditional Stores is \$357,616.**

Notes:

Note 1. Item 19 reflects the historical sales information for Traditional Stores and Non-Traditional Stores. For purposes of this Item 19, Traditional Stores and Non-Traditional Stores are defined as:

- A Traditional Store occupies approximately 800 to 1,200 square feet of commercial space, and may be located on a major thoroughfare, in or adjacent to a retail strip mall, or in an urban storefront. Traditional Café Stores offer products such as upscale retail frozen yogurt (in either a full-serve or self-serve model), yogurt and non-yogurt-based smoothie beverages, fruit-based smoothie beverages, fresh-squeezed fruit and vegetable juices, health foods, café items (e.g. wraps, salads, soups, flatbreads) and related products and services for dine-in consumption and take-out service.
- A Non-Traditional Store occupies approximately 250 to 800 square feet of commercial space, and operates in such locations as a food court or kiosk located within an enclosed shopping mall, airport, casino, office building, college campus, medical facility, hospital, or other closed market environment. A Non-Traditional Store offers limited or no seating (for example, as in a food court of a shopping mall environment) and may offer limited product selections due to the layout of the location.

Note 2. The RED MANGO Stores reflected in the chart above are Stores located in the following states: Illinois, Indiana, Kentucky, New Jersey, Nebraska, Nevada, New York, Texas, Virginia, and Puerto Rico.

Note 3. The above information reflects sales information only and excludes any costs and expenses; therefore, you can draw no inferences with respect to a Store's profitability.

Note 4. The figures reflected in the chart above were compiled from unaudited information reported to us by our franchisees. We have not independently verified any of the sales information upon which this financial performance representation is based.

Note 5. The data in the chart above does not include 7 stores that were not open and operating for at least 12 of the 13 accounting periods from January 3, 2022 through January 1, 2023.

Note: 6. Store sales are affected by a number of factors including local demographics (including daytime and residential population and income levels), site characteristics (i.e., visibility, traffic count, ease of ingress and egress, parking availability), seasonality (particularly in colder climate), local competition, brand and product awareness in the geographic area in which the Store is located, and your individual marketing efforts. Sales also may be affected by other factors such as weather events and road construction affecting traffic patterns.

Written substantiation for the financial performance representation will be made available to you upon reasonable request.

The financial performance representations figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your RED MANGO Store. Franchisees, or former franchisees, listed in this disclosure document, may be one source of this information.

Except for the information presented above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised Stores. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Store, however, we may provide you with the actual records of that Store. If you receive any other financial performance information or projections of future income, you should report it to the franchisor's management by contacting Sherif Mityas, President, Red Mango FC, LLC, 14860 Montfort Drive, Suite 150 PMB 34, Dallas, TX 75254, or 214-302-5932; the Federal Trade Commission; and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2020 – 2022<sup>1</sup>**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2020	77	75	-2
	2021	75	65	-10
	2022	65	57	-8
Company Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
<b>Total</b>	<b>2020</b>	<b>77</b>	<b>75</b>	<b>-2</b>

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Outlets	2021	75	65	-10
	2022	65	57	-8

Note 1. Our fiscal year-end is established as the last Sunday of the year. Therefore, all 2022 numbers are as of January 1, 2023, all 2021 numbers are as of January 2, 2022, and 2020 numbers are as of December 27, 2020.

**Table No. 2**  
**Transfers of Stores from Franchisee to New Owners (other than the Franchisor)**  
**For Years 2019 – 2021<sup>1</sup>**

State	Year	Number of Transfers
Illinois	2020	0
	2021	4
	2022	1
Indiana	2020	0
	2021	1
	2022	0
Nevada	2020	0
	2021	1
	2022	0
New Jersey	2020	1
	2021	0
	2022	0
New York	2020	0
	2021	1
	2022	1
Texas	2020	0
	2021	0
	2022	1
Totals	2020	1
	2021	7
	2022	3

**Table No. 3**

**Status of Franchised Outlets  
For Years 2020 – 2022<sup>1</sup>**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
California	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
Illinois	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	3	7
	2022	7	0	0	0	0	0	7
Indiana	2020	5	0	0	0	0	0	5
	2021	5	0	0	1	0	0	4
	2022	4	0	1	0	0	0	3
Kentucky	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maine	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
Massachusetts	2020	1	0	0	1	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Nebraska	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
Nevada	2020	4	1	0	1	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
New Jersey	2020	7	2	0	1	0	0	8
	2021	8	0	0	0	0	3	5
	2022	5	0	0	0	0	2	3
New York	2020	29	3	0	0	0	4	28
	2021	28	1	0	1	0	1	27
	2022	27	1	0	0	0	1	27

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
N. Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Puerto Rico	2020	7	0	0	0	0	0	7
	2021	7	1	0	0	0	1	7
	2022	7	0	0	0	0	1	6
Texas	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	3	3
	2022	3	0	0	0	0	1	2
Utah	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	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	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Wyoming	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	77	6	0	3	0	5	75
	2021	75	3	0	2	0	11	65
	2022	65	1	3	1	0	5	57

**Table No. 4  
Status of Company Owned Outlets  
For Years 2020 – 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
	2022	0	0	0	0	0	0

**Table No. 5  
Projected Openings as of January 1, 2023**

State	Franchise Agreements Signed But Outlets Not Open	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
Illinois	1	1	0
New York	2	3	0
Virginia	1	1	0
Texas	0	0	1
TOTALS	4	5	1

Exhibit F reflects the name, business address, and business telephone number of each of our current franchisees and the address and telephone numbers of their Stores as of January 1, 2023. Exhibit F also reflects the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our fiscal year ended January 1, 2023, or who has not communicated with us during the prior 10-week period.

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 former franchisees sign provisions restricting their ability to speak openly about their experience with the Red Mango franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. There are no franchisee organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this disclosure document.

**ITEM 21  
FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit E are our audited balance sheets as of January 1, 2023, (for fiscal year ending 2022), January 2, 2022 (for fiscal year ending 2021), and December 27, 2020 and the related statements of operations, changes in members' equity, and cash flows for the years then ended.

**ITEM 22  
CONTRACTS**

Attached as Exhibit A is our current form of Franchise Agreement with all Attachments.

Attached as Exhibit B is our current form of Store Development Agreement with all Attachments.

Attached as Exhibit C is our current form of General Release.

**ITEM 23  
RECEIPTS**

Two copies of a receipt of this disclosure document appear as Exhibit H. Please return one copy to us and retain the other for your records.



## STATE SPECIFIC ADDENDA

### FOR THE STATE OF ILLINOIS

Item 17 is supplemented by the following:

Illinois law governs the Franchise Agreement and Store Development Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

### FOR THE STATE OF NEW YORK

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 G, 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS 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 CANNOT 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. Item 3 is supplemented by the following:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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.

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, unfair or deceptive practices or comparable allegations.

No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law,

resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliates, its predecessors, officers, or general partners during the 10-year period immediately before the date of this Franchise Disclosure Document: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17 (m), entitled “Conditions for franchisor approval of transfer”.

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York, and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. 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.

6. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”.

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

#### **FOR THE STATE OF MINNESOTA**

1. Item 17 is supplemented by adding the following language to the end of the “Summary” section of Item 17(c) (Requirements for franchisee to renew or extend) and Item 17(m) (Conditions for our approval of transfer by franchisee):

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

2. Item 17 is supplemented by adding the following language to the end of the “Summary” section of Item 17(f) (Termination by franchisor with cause):

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minnesota Statutes Sec. 80C.14, Subs. 3,4, and 5 require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the applicable agreement.

3. Item 17 is supplemented by adding the following language to the end of the “Summary” section of Item 17(v) (Choice of forum):

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. Item 6 of the disclosure document is supplemented with the following:

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

**FOR THE COMMONWEALTH OF VIRGINIA**

1. Item 5 and Item 7 are supplemented by the following:

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. Additionally, the Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Development Fee, until the franchisor has completed its pre-opening obligations related to the first developed Store and the Store has commenced business.

2. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for Red Mango FC, LLC is supplemented by the following:

"Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

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

**EXHIBIT A**  
**FRANCHISE AGREEMENT**



**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**FRANCHISE AGREEMENT  
SUMMARY PAGES**

**EFFECTIVE DATE:** \_\_\_\_\_

**FRANCHISEE(S):** \_\_\_\_\_

**ADDRESS FOR NOTICES:** \_\_\_\_\_

**TELEPHONE NUMBER:** \_\_\_\_\_

**E-MAIL ADDRESS:** \_\_\_\_\_

**SITE SELECTION AREA:** \_\_\_\_\_

**FRANCHISE LOCATION:** \_\_\_\_\_

**DEVELOPMENT STATUS:**       New Store

Transfer of Existing Store

**INITIAL FRANCHISE FEE:**       Traditional Store:

\$30,000 Standard

\$15,000 Discounted [veteran's program, Early Franchise Incentive Program or signed in conjunction with a Store Development]

Non-Traditional Store:

\$15,000 Standard

\$7,500 Discounted [veteran's program, Early Franchise Incentive Program or signed in conjunction with a Store Development Agreement]

**NEW STORE MARKETING PLAN FEE:**       \$5,000 payable at the earlier of the date you sign the lease for the Store or the Control Date listed below

**MARKETING ALLOCATION:**       Traditional Store: 3% of Gross Revenue

Non-Traditional Store: 1% of Gross Revenue

**ROYALTY FEE:**      6% of Gross Revenue

**SITE SELECTION FEE:**       \$3,500 payable on execution of this Agreement

**PROJECT MANAGEMENT FEE:**       \$3,500 payable on execution of this Agreement

**RENEWAL FEE:**      25% of the then current Initial Franchise Fee of the applicable format

**TRANSFER FEE:**      \$1,500 (Convenience of Ownership, refer to Section 12.2.)

   \$2,500 (Non-controlling Interest, refer to Section 12.3.)

   \$10,000 for a Traditional Store or \$5,000 for a Non-Traditional Store (Transfer of Agreement, Franchised Business, and/or Controlling Interest refer to Section 12.4.), plus our related expenses

**EXTENDED TERM FEE:**      Refer to Section 12.4.7.

\_\_\_\_\_  
Franchisor Initial

\_\_\_\_\_  
Franchisee Initial

**CONTROL DATE:**

\_\_\_\_\_

**OPENING DATE:**

\_\_\_\_\_

**SCHEDULED**

**EXPIRATION DATE:**

- Traditional Store: On the 10<sup>th</sup> anniversary of the Store opening, but no later than 11 years from the Effective Date, \_\_\_\_\_
- Non-Traditional Store: On the 5<sup>th</sup> anniversary of the Store opening, but no later than 6 years from the Effective Date,
- Transfer of Store: See amendment for Scheduled Expiration Date

**RED MANGO FC, LLC**

**ADDRESS FOR NOTICES:**

Red Mango FC, LLC  
14860 Montfort Drive, Suite 150 PMB 34  
Dallas, Texas 75254  
Fax: 214-347-4058  
Attention: CEO  
cc: Chief Legal Counsel

\_\_\_\_\_  
Franchisor Initial

\_\_\_\_\_  
Franchisee Initial

**RED MANGO FC, LLC  
FRANCHISE AGREEMENT  
TABLE OF CONTENTS**

1.	GRANT .....	1
2.	TERM.....	3
3.	SITE SELECTION, CONSTRUCTION; STORE LOCATION .....	3
4.	FEES .....	5
5.	TRAINING AND ASSISTANCE .....	8
6.	OPERATION OF THE FRANCHISED BUSINESS .....	9
7.	MARKS AND COPYRIGHTS.....	14
8.	SYSTEM, MANUALS AND INFORMATION .....	15
9.	ADVERTISING AND MARKETING.....	16
10.	POS SYSTEM; ACCOUNTING AND RECORDS; TAXES .....	19
11.	INDEPENDENT CONTRACTOR, INSURANCE, AND INDEMNIFICATION .....	20
12.	TRANSFER OF INTEREST .....	23
13.	DEFAULT AND TERMINATION .....	25
14.	OBLIGATIONS UPON TERMINATION OR EXPIRATION .....	27
15.	COVENANTS .....	29
16.	REPRESENTATIONS .....	31
17.	NOTICES.....	32
18.	CONSTRUCTION.....	33
19.	APPLICABLE LAW; DISPUTE RESOLUTION .....	34

**ATTACHMENTS:**

<u>Attachment A</u>	Glossary of Additional Terms
<u>Attachment B</u>	The Franchised Location, Opening Date, and Protected Area
<u>Attachment C</u>	Entity Information
<u>Attachment D-1</u>	Guaranty and Personal Undertaking
<u>Attachment D-2</u>	Confidentiality and Non-Competition Agreement
<u>Attachment E</u>	ACH Authorization
<u>Attachment F</u>	Lease Addendum
<u>Attachment G</u>	RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment, if applicable
<u>Attachment H</u>	Franchisee Questionnaire
<u>Attachment I</u>	Early Franchise Incentive Program Royalty Fee Reduction Amendment, if applicable
<u>Attachment J</u>	Collateral Lease Assignment and Conditional Bill of Sale; Power of Attorney
<u>Attachment K</u>	Red’s Real Deal Addendum

**STATE-SPECIFIC AMENDMENTS**



**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (this “**Agreement**”) is made and entered into as of the Effective Date reflected in the Summary Pages (the “**Effective Date**”) by and between Red Mango FC, LLC, a Texas limited liability company, with its principal office in Dallas, Texas (“**Mango**,” “**Franchisor**,” “**we**” or “**our**”), and the franchisee identified in the Summary Pages (“**you**”). Terms initially capitalized but not otherwise defined will have the meaning ascribed on Attachment A, Glossary of Terms.

A. Mango has acquired the license to use and to sublicense the use of a distinctive system relating to the establishment and operation of upscale retail frozen yogurt, yogurt and non-yogurt based smoothie beverages, fruit-based smoothie beverages, fresh-squeezed fruit and vegetable juices, health foods, café items (e.g. wraps, salads, soups, flatbreads) and related products and services for dine-in consumption and take-out service under the trade name RED MANGO®, RED MANGO CAFÉ® and/or RED MANGO CAFÉ & JUICE BAR™ (the “**System**”) (as more fully defined on Attachment A).

B. The distinguishing characteristics of the System include, without limitation, products, recipes and menu items, which incorporate Mango’s trade secrets and proprietary information (the “**Proprietary Products**”), distinctive exterior and interior design, decor, color scheme, fixtures, and furnishings; standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Mango from time to time.

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “**RED MANGO®**,” “**RED MANGO CAFÉ®**,” “**RED MANGO CAFÉ & JUICE BAR™**” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Mango in writing for use in connection with the System (the “**Marks**”) (as more fully defined on Attachment A).

D. You have applied to Mango for a franchise to operate a store under the System and Marks (the “**Franchised Business**”) and Mango has approved your application and desires to grant you such franchise, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration for the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**1. GRANT**

1.1. Grant. Subject to the provisions of this Agreement, Mango grants to you the right (“**Franchise**”) to continuously operate a RED MANGO Store at the Franchise Location identified (or to be identified) in the Summary Pages and Attachment B, and to use the Marks in the operation and promotion of the Franchised Business. You hereby undertake the obligation and agree to continuously operate the Store at the Franchise Location during the term hereof, strictly according to the terms and conditions of this Agreement. This Agreement specifically grants you no right, among others, to **(a)** sublicense the use of the System or Marks, **(b)** to co-brand with another concept, **(c)** to provide on-site catering services (such as from a cart or kiosk) without Mango’s prior written consent, **(d)** to deliver or ship RED MANGO products, regardless of the destination, without Mango’s prior written consent, or **(e)** to distribute RED MANGO products through wholesale channels, such as supermarkets, convenience stores or other retailers, or through food service providers such as restaurants or airlines through in-flight services.

1.2. Protected Area. This Agreement grants you a “Protected Area” identified in Attachment B. During the term of this Agreement, Mango will not own or operate, or grant anyone else the right to operate a RED MANGO® Store in the Protected Area, except **(a)** for sales in “Closed Markets” (which are carved out from territorial protection, as described in Attachment B), and **(b)** if Mango purchases, merges, acquires, or affiliates with another business, Mango may continue to operate, franchise, or license the acquired business anywhere, including in the Protected Area, under the

Marks or a different trademark, pursuant to [Section 12.1](#). Mango reserves to itself all other rights not expressly granted to you under this Agreement.

1.3. [Non-Exclusive License for Licensed Programs or Products](#). You also may have the right or be obligated, periodically, to offer certain programs or products comprised of proprietary formulas or recipes, and/or identified by proprietary trademarks or service marks licensed from a Mango Affiliate or third party on a non-exclusive basis ("**Licensed Programs or Products**"). Mango will not license anyone else the right to offer or sell Licensed Programs or Products in your Protected Area, but there are no restrictions on where Mango Affiliates and/or third parties may offer or sell them. You acknowledge that such offering by a non-RED MANGO business, in or near your Protected Area, is not a violation of this Agreement.

1.4. [Reservation of Rights](#). Except for the restrictions described in [Section 1.2](#), there is no restriction on Mango's right to use and to license use of the Marks. Mango may own and operate and grant others the right to own and operate RED MANGO Stores, and may sell and license others the right to sell, soft-serve frozen yogurt and other products identified by the Marks anywhere outside the Protected Area, regardless of proximity to or economic effect on the Store. Mango also may own and operate, and grant others the right to own and operate, RED MANGO Stores, and may sell and license others the right to sell soft-serve frozen yogurt and other products identified by the Marks in "Closed Markets" within the Protected Area. Mango also may distribute products and services identified by the Marks, such as pre-packaged and soft-serve frozen yogurt, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, restaurants, virtual kitchens, ghost kitchens, and via mail order, catalog sales, third party delivery systems, and/or the Internet. The parties acknowledge and agree that Mango may operate, and/or license the right to third parties to operate, virtual kitchens, ghost kitchens, and/or virtual sales platforms on third party delivery services, including but not limited to Door Dash, Uber Eats, Grub Hub, and Postmates, using the RED MANGO trademarks or service marks, which may operate and deliver in your Protected Area. Further, you acknowledge that third party delivery service providers will determine a delivery zone around your Store. Your Store may be promoted in that delivery zone by the third party delivery service provider (but not necessarily by us). We do not control the territory boundaries established by any third party delivery services provider. In certain rare circumstances, your delivery zone may overlap the delivery zone of another Store and/or the delivery zone of another Store may encroach your Protected Area. Neither the existence of any overlap or encroachment by a third party delivery service provider, nor our allowing this overlap or encroachment to persist, is considered a breach of your territory rights under this Agreement.

1.5. [Right to Operate Businesses Under Different Marks](#). Nothing in this Agreement prohibits or restricts Mango from **(a)** owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e.*, a mark other than RED MANGO®), whether or not the business is the same as or competitive with RED MANGO Stores, or **(b)** owning, operating, or franchising one or more businesses offering products or services other than frozen yogurt under the name RED MANGO or some derivative of the Marks.

1.6. [RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store](#). If you want to open a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, in addition to signing this Franchise Agreement, you must also sign the RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment attached as [Attachment G](#). You understand and agree that that the RED MANGO System and the SMOOTHIE FACTORY franchise system ("**Smoothie Factory System**") are distinct franchise systems and brands. You further understand and agree that by signing this Agreement and the RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment you will be obligated to comply with all terms of this Agreement as are modified and amended solely pursuant to the RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment and solely for the purpose of opening and operating a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store. If you operate a RED MANGO-SMOOTHIE FACTORY Co-Branded Store and this Agreement terminates or is not renewed but you want to continue to operate a SMOOTHIE FACTORY Store, you must sign a franchise agreement with the SMOOTHIE FACTORY franchisor and remodel the Store to only operate as a SMOOTHIE FACTORY Store.

## 2. TERM

2.1 **Term.** Unless sooner terminated as provided in this Agreement, the term of this Agreement begins on the Effective Date and expires on the Scheduled Expiration Date described in the Summary Pages, regardless of the date on which the Store opens to the public for business.

2.2. **Successor Terms.** You may renew your franchise rights for two consecutive five-year terms if, at the end of each term, each of the following conditions has been satisfied: **(a)** you have notified Mango of your intent to renew the franchise at least twelve (12) months (but no more than twenty-four (24) months) before the then-current term has expired; **(b)** you are not in default of any material provision of this Agreement or any successor Franchise Agreement (as applicable), and you have complied with the material terms and conditions of this Agreement or any successor franchise agreement (as applicable) throughout the term; **(c)** all amounts owed to Mango and its Affiliates and third party suppliers have been paid; **(d)** the Store has been renovated and refurbished so that it reflects Mango's then-current image, trade dress, equipment, and furnishings standards; **(e)** you have the right to remain in possession of the Store premises, or have secured substitute premises that Mango has approved; **(f)** you meet Mango's then-current qualifications for new franchisees; **(g)** you and each person who has guaranteed your obligations under this Agreement signs a general release in a form Mango prescribes, you may exercise your renewal rights; **(h)** you pay to Mango the Renewal Fee; and **(i)** you submit to Mango a walkthrough video of your Store evidencing all items reasonably requested by Mango, including without limitation, the storefront of the Store, all exterior and interior signage, the interior of the Store (including, without limitation, the entrance, kitchen, serving and food preparation areas, the restroom, seating areas, and any additional areas), equipment, fixtures, furnishing, artwork and graphics, menu boards, accessories and licenses. The following provisions will govern renewal:

2.2.1. No later than sixty (60) days prior to expiration of the current term, Mango will deliver to you its Franchise Disclosure Document containing a copy of its then-current franchise agreement. This is the Franchise Agreement that will govern the successor term. It may be materially different than this Agreement, and may include, among other things, different or higher fees. This Agreement will be modified to reflect payment of the Renewal Fee reflected in the Summary Pages of this Agreement in lieu of the initial franchise fee, and to reflect a five-year term. Mango also will deliver to you a General Release to be signed by you and each person who has personally guaranteed your obligations under this Agreement.

2.2.2. No later than thirty (30) days prior to the expiration of the current term, you must sign and return to Mango **(a)** the executed franchise agreement and all personal guaranties required under the Franchise Agreement, **(b)** payment of the Renewal Fee, **(c)** the executed general release, **(d)** proof that you have the right to remain in possession of the Store premises for the successor term, and **(e)** proof of payment of any amounts you owe to Mango, its Affiliates, and your trade creditors. No later than thirty (30) days prior to the expiration of the current term, you also must comply with Mango's then-current training requirements.

2.2.3. The foregoing conditions and procedures apply to each five-year successor term. Mango may extend any of the foregoing deadlines in its sole discretion.

2.2.4. In the event you continue operating the Franchised Business following the natural expiration of this Agreement, such arrangement will be considered an extension of this Agreement; provided that the Royalty and Brand Development Fund Contribution fees will equal to 125% of the rates described in the Summary Pages. In addition, your Owners shall indemnify Mango in the event that such operation causes any cost, expense, liability or damage to you or Mango. The inclusion of this Section 2.2.4. shall not be construed as Mango's permission for you to continue operations after the natural expiration of this Agreement.

## 3. SITE SELECTION, CONSTRUCTION; STORE LOCATION

3.1 **Site Selection.** You shall pay the Site Selection Fee upon execution of this Agreement, and must identify and acquire a site for the Store by the Control Date specified in the Summary Pages. The site must be located within the Site Selection Area identified in the Summary Pages, must meet Mango's then-current site selection criteria, and must otherwise be mutually acceptable to you and to Mango. Mango may assist you in site selection, in its sole discretion, which assistance may include making available to you the services of an internal development management team or

our designated tenant representative consulting firm. If Mango requires you to use the services of an internal development management team or its designated tenant representative consulting firm, you shall work with the consultant/broker and to pay the Site Selection Fee in the amount set forth in the Summary Pages (which Mango may impose and collect on the firm's behalf). Ultimate site selection is solely your responsibility.

3.2. Franchise Site Application. For each proposed site that you identify, you must deliver to Mango a completed franchise site application in a form Mango prescribes, including such information about the site as Mango may reasonably request to perform its evaluation. This information may include, among other things, a description of the proposed site, demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase price, rental obligations, and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises. Mango will approve or refuse to approve a proposed site within thirty (30) days after the receipt of these documents and any additional information as Mango may reasonably require. Mango's failure to provide notification within this time period shall not be considered either approval or disapproval. **The parties acknowledge and agree that Mango's site approval is not an assurance that the Store will achieve a certain sales volume or level of profitability; it means only that the proposed site meets Mango's minimum criteria for RED MANGO Stores.**

3.3. Lease. If you occupy the Franchised Location under a lease with a third party landlord, Mango has the right to approve the lease terms, and the lease shall not be signed until it has been reviewed and approved by Mango. **The parties acknowledge and agree that Mango's approval of a lease does not mean that the economic terms of the lease are favorable; it means only that the lease contains the lease terms that Mango requires.** The lease also must contain the terms reflected in Attachment F, including Mango's option to assume the lease in the event of expiration or termination of this Agreement. The lease must be completed on or before the Control Date. The provisions of this Section 3.3 shall apply to any and all amendments to such lease and any and all subsequent leases and lease renewal agreements. You shall provide to Mango a fully executed copy of all leases and amendments, if any, within ten (10) days after its execution. The Lease Addendum includes important provisions that protect our interests. If your landlord refuses to sign the Lease Addendum in the form attached to this Agreement, we may reject your proposed location. You must also sign a Collateral Assignment of Lease that is Attachment J to this Agreement whereby you agree to assign your rights to the lease to us in the event of a termination or expiration of the term of the Franchise Agreement or a default under the lease.

3.4. Store Design and Build Out. You shall follow Mango's procedures for Store construction and build out, shall construct and build out the Store according to Mango's standards and specifications for design, décor, and layout, and shall equip the Store according to Mango's requirements for fixtures, furnishings, equipment, interior and exterior signage, artwork and graphics, and awnings. If Mango requires you to use the services of an internal development management team or its designated tenant representative consulting firm in connection with space planning and construction coordination assistance, you shall work with the consultant/broker and to pay the Project Management Fee in the amount set forth in the Summary Pages (which Mango may impose and collect on the firm's behalf). You are solely responsible for obtaining all government approvals, zoning classifications, permits, and clearances related to the Store, and for complying with applicable requirements of the Americans with Disabilities Act. During construction, you must maintain general liability and property damage insurance of the type and with the limits Mango requires, protecting you, Mango, its parent company, and its Affiliates, and their respective subsidiaries, partners, members, shareholders, officers, directors, regional directors, agents, employees, successors, and assigns, (collectively, "**Mango Insureds**"). Such policy or policies shall be written by a responsible insurer or insurers acceptable to Mango and shall contain a waiver of subrogation in favor of Mango and the Mango Insureds. You shall notify Mango in writing when construction begins, and thereafter shall provide a monthly progress report. Mango and its designees have the right to inspect the site at all reasonable times.

### 3.5. Opening.

3.5.1. When a site is identified, the Parties will mutually agree on an opening date (“**Opening Date**”), which will be no later than one hundred eighty (180) days from the date you take possession of the site, and will be reflected on Attachment B. You must open the Store for business on or before the Opening Date.

3.5.2. You may open the Store for business only with prior written permission of Mango.

3.5.3. Mango will grant permission to open only if **(a)** all amounts due Mango under this Agreement have been paid, **(b)** the Store has been constructed and equipped according to Mango’s standards and specifications, **(c)** all of your pre-opening and training obligations have been satisfied, **(d)** Mango has received from you a signed ACH Authorization (Attachment E) by no later than the Control Date, **(e)** Mango has received from you a fully executed copy of your Store lease containing the mandatory lease terms described in Attachment F, unless otherwise agreed by Mango in writing, **(f)** Mango has received from you certificates of insurance as required by Article 11, and **(g)** you are otherwise in good standing under this Agreement.

3.6. Relocation. You may relocate the Store only with Mango’s prior written consent. Mango will grant its consent if your lease expires or terminates through no fault of yours, or if the Store premises is destroyed or materially damaged by fire, flood, or other natural catastrophe (an “**Innocent Loss or Casualty**”) and you are not in default of this Agreement or any other agreement between you and Mango. Selection of the relocation site and Store construction, renovation, and opening shall be governed by this Article 3; provided that if the relocation occurred as a result of the loss of an Innocent Loss or Casualty, the Store must be open for business at the new location within one hundred eighty (180) days of closing at the previous location and if the relocation occurred for any other reason, the Store must be open for business at the new location within five (5) days of closing at the previous location. You are solely responsible for all relocation costs and expenses, and shall reimburse Mango’s for its reasonable attorneys’ fees and other relocation-related costs and expenses.

## 4. FEES

4.1. Initial Franchise Fee. Upon execution of this Agreement, you shall pay Mango an Initial Franchise Fee in the amount and time frame specified in the Summary Pages (less any applicable development credit, if you are signing this Agreement under a Store Development Agreement). The Initial Franchise Fee is fully earned by Mango when paid and is not refundable.

4.2. Royalty Fee. During the term of this Agreement, you shall pay to Mango a nonrefundable and continuing Royalty Fee in the amount specified in the Summary Pages for the right to use the System and the Marks. The Royalty Fee will be calculated as 5% of Gross Revenue. If any taxes, fees, or assessments are imposed on your payment of Royalty Fee (except taxes imposed on Mango’s net taxable income) you must also pay or reimburse Mango the amount of the taxes, fees, or assessments within fifteen (15) days after your receipt of Mango’s written notice to you.

4.3. Technology Fee. The parties acknowledge and agree that the technological environment is rapidly changing and that it is difficult to anticipate the cost of developing, acquiring, implementing, and licensing Internet, software, and communications technologies that may benefit franchisees of the System. Accordingly, in addition to the Royalty Fee, Mango reserves the right to impose a Technology Fee in an amount determined by Mango but which shall not exceed a defined amount in any calendar year (“**Technology Fee Cap**”). For calendar year in which this Agreement became effective, the Technology Fee Cap is the greater of \$150 per Accounting Period or \$1,950 per calendar year. The Technology Fee Cap shall increase automatically each calendar year by an amount not to exceed 10% of the prior year’s Technology Fee Cap. You agree to pay the Technology Fee according to the terms prescribed by Mango.

4.3.1. Consistent with the foregoing, among other things, we reserve the right periodically to undertake technology initiatives, the purpose of which would be enhance the technology associated with the System including, without limitation, enhanced internet capability, use of proprietary digital applications and enhanced support services. Although we cannot estimate the future costs of any required computer hardware or software including, without limitation, the POS System (as defined in Section 10 below), or required service or support, and although these costs might not be fully amortizable over the remaining term of this Agreement, you agree to incur the costs of obtaining the computer hardware and software comprising the POS System (or additions or modifications) and required service or support.

We have no obligation to reimburse you for any computer or POS System costs. As otherwise permitted in this Agreement, we may access, and you shall at all times provide us with access to, any and all computers that you use in connection with the Store and the Franchised Business inclusive of the POS System and retrieve all pertinent information relating to the operation of the Store in areas that we have the ability to control and/or remedy.

4.3.2 Notwithstanding the fact that you must purchase, use, and maintain the POS System consistent with our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, updates and upgrading of the POS System, including compliance with the standards that we periodically require; (2) the manner in which your POS System interfaces with our computer system and those of other third parties; (3) the installation, maintenance and support of the POS System, although we may from time to time require or recommend third parties to provide these functions; and (4) any and all consequences that may arise if the POS System is not properly operated, maintained and upgraded, including but not limited to virus and spyware issues, all as more specifically outlined in Section 10 of this Agreement.

4.3.3 Your POS System must be compliant with all applicable laws, regulations, and commonly accepted industry standards, including without limitation those laws, regulations, and commonly accepted industry standards relating to privacy, data security, and the processing and protection of confidential personal information, including without limitation the Payment Card Industry Data Security Standards and all other standards applicable to electronic payments that may be published from time to time by payment card companies.

4.4. Other Payments. In addition to all other payments provided in this Agreement, you shall pay promptly when due:

4.4.1. All amounts advanced by Mango or which Mango has paid, or for which it has become obligated to pay on your behalf for any reason whatsoever, and all amounts that you owe to trade creditors including, without limitation, amounts due for the purchase of Proprietary Products.

4.4.2 All amounts related to any taxes, fees, or assessments are imposed on your payment of the Royalty Fee or any other fees payable under this Agreement (except taxes imposed on Franchisor's net taxable income).

4.4.3. Fees imposed by Mango and third parties for providing administrative and technical services, such as gift card and loyalty program processing services, and other amounts due relating to your purchase of promotional materials and participation in marketing-related programs pursuant to Section 9.4, Section 9.5, and Section 9.6 of this Agreement.

4.4.4. All amounts due for any reason, including on account of purchases of Proprietary Products, supplies or services relating to the Franchised Business.

4.5. No Set-Off Rights. You may not set off, deduct or otherwise withhold any fees or other amounts due Mango under this Agreement on grounds of alleged nonperformance by Mango of any of its obligations or for any other reason. Withholding royalties or any other amounts due Mango is a material breach of this Agreement.

4.6. Accounting Period. Each "**Accounting Period**" consists of a four-week period consistent with Mango's 52-53 week fiscal year. Mango has the right to change or modify the definition of "Accounting Period" to mean a calendar month or a 30-day period. You shall make all changes necessary to conform to such change or modification.

4.7. Payment Terms. Royalty fees and other payments that are calculated as a percentage of Gross Revenue are payable on a weekly basis, unless otherwise specified by Mango. All payments due under this Agreement are due and payable on the day Mango specifies, provided that such day is a Business Day (the "**Due Date**"). If the Due Date is not a Business Day, then payment is due on the next Business Day. Currently, each week commences on Monday and ends on the following Sunday. Unless otherwise determined by Mango, fees and charges will be collected on the Wednesday following the expiration of the applicable reporting period.

4.8. Payment Procedures. Mango shall determine the amount of the Royalty Fee and other amounts due under this Agreement by accessing and retrieving Gross Revenue data from your computer system, as permitted by Article 10, and shall provide notice to you (each a "**Fee Notice**") stating the applicable Royalty Fee and other fees due after the close of the applicable reporting period. If you wish to dispute the amount, you must deliver to Mango written notice

of the dispute, along with all evidence that supports your claim within three (3) Business Days following delivery of the Fee Notice. If you do not provide notice of any dispute of a Fee Notice within the 3-Business Day period then you will be deemed to have accepted the Fee Notice. On each Due Date, Mango will transfer from your commercial bank operating account (“**Account**”) the undisputed amount of fees reflected in the Fee Notice. If you have not reported Gross Revenue for any reporting period, or if Mango is unable to access Gross Revenue data from your computer system, or if Mango determines that you have underreported Gross Revenue, Mango also has the right to transfer from the Account, at its option, an estimated payment, plus interest, which payment may be based on the Store’s historical performance and/or the amount of your purchases of yogurt mix. Any overpayment will be credited against future payments due under this Agreement. If an underpayment occurs, Mango will notify you of the additional amounts due on the Fee Notice for the next reporting period.

4.9. Electronic Fund Transfer. You shall participate in Mango’s then-current electronic funds transfer program authorizing Mango to use a pre-authorized bank draft system. You shall: **(a)** comply with Mango’s procedures, as specified in the Manual or otherwise in writing; **(b)** perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 4.9; **(c)** give Mango an authorization in the form designated by Mango to initiate debit entries and/or credit correction entries to the Account for payments of the Royalty Fee and other amounts payable under this Agreement, including any interest charges; and **(d)** make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof. Notwithstanding the provisions of this Article 4, Mango reserves the right to modify, at its option, the method by which you pay the Royalty Fee and other amounts owed under this Agreement upon receipt of written notice by Mango. Your failure to have sufficient funds in the Account is a material breach of this Agreement.

4.10. Interest; Nonsufficient Funds Charge. Any payments not received by Mango by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Store operates, whichever is less. If any check, draft, electronic or otherwise, is returned for insufficient funds, you shall pay to Mango a nonsufficient funds (“**NSF**”) charge in the amount of \$50 (which will increase to \$100 for any second or more NSF charge during any rolling twelve (12) month period) and reimburse Mango for all expenses that it incurs on account of such nonsufficient funds.

4.11. Partial Payments; Application of Payments. If you pay less than the amount due, your payment will be considered a partial payment on account. Mango may accept such payment as a partial payment, irrespective of any endorsement or other statement that the payment constitutes full payment. Mango’s acceptance of such partial payment will not be considered a waiver of any of its right to demand or receive full payment, and you hereby waive any estoppel defense in this regard. Mango may apply your payments to any indebtedness, in its sole and reasonable discretion, regardless of any designation that accompanies the payment.

4.12. Collection Costs and Expenses. If you fail to comply with any of the terms or conditions of this Agreement, you must promptly reimburse Mango for any and all costs and expenses that it incurs in enforcing the terms of this Agreement including, without limitation, fees paid to a collection agency, and reasonable attorneys’ fees and accountants’ fees. This obligation is in addition to and not in lieu of any other remedies available to Mango under this Agreement and applicable law.

4.13. Managed Security Service Provider Fee. This fee shall be paid to any third-party service provider, as Mango designates from time to time for the cost of in-store network security, cyber security, firewall monitoring and any failover services.

4.14. Default Fee. If you are in default under this Agreement, at our direction and without waiver of any of our rights under this Agreement, in lieu of termination of this Agreement, we may impose a fee (“Default Fee”) in an amount of \$1,500 plus the cost of reinspection and the cost of enforcing compliance. You must pay the default fee within 3 days of our demand.

4.15. On-site Training Cancellation Fee. If our representative is scheduled to conduct an on-site training program at your Franchised Business and you subsequently cancel the scheduled training program, then you must pay us our then current on-site training cancellation fee (“On-Site Cancellation Fee”). The On-Site Training Cancellation Fee may

vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.

## 5. TRAINING AND ASSISTANCE

5.1. Initial Training. If this Agreement is being signed in conjunction with your first RED MANGO Store, then before you may open the Store for business, your Managing Owner must attend and complete to Mango's satisfaction Mango's initial training program. The initial training program will take place at a location and time that Mango designates, generally no later than three (3) weeks prior to the Store opening. Up to two (2) individuals may attend Mango's initial training program without a tuition or registration charge. At your request, Mango may permit additional individuals to attend the same training program, subject to space availability and payment of a reasonable tuition. You are responsible for all costs and expenses of complying with Mango's training requirements including, without limitation, tuition and registration costs and salary, travel, lodging, and dining costs for all of your employees who participate in the training. The initial training shall apply only to the first RED MANGO Store you develop; there is no obligation for Mango to provide training with respect to the second or any subsequent Store that you develop.

### 5.2. Store Opening Assistance.

5.2.1. If this Agreement is being signed in conjunction with your first RED MANGO Store, Mango will make available one (1) individual to provide you five (5) days of on-site Store opening assistance. There is no additional fee for such assistance, but you must reimburse Mango for all out of pocket costs that it incurs in connection with providing such assistance, including travel, lodging and dining costs for the individual providing such assistance. At your request, or if Mango deems necessary, Mango shall provide additional on-site opening assistance, subject to availability of personnel. In such event, Mango has the right to charge (and you agree to pay) a per diem fee of \$1,500 per individual providing such assistance per day, and you must reimburse Mango for all out of pocket costs that it incurs in connection with providing such additional assistance, including travel, lodging and dining costs for the individual(s) providing such assistance.

5.2.2. If this Agreement is being signed in conjunction with your second or additional RED MANGO Store, there is no mandatory pre-opening assistance requirement or commitment. If Mango deems necessary, however, Mango may elect to provide such on-site opening assistance as it deems necessary and appropriate, in its sole discretion. In such event, Mango has the right to charge (and you agree to pay) a per diem fee of \$1,500 per individual providing such assistance per day, and you must reimburse Mango for all out of pocket costs that it incurs in connection with providing such on-site opening assistance, including travel, lodging and dining costs for the individual(s) providing such assistance.

5.3. Pre-Opening Consultation. Mango shall provide such pre-opening consultation and advice as it deems appropriate, which may include advice with regard to the development and operation of the Store, building layout, furnishings, fixtures, and equipment, plans and specifications, purchasing and inventory control, and such other matters as Mango deems appropriate.

5.4. Ongoing Consultation. Mango shall provide such ongoing consultation and advice as it deems appropriate, which may include information about new product development, instruction concerning the operation and management of a RED MANGO Store, advertising and marketing advice, and financial and accounting advice. Such consultation and advice may be provided, in Mango's discretion, through Store visits by Mango personnel or other person(s) it designates, via meetings, seminars or conferences, and/or through dissemination of electronic or printed materials. You acknowledge and agree that any consultation and/or advice that Mango provides to you will not relieve you of your responsibilities to comply with all applicable laws, rules, and regulations with respect to your operation of the Franchised Business and the Store and that you shall seek the advice of local counsel where necessary.

5.5. Additional Training. You shall cause your Managing Owner, Key Person and other employees that Mango designates to attend such additional courses, seminars, and other training programs as Mango may reasonably require. Mango may charge a reasonable tuition for these additional courses, seminars, or other training programs, and you are responsible for all training-related costs and expenses including, without limitation, salary, travel, lodging, and dining costs for all employees who participate in the training.



5.6. Performance by Delegate. You acknowledge and agree that any rights or duties of Mango may be exercised and/or performed by any of Mango's designees, agents, or employees whether these designees are our agents or independent contractors with whom we contract to perform these obligations. Mango reserves the right to retain the services of a master development agent in the geographic area in which the Store will be located. In such event, the master development agent may provide certain consultation, advice, services, and assistance, as Mango may direct. You acknowledge and agree that you are not an intended third party to the agreement between Mango and any master development agent.

5.7. Nature and Assistance of Training. You agree that Mango is not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of Mango's experience, knowledge, and judgment. you also acknowledge that Mango is not obligated to provide any services to you that are not set forth in this Agreement. If you believe Mango has failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of your RED MANGO business, you must immediately notify Mango in writing within thirty (30) days following the opening of your RED MANGO business or the you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by Mango were sufficient and satisfactory in your judgment, and complied with all representations made to you.

5.8. BY VIRTUE OF COMMENCING OPERATIONS OF YOUR BUSINESS, YOU ACKNOWLEDGE THAT MANGO HAS FULFILLED ALL OF OUR OBLIGATIONS TO YOU THAT WE ARE REQUIRED TO FULFILL PRIOR TO THE OPENING OF YOUR RED MANGO STORE.

## 6. OPERATION OF THE FRANCHISED BUSINESS

6.1. General Operating Requirements. You understand and acknowledge that every detail of the System is essential to maintain and enhance the goodwill associated with the Marks and the integrity of the brand. Accordingly, you agree as follows:

(a) To operate the Franchised Business according to the highest applicable health standards and ratings, to timely obtain any and all permits, certificates, or licenses necessary for the lawful operation of the Franchised Business, to operate the Franchised Business according to Mango's operating methods, standards, and specifications, and to maintain, at all times, a high moral and ethical standard in the operation of the Franchised Business.

(b) To accept debit cards, credit cards, stored value cards, or other non-cash systems that Mango specifies periodically to enable customers to purchase authorized products (including, for example, APPLE PAY and/or GOOGLE WALLET), to acquire and install all necessary hardware and/or software used in connection with these non-cash systems. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, you agree that you shall cause the Franchised Business to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Standards Council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information. You are solely responsible for educating yourself as to these regulations and standards, and for achieving and maintaining applicable compliance certifications. You shall defend, indemnify, and hold Mango harmless from and against all claims arising out of or related to your violation of the provisions of this Section 6.1.(b).

(c) To notify Mango by telephone and confirm in writing within seventy-two (72) hours of any investigation or violation, actual or alleged, concerning any health, liquor or narcotics laws or regulations, and notify Mango in writing within five (5) days of the commencement of any investigation, action, suit or proceeding, or the issuance of any order, writ, injunction, award, or decree of any court, agency or other government instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

(d) Upon the occurrence of a Crisis Management Event, to immediately inform Mango's Chief Executive Officer (or as otherwise instructed in the Manuals) by telephone, and to cooperate fully with Mango with respect to Mango's response to the Crisis Management Event.

(e) To not make any public statements (including giving interviews or issuing press releases) regarding Mango, the Franchised Business or any particular incident or occurrence related to Mango or the Franchised Business without Mango's prior written approval.

(f) To not, in the name of Mango (i) donate money, products or services to any charitable, political, religious or other organization, or (ii) act in support of any such organization, without Mango's prior written approval.

(g) You are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against Mango or its Affiliates as the direct or indirect result of such disruptions, failures or attacks. If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Store, unless otherwise directed by Mango.

(h) You must only operate the approved Franchised Business from the approved location and no other business.

## 6.2. Managing Owner; Key Person.

6.2.1. If you operate one RED MANGO Store, the Store must be supervised by the Managing Owner. If the franchisee is an individual or general partnership, the Managing Owner will be the individual franchisee or one of the general partners. If the franchisee is a Business Entity, the Managing Owner will be an individual with at least a 10% equity interest in the franchisee. The Managing Owner shall have full control over day-to-day Store management and operations. The Managing Owner must attend and successfully complete Mango's initial training program and all additional training (including food safety training) that Mango requires, to Mango's satisfaction. Unless a Key Person is appointed, as described below, the Managing Owner shall devote his or her full time efforts to Store operations, and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. Mango shall have approved the Managing Owner as meeting its then-current qualifications for such position.

6.2.2. If you operate more than one RED MANGO Store, or if the Managing Owner will not devote full time efforts to the management and operation of the Store governed by this Agreement then, in addition to the Managing Owner, you must appoint an individual to serve as your Key Person. Your Key Person shall have full control over day-to-day Store management and operations. Your Key Person need not have an equity interest in the franchise, but must have completed Mango's initial training program, and all additional training (including food safety training) that Mango requires, to Mango's satisfaction. Your Key Person shall devote his or her full-time efforts to Store management and operations, and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. Mango shall have approved the Key Person as meeting its then-current qualifications for such position, and shall not have later withdrawn such approval. If the Key Person ceases to serve in, or no longer qualifies for, such position, you shall designate another qualified person to serve as your Key Person within thirty (30) days after the date the prior Key Person ceases to serve or no longer qualifies to serve. Any proposed replacement Key Person must successfully complete the initial training program and such other training (including food safety training) required by Mango, and be approved by Mango, before assuming his or her position as Key Person and, in no event, later than ninety (90) days after the previous Key Person ceased to serve in such position. You are responsible for any and all costs (including, without limitation, tuition and registration) incurred in connection with training the replacement Key Person.

6.3. Employee Policy; Uniforms and Employee Appearance. You shall maintain a competent, conscientious, and trained staff (who shall have been adequately trained) in numbers sufficient to service customers promptly and properly, including at least a manager or shift leader on duty at all times at which the Store is open (including daily Store opening and closing procedures), and shall take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as Mango may establish from time to time in the Manuals or otherwise in writing. You shall cause all employees, while working at the Store, to: (a) wear uniforms of such color, design, and other specifications as Mango

may designate from time to time; and **(b)** present a neat and clean appearance. In no case shall any of your employees wear his or her RED MANGO uniform while working for you at any location other than the Store

In addition, you and your employees shall handle all customer complaints, refunds, returns, or other adjustments in accordance with Mango's policies as set forth in the Manuals or otherwise in writing. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Marks. The parties further acknowledge and agree that Mango neither dictates nor controls labor or employment matters for you or your employees. You are exclusively responsible for hiring personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages and benefits and work hours, and for disciplining and discharging your employees. You are exclusively responsible for labor relations with your employees. You shall defend and indemnify Mango and its Indemnitees (as defined in Section 11.3 below) against any and all proceedings, claims, investigations, and causes of action instituted by your employees or by others that arise from your employment practices.

6.3.1 Customer Complaints. You agree to promptly address all complaints in accordance with the procedures contained in the Manual or as otherwise provided by the Franchisor. If you are unable or unwilling to resolve a customer complaint within forty-eight (48) hours, and it becomes necessary for us to reimburse a customer in settlement of his or her complaint about work performed at or by your Store, you agree to promptly reimburse us for amounts expended on account of any such complaint. Your obligations and liabilities under this Section shall survive any termination or expiration of this Agreement.

6.4. Authorized Menu Offerings. You must offer and sell all menu items that Mango requires, and only those menu items that Mango has approved. Mango may add, eliminate and change authorized menu items, in its sole discretion, and you must comply with all directives (which may require purchasing and installing additional equipment). You shall prepare, package, and serve all menu items in accordance with Mango's recipes, standards and procedures for preparation, presentation and service as communicated to you from time to time via the Manual or other written directives. Such standards and procedures may include, without limitation, following recipes (including use of prescribed ingredients and prescribed measure of ingredients), use of containers and paper goods bearing the Marks, packaging procedures, product holding times and other standards for displaying for sale menu items and other merchandise. You shall participate in all market research programs that Mango requires, which include test-marketing new products, purchasing a reasonable quantity of new products for test-marketing, promoting the sale of the new products. You shall provide Mango with timely reports and test results for all such programs. Menu items and other food and beverage products may be prepared only by properly trained personnel strictly according to our recipes, cooking techniques, and processes (if applicable) from time to time via the Manual or other written directives. We always have the right to approve or disapprove in advance all products and services that your Store sells.

6.5. Purchase Requirements. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, décor, signs, and other items as Mango may reasonably direct; and shall refrain from installing or permitting to be installed on or about the Store premises any fixtures, furnishings, equipment, décor, signs, vending or game machines or other items not approved for use by Mango. In addition, you shall purchase and use only ingredients, containers, packaging materials, and supplies as conform to Mango's standards and specifications; and shall purchase, use, offer and/or promote the frozen yogurt mixes, beverages, food products and other ingredients which are produced or manufactured in accordance with Mango's proprietary recipes, specifications and/or formulas or which Mango designates as "**Proprietary Products**".

6.6. Purchases from Designated Sources.

6.6.1 You agree to purchase only from Mango or suppliers designated by Mango ("**Designated Suppliers**") all goods and services that we identify from time to time including, without limitation: **(a)** fixtures, furniture, equipment, interior and exterior signage, graphics, décor, and Store design consulting services; **(b)** your requirements of Proprietary Products, yogurt mix, and all other food products and ingredients; **(c)** all fountain and bottled beverages, including waters and teas; **(d)** uniforms, shirts, memorabilia, and all merchandise and items intended for retail sale (whether or not bearing the Marks); **(e)** advertising, point-of-purchase materials, and other printed promotional materials; **(f)** gift certificates, gift cards, and stored value cards; **(g)** stationery, business cards, contracts, and form;

and **(h)** cups, spoons, paper goods, packaging, and supplies. In addition to Designated Suppliers, Mango may require you to buy your requirements of food, ingredients, and supplies from affiliated or third party distributors ("**Designated Distributors**"), and you shall comply with such requirements.

6.6.2. You may purchase from any supplier of your choice items (including frozen yogurt machines, refrigerators, freezers, and blenders) and services for which Mango has not identified Designated Suppliers or Designated Distributors, as long as the supplier possesses adequate quality controls and has the ability to meet your needs and the items or services meet Mango's specifications. These specifications may include brand requirements ("**Approved Brands**"), and to the extent that Approved Brands have been identified, you may purchase and use only the Approved Brands.

6.6.3. Mango may from time to time modify the list of Designated Suppliers, Designated Distributors, and/or Approved Brands. You shall promptly comply with all such modifications. **You acknowledge and agree that Mango is not responsible for any delays, damages, acts of God, or defects relating to your purchases from Designated Suppliers or Designated Distributors. You further acknowledge and agree that Mango is not responsible for any cost increases relating to increases in material costs, commodity prices, shipping and transportation costs, or other costs beyond Mango's reasonable control.**

6.6.4. If you propose to purchase from a previously unapproved source, you shall submit to Mango a written request to approve the proposed supplier, together with such evidence of conformity with Mango's specifications as Mango may reasonably require, or shall request the supplier itself to do so. Mango shall have the right to inspect and evaluate the supplier's facilities and products to be supplied, and you shall pay all of Mango's reasonable expenses incurred in so doing. Mango may from time to time re-inspect and re-evaluate the facilities and products of any approved supplier and revoke its general approval of particular products or suppliers when Mango determines, in its sole discretion, that such products or suppliers no longer meet Mango's standards. Upon receipt of written notice of such revocation, you shall cease to sell any disapproved products and cease to purchase from any disapproved supplier.

6.6.5. You acknowledge and agree that Mango and its Affiliates may negotiate and establish business relationships and/or purchase arrangements for goods and services, from time to time, with Designated Suppliers and Designated Distributors for your benefit and for the benefit of the franchise system, and that Mango may derive revenue or obtain rebates, bulk pricing discounts or allowances from Designated Suppliers and Designated Distributors on account of franchisee purchases or leases. You agree that Mango has the right to retain and use any such benefits as it deems appropriate, in its sole discretion. You further acknowledge that you are required to purchase from only Designated Suppliers and Designated Distributors. These suppliers and distributors may provide, among other things, supplies, fixtures, technology, software and equipment, all in accordance with our proprietary standards and specifications or private label goods that we have authorized and prescribed for sale by System Franchised Businesses. You recognize that such products and services are essential to the operation of your Franchised Business and to the System in general. Your failure to pay Designated Suppliers and/or Designated Distributors may interfere with their willingness to supply the System and may result in other System Franchised Businesses' inability to obtain a product or an ability to obtain a product only on less favorable credit terms. Accordingly, you must pay the Designated Suppliers and Designated Distributors as and when due. You must use products purchased from approved suppliers solely in connection with the operation of your Franchised Business and not for any competitive business purpose.

## 6.7. Franchised Location.

6.7.1. You shall maintain the Store (including adjacent public areas) in a clean, orderly condition and in excellent repair and in accordance with Mango's standards and specifications. Further, you agree to strictly comply, at your expense, with all mandatory standards as set forth in a Manual or as otherwise communicated by us from time to time, and not to deviate from the same without our prior written consent. All of our standards shall be considered mandatory unless we specify that they are only suggestive, and therefore, optional; provided that, notwithstanding any other provision in this Agreement or of any Manual, any portions of any Manual or other standards addressing franchisee employment or personnel practices, policies or procedures shall be considered only suggestive and optional, and not mandatory; and Franchisee along will determine to what extent, if any, those policies and procedures might apply to its store operations. You shall, at your expense, make such additions, alterations, repairs, and

replacements under this Agreement as may be required for that purpose, including, without limitation, such periodic repainting, repairing, and replacing of obsolete or deteriorated signs, furnishings, fixtures, equipment, and decor as Mango may reasonably direct. In addition, with respect to the frozen yogurt machines, or any other equipment Mango may designate, you must execute and renew any preventative maintenance agreements Mango, or our Designated Supplier require in order to insure consistent quality control and health code compliance, and you shall pay all fees imposed under such agreement(s). Upon Mango's request, you shall install and maintain at the Franchised Business interactive multi-media equipment, devices, and facilities Mango requires, including, without limitation, approved music systems, Wi-Fi and other wireless internet and communications systems, and interactive displays, including plasma or LCD screens. Mango has the right to require that these systems be purchased from and installed by approved or designated suppliers, and you shall fully comply with all such requirements. You must only play the music we designate or otherwise approve and must cease using any music we do not approve for your Store. You must obtain a license for music played in your Store and must be able to supply evidence of this license at our request. We reserve the right to designate the music system provider for your Store.

6.7.2 You shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks or any other mechanical or electrical device to be installed or maintained at the Franchised Location.

6.7.3 You shall purchase and install, at your expense, all fixtures, furnishings, equipment, decor, signs, and other items as Mango may reasonably direct from time to time in the Manual or otherwise in writing in accordance with Mango's standards and specifications; and shall refrain from installing or permitting to be installed on or about the Franchised Location, any fixtures, furnishings, equipment, decor, signs, vending or game machines or other items not previously approved in writing as meeting Mango's standards and specifications.

6.7.4 At Mango's request, you shall make such alterations as may be necessary to reflect new product offerings and marketing incentives, including updating or replacement of menu boards and the purchase and use of new interior signage, graphics, and and/or point of sale materials.

6.7.5 At Mango's request, but not more often than once every sixty (60) months (and in addition to any work which you may undertake pursuant to other sections of this Agreement), you shall refurbish the Store, at your own expense, to conform to the building design, trade dress, color schemes, and presentation of the Marks in a manner consistent with the then-current public image for new or remodeled RED MANGO Stores in the System, including, without limitation, replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements and reasonable structural changes that Mango may reasonably require or that may be required by law.

6.8. Days and Hours of Operation. You shall cause the Store to be open and in normal operation for such minimum hours and days as Mango may specify in the Manual or in other written directives. Recognizing that failure to open and operate the Store during required hours of operation results in lost sales and payment of a lower Royalty Fee and negatively affects the value of the RED MANGO brand, you agree to pay Mango an unauthorized closure fee in the amount of \$150 for each day the Store fails to maintain required hours of operation (including closure for the day, early closure, or late opening) without Mango's prior written authorization or permission. This fee is not a penalty, but is intended as a reasonable estimation of the amount of Royalty Fee lost and other damages that Mango will sustain as a result of the unauthorized closure. This fee is in addition to and not in lieu of any other rights or remedies available to Mango under this Agreement or applicable law.

6.9. Quality Assurance Inspections; Testing. Mango shall have the right to enter upon the Store premises during regular business hours to inspect the Store for quality assurance purposes. You shall allow Mango from time to time to obtain samples of ingredients, products and supplies, without charge, for testing for quality assurance purposes. Mango may also require you to submit a walkthrough video of you Store for Mango's review within ten (10) days after the request. Such walkthrough video shall evidence all items reasonably requested by Mango, including without limitation, the storefront of the Store, all exterior and interior signage, the interior of the Store (including, without limitation, the entrance, kitchen, serving and food preparation areas, the restroom, seating areas, and any additional areas), equipment, fixtures, furnishing, artwork and graphics, menu boards, accessories and licenses. If notified of a deficiency, you must promptly cure the deficiency. If you fail to promptly cure the deficiency, Mango may undertake to cure the deficiency on your behalf. In such case, Mango has the right to charge, and you agree to pay upon demand,

a reasonable fee for its services, and you must reimburse Mango for all out-of-pocket costs that it incurred in connection with taking such corrective measures.

6.10. Modification to the System. At your own expense, you shall make such alterations, additions, or modifications to the Franchised Location as Mango may reasonably require to implement changes to the System, including, without limitation, changes to menu items or market positioning. All changes must be made within ninety (90) days from your receipt of notice. You shall not implement any modification to the System without Mango's express prior written consent.

6.11. Pricing. To the fullest extent permitted by applicable law, Mango reserves the right to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services.

6.12. Intranet/Extranet System. Mango may, at its option, establish and maintain an intranet or extranet system through which members of the RED MANGO franchise network may communicate and through which Mango may disseminate updates to the Manual and other Confidential Information. Mango will have no obligation to establish or to maintain the intranet indefinitely, and may dismantle it at any time without liability to you. Mango may establish policies and procedures for the intranet's use. Mango expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the intranet, Mango can access and view any communication that anyone posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Mango's property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to Mango under this Agreement, or if you fail to comply with any policy or procedure governing the intranet, Mango may temporarily suspend your access to any chat room, bulletin board, listserv, or similar feature the intranet includes until such time as you fully cure the breach. Mango has the right to impose, and you shall pay at Mango's request, a reasonable user fee, not to exceed \$450 per year.

6.13. Web Site. Mango may, but shall not be obligated to, establish and maintain from time to time Mango's web site to provide information about the System and the goods and services that RED MANGO Stores provide. Mango has sole discretion and control over the design and content of Mango's web site.

6.14. Social Media. You shall follow Mango's mandatory specifications, standards, operating procedures, and rules for using social media in connection with your operation of the Store and you will agree to any Social Media policy Mango implements, which may include ownership of accounts. The term "**Social Media**" includes, without limitation, personal blogs, common social networks such as GOOGLE MY BUSINESS, YELP, FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, TWITTER, or YOUTUBE, applications supported by mobile platforms such as iOS and Android, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sties, mobile platforms, or tools.

## 7. MARKS AND COPYRIGHTS

7.1. Mango's Representations. Mango represents to you that it has obtained from its Affiliate a license to use and to sublicense to you the right to use the Marks in accordance with the terms and conditions of this Agreement.

7.2. Acknowledgments. You expressly acknowledge that Mango or its Affiliate owns all right, title, and interest in and to the Marks and the goodwill associated with the Marks, and that you have no ownership interest in the Marks. You further acknowledge and agree that any and all goodwill associated with the Store and identified by the Marks is Mango's property and shall inure directly and exclusively to the benefit of Mango and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks. You understand and agree that any use of the Marks other than as expressly authorized by this Agreement, without Mango's prior written consent, may constitute an infringement of Mango's rights herein and that the right to use the Marks granted herein does not extend beyond the termination or expiration of this Agreement.

7.3. Use of the Marks. You shall use only the Marks designated by Mango, shall use them only in the manner that Mango authorizes and permits, and shall use them with the symbols "®", "™", or "SM", as appropriate. You shall use the Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner prescribed by Mango. You may not contest ownership or validity of the Marks or any registration thereof, or engage in

any conduct that adversely affects the ownership or registration of the Marks, or Mango's right to use or to sublicense the use of the Marks. You shall execute all documents that Mango requests in order to protect the Marks or to maintain their validity and enforceability.

7.4. Restriction Against Use in Your Corporate Name. You may not use the Marks or any part thereof in your corporate name, and you may not use them to incur any obligation or indebtedness on Mango's behalf.

7.5. Restriction Against Use of the Marks and Copyrighted Works on the Internet. You may not use the Marks or any part or derivative thereof or any of Mango's Copyrighted Works on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, you may not use the Marks or any part or derivative of the Marks as part of any URL or domain name or unauthorized email address, and may not register as part of any user name on any gaming website or social networking website (such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, TWITTER or YOUTUBE) whether or not such social media platform is used for commercial gain. You also may not display on any website (including commercial websites, gaming websites, and social networking websites and mobile platforms, supported by operating systems such as iOS and Android) Mango's Copyrighted Works, which include the design portion of its Marks, or any menu items or collateral merchandise identified by the Marks. Specifically, but without limiting the foregoing, you shall refrain from uploading or streaming any video on sites such as YOUTUBE.

7.6. Notice. You shall identify yourself as an independent franchise owner of the Franchised Business in conjunction with any use of the Marks or operation of the Franchised Business, including, but not limited to, such use on invoices, order forms, receipts, business stationery, business cards, and contracts, as well as at such conspicuous locations at the Store as Mango may designate in writing. The form and content of such notice shall comply with the standards set forth in the Manuals.

7.7. Infringement. You shall promptly notify Mango of any suspected unauthorized use of, or any challenge to the validity of the Marks or Copyrighted Works, or any challenge to Mango's or its Affiliate's ownership of, Mango's license to use and to license others to use, or your right to use, the Marks or Copyrighted Works licensed under this Agreement. You acknowledge that Mango or its Affiliate has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement thereof. Mango or its Affiliate has the right, but not the obligation, to take action against third parties for infringement of the Marks or Copyrighted Works. Mango shall defend you against any third party claim, suit, or demand arising out of your use of the Marks or Copyrighted Works. If Mango, in its sole discretion, determines that you have used the Marks and Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Mango. If Mango, in its sole discretion, determines that you have not used the Marks or Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Marks or Copyrighted Works, you shall execute any and all documents and do such acts as may, in the opinion of Mango, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks or Copyrighted Works in a manner inconsistent with the terms of this Agreement, Mango agrees to reimburse you for your associated costs.

7.8. Changes to the Marks. Mango reserves the right, in its sole discretion, to designate one or more new, modified or replacement Marks for your use and to require your use of any such new, modified or replacement Marks in addition to or in lieu of any previously designated Marks. You must comply with any such directive within sixty (60) days following your receipt of our written notice to you, and you are responsible for all related costs and expenses.

## **8. SYSTEM, MANUALS AND INFORMATION**

8.1. Manuals. Mango will provide you on loan one copy of the Manual(s), which may be in electronic format. You shall operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manuals. The Manuals shall at all times remain the sole property of Mango and shall be kept in a secure place at the Franchised Location. You shall ensure that your copy of the Manuals is kept current at all times, and in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Mango shall be controlling. If your copy of the Manual is lost or destroyed, or if you fail to return the Manual upon expiration

or termination of this Agreement, you must pay us a \$250 Manual replacement fee. Further, if at any time your Store fails to conform to System requirements, Mango has the right to impose and collect from you an administrative fee as described in this paragraph (“**Administrative Fee**”). Specifically, **(a)** Mango may impose and collect from you a \$250 Administrative Fee for each “enforcement effort” that it undertakes on account of your noncompliance with System standards (e.g., a letter, email, or telephone communication notifying you of noncompliance or continued noncompliance), and **(b)** if Mango has notified you of noncompliance and you have failed to correct the issue within seven days, Mango may impose and collect from you a \$250 Administrative Fee per week until the issue has been corrected to its satisfaction. Mango also may impose and collect a \$250 Administrative Fee if you fail to acknowledge receipt of its communications to you, or to respond to its communications within 24 hours of delivery. This fee is not a penalty, but is intended to compensate Mango for the additional costs that it incurs in enforcing your compliance with System standards, and is in addition to and not in lieu of any other rights or remedies that Mango may have based on your noncompliance with System standards. Mango may impose and collect the Administrative Fee whether or not the noncompliance at issue is of the type or degree that constitutes a material default of your obligations under this Agreement and, if it is, whether or not a cure period applies. At Mango’s option, it may require you to demonstrate full compliance with your obligations by submitting to Mango a comprehensive walk-through video of your Store premises in accordance with Mango’s standards.

8.2. System Modification. You acknowledge that the System, Mango’s Confidential Information and the Manuals, and the products and services offered by the Franchised Business may be modified, (such as, but not limited to, the addition, deletion, and modification of menu items, operating procedures, products and services) from time to time by Mango. You acknowledge that these changes and modifications may obligate you to invest additional capital in the Store and to incur higher operating costs, and you agree to do so. You agree to comply, at your expense, with all such changes and modifications, including, without limitation, all requirements to implement the modifications, such as replacement or renovation of equipment, remodeling, redecoration and modifications to existing improvements, including structural changes. Mango shall notify you of any such System changes and you shall implement any System changes upon receipt of notice thereof from Mango, and shall complete their implementation within such time as Mango may reasonably specify. For purposes of this Agreement, System changes shall include, without limitation, changes in any of the categories referred to in this Section 8.2.

8.3. Confidentiality. You shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the operation of the Franchised Business, and shall divulge Confidential Information only to your employees and only on a need to know basis. This obligation shall survive termination or expiration of this Agreement.

## 9. ADVERTISING AND MARKETING

9.1. General. All of your promotional and marketing materials shall be presented in a dignified manner and shall conform to Mango’s standards and specifications related to advertising, marketing, and trademark use. You shall submit to Mango samples of proposed promotional and marketing materials, and notify Mango of the intended media, before first publication or use. Mango shall use good faith efforts to approve or disapprove proposed promotional and marketing materials within fifteen (15) days of their receipt. You may not use the promotional or marketing materials until Mango expressly approves the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. Mango may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval. You acknowledge and agree, however, that such review and approval by Mango will not relieve you of your responsibilities to comply with all applicable laws, rules, and regulations with respect to your operation of the Franchised Business and the Store and that you shall seek the advice of local counsel where necessary.

9.2. New Store Marketing Plan Fee. At the earlier of the date you sign the lease for the Store or the Control Date, you shall pay to Mango the New Store Marketing Plan Fee amount specified in the Summary Pages. Mango will spend such amount to promote the opening of the Store as Mango determines appropriate, in its sole discretion.

9.3. Brand Development Fund.



9.3.1. Each Accounting Period during the Term, you shall contribute to the Brand Development Fund (the “Fund”) the amount that Mango determines from time to time but not to exceed the “Marketing Allocation” stated in the Summary Pages. You shall submit payment in the same manner and time frame as the Royalty Fee.

9.3.2 Mango has the right to use Fund monies, in its sole discretion, to pay for creative development services (including creation and modification of store design and trade dress, logos, menu design, graphics and vehicle wraps, and advertising and promotional items, including the cost of photography services and design software), preparing and procuring market studies, providing or obtaining marketing services (including, without limitation, new product development; conducting customer surveys, focus groups, and marketing-related mystery shops and customer interviews); employing advertising and/or public relations agencies; developing, producing, distributing and placing advertising (including, without limitation, preparing and conducting media advertising campaigns in various media, local store advertising and promotion in a particular area or market, or for the benefit of a particular Store or Stores in connection with store opening promotions or otherwise), conducting and administering in-store promotions; preparing and executing direct mail advertising, and developing, producing and purchasing point-of-sale advertising, menus and menu boards, and other sales aids and promotional items and materials); new product development and development of product packaging; developing, updating and hosting Mango’s web site (including development of locator programs) and/or an intranet or extranet system; obtaining sponsorships and endorsements; preparing and conducting sweepstakes and other promotions; developing, administering, and distributing coupons, gift certificates, gift cards, and stored value cards, and the cost of product associated with the redemption of free coupons, gift certificates, and stored value cards; developing and administering other customer loyalty programs; providing and procuring public relations services; conducting public relations activities; charitable donations; and membership fees in international, national, regional, and/or local trade or other associations or organizations. Mango also may use Fund monies to reimburse itself for its costs of personnel and other administrative and overhead costs associated with providing the services described in this Section 9.3.2.

9.3.3 The parties acknowledge that Mango owns all rights, and retains all copyrights, in all design and content developed using Fund monies, and that Mango will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed with Fund monies, and the allocations of Fund monies to production, placement, and other costs. Mango will own all copyright in any works created using Fund monies. You acknowledge and agree that Mango is not obligated to expend Fund monies for placement of advertising in your trading area, or to ensure that the Franchised Business benefits directly or *pro rata* from the expenditure of Fund monies. Mango will not use Fund monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using Fund monies (including Internet advertising) information concerning franchise opportunities, and a portion of Fund monies may be used to create and maintain one or more pages on Mango’s web site devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates. Mango has no fiduciary duty to you or to any other person with respect to the collection or expenditure of Fund monies. Upon your reasonable request, Mango will provide you an annual statement of Fund contributions and expenditures.

9.3.4. Although the Brand Development Fund is intended to be perpetual, Mango may terminate the Fund at any time. The Fund will not be terminated, however, until all Fund monies have been spent as provided in this Section 9.3.4 or returned to the Fund contributors on the basis of their respective contributions. Any amounts contributed to the Fund that are not spent in the year they are collected will remain in the Fund for future expenditures.

9.4. Local Advertising; Purchase of POP and Promotional Materials. In addition to the New Store Marketing Plan Fee, described above, you agree to promote your Store in your local market, and to spend on such marketing efforts an amount equal to the Marketing Allocation less any amounts contributed during the year to the Fund (described above) (your “**Minimum Local Advertising Expenditure**”). Currently, for RED MANGO Traditional Stores, Mango requires the entire Marketing Allocation to be contributed to the Fund; therefore, there is no required Minimum Local Advertising Expenditure; however, Mango strongly encourages and recommends that you spend 1% or more of Gross Revenue on local marketing to promote your Store. As of the Effective Date, for RED MANGO Non-Traditional Stores, Mango requires 1% of Gross Revenue to be contributed to the Fund and recommends that you spend up to 2% of Gross Revenue on local marketing to promote your RED MANGO Non-Traditional Store. Any amounts contributed to

an Advertising Cooperative pursuant to Section 9.5., below, will be credited toward satisfaction of the Minimum Local Advertising Expenditure, if applicable.

#### 9.5. Advertising Cooperatives.

9.5.1. Mango may, from time to time, form local or regional advertising cooperatives (“**Cooperative**”) to pay for the development, placement and distribution of advertising for the benefit of RED MANGO Stores located in the geographic region served by the Cooperative. Any Cooperative established by Mango will be operated solely as a conduit for the collection and expenditure of Cooperative fees for the foregoing purposes.

9.5.2. If Mango forms a Cooperative for the area in which the Store operates, you agree to participate in the Cooperative pursuant to the terms of this Section 9.5.

9.5.3. Mango shall have the exclusive right to create, dissolve and merge each Cooperative created, in its discretion, and to create and amend the organizational and governing documents related thereto; provided that such documents shall: **(a)** operate by majority vote, with each participating RED MANGO Store (including businesses owned by Mango or its Affiliates) entitled to one vote, **(b)** entitle Mango to cast one vote (in addition to any votes it may be entitled to on account of its operations in the area served by the Cooperative, **(c)** permit the members of the Cooperative, by majority vote, to determine the amount of required contributions (which may exceed the amount of the Minimum Local Advertising Expenditure required under this Agreement), and **(d)** provide that any funds left in the Cooperative at the time of dissolution shall be returned to the members in proportion to their contributions during the 12-month period immediately preceding termination.

9.5.4. You agree to be bound by all organizational and governing documents created by Mango and, at Mango’s request, shall execute all documents necessary to evidence or affirm your agreement. The Cooperative shall begin operating on a date determined in advance by Mango.

9.5.5. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without Mango’s written prior approval. All advertising plans and materials must conform to Mango’s standards and specifications and must be submitted to Mango for approval according to the procedures set forth in Section 9.1. of this Agreement.

#### 9.6. Loyalty Programs, Prize Promotions, Meal Deals, and Promotional Literature.

9.6.1. You shall participate in and offer to your customers: **(a)** all customer loyalty and reward programs; **(b)** all contests, sweepstakes, and other prize promotions; and **(c)** all meal deals, which Mango may develop from time to time. Mango will communicate to you in writing the details of each such program, promotion, and meal deal, and you shall promptly display all point-of-sale advertising and promotion-related information at such places within the Store as Mango may designate. You shall purchase and distribute all coupons, clothing, toys, and other collateral merchandise (and only the coupons, clothing, toys, and collateral merchandise) designated by Mango for use in connection with each such program, promotion, or meal deal.

9.6.2. If Mango develops or authorizes the sale of gift certificates, gift cards and/or stored value cards, loyalty cards, and/or customized promotional receipts, you shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them and be solely responsible for the service charges related to such processing. All proceeds from the sale of all gift certificates, gift cards and stored value cards belong exclusively to Mango, and you shall remit the proceeds of such sales to Mango according to the procedures that Mango prescribes periodically. Mango shall reimburse or credit to you (at Mango’s option) the redeemed value of gift certificates, gift cards and stored value cards accepted as payment for qualified products and services sold by the Store.

9.6.3. You also shall display at the Store all promotional literature and information as Mango may reasonably require from time to time. This may include, among other things, displaying signage or other literature containing information about the RED MANGO franchise offering.

9.7. Participation in Marketing Programs. You shall at all times cooperate with Mango and other franchisees of Mango and shall actively participate in any and all sales, public relations, advertising, cooperative advertising and

purchasing programs or promotional programs (including, without limitation, product give-away promotions) which may be developed and implemented by Mango. Participation may include, without limitation, purchasing and/or acquiring (at your expense) and using **(a)** point of sale materials, **(b)** counter cards, displays, and give away items promoting loyalty programs, prize promotions, movie tie-in promotions, and other marketing campaigns and programs, **(c)** product mix and ingredients for product giveaways, **(d)** equipment necessary to administer loyalty programs and to prepare and print customized purchase receipts, coupons, and similar items, and **(e)** all online and mobile app ordering software Mango requires, and pay all associated fees.

9.8. You shall operate the Franchised Business so that it is clearly identified and advertised as an “RED MANGO” business. You shall use the trademark “RED MANGO” and the other Marks which now or hereafter may form a part of the System, on all signs, paper supplies, business cards, uniforms, advertising materials, technology platforms, signs and other articles in the identical combination and manner as the Mango may prescribe in writing you shall supply to Mango samples or photographs of the same upon Mango’s request. You shall comply with all trademark, trade name, service mark and copyright notice marking requirements and you shall supply to Mango samples or photographs of the same upon our request.

## 10. POS SYSTEM; ACCOUNTING AND RECORDS; TAXES

10.1. POS System. You shall acquire and use only the point of sale cash registers and computer software systems and equipment that Mango prescribes for use by RED MANGO Stores (“**POS System**”), and adhere to Mango’s requirements for use. You must sign a maintenance agreement with the manufacturer of the POS System, and pay the annual service fees to the POS System manufacturer. Other requirements may include, among other things, renew software maintenance agreements, connection to remote servers, off-site electronic repositories, and high speed Internet connections; such internet services must comply with our then current standards for bandwidth and speed. As technology or software is developed in the future, Mango may, in its sole discretion, require you to add to your POS System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and replace or upgrade your POS System and software as Mango prescribes. You shall acquire, install and maintain such anti-virus and anti-spyware software as Mango requires, and shall adopt and implement such Internet user policies as Mango may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions that interfere with operation of the POS System. In addition, we may require you to purchase, at your cost and expense, from approved suppliers and use managed security service provider (MSSP) (which provides in-store network security, cyber security, firewall monitoring and failover services), operations, catering, back office, accounting, customer service, credit card and gift card processing, loyalty program processing, online ordering, delivery and other hardware and software in the operation of your Store. You must use our approved supplier for credit card and gift card processing. The point-of-sale system will store information concerning your sales, inventory, accounting and other operations. You may not further modify or manipulate the database for the computer software systems without our prior consent. We may retrieve from your point-of-sale system and other technology any and all information we consider necessary, desirable or appropriate. There is no contractual limitation on our] right to access information or modify the software systems on your point-of-sale system or other required technology. If necessary, we or approved vendor may utilize remote access to provide required upgrades and installation of hardware for your technology systems. You will have independent access to the information that will be generated or stored in the point-of-sale and reporting system, but you may not manipulate the data that is generated or block or restrict our access to the data.

10.2. Software. You shall: **(a)** use any proprietary software programs, system documentation manuals, and other proprietary materials that Mango requires in connection with the operation of the Store; **(b)** input and maintain in your computer such data and information as Mango prescribes in the Manual, software programs, documentation, or otherwise; and **(c)** purchase new or upgraded software programs, system documentation manuals, and other proprietary materials, or execute and renew licenses for existing software, at then-current prices whenever Mango adopts such new or upgraded programs, manuals, and materials system-wide. You shall acquire and use all online and mobile app ordering software Mango requires, and pay all associated fees. You shall enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner Mango prescribes, and pay all fees imposed thereunder.

10.3. Independent Access. Mango may independently poll Gross Revenue and other information input and compiled by your POS System from a remote location. There is no limitation on Mango's right to access this information.

10.4. Maintenance of Records. You shall prepare and preserve for at least five (5) years from the date of preparation complete and accurate books, records, and accounts according to generally accepted accounting principles and in the form Mango prescribes.

10.5. Submission of Financial Statements and Tax Returns. You shall provide to Mango a copy of each Accounting Period's profit and loss statement on Mango's standard form within ten (10) days of the end of each such Accounting Period. Further, no later than April 30 of each calendar year, you shall provide to Mango a copy of the previous year's annual profit and loss statements; and year-end balance sheet prepared according to generally accepted accounting principles and signed and verified by an authorized representative attesting to their accuracy. In addition, upon your receipt of Mango's request, you will submit a copy of your previous year's Accounting Periods and a copy of your federal and state income tax returns for the previous year; provided, however, that if you are an individual franchisee, you may submit only those schedules to your personal tax returns which reflect the revenues and expenses of the Franchised Business.

10.6. Submission of Performance Reports. You shall accurately report to Mango the Store's Gross Revenue and such other financial information, as Mango may reasonably require, using the procedures and Mango prescribes periodically. Reports shall be due on the date prescribed by Mango, and shall be signed by an authorized representative, attesting to their accuracy. You also shall provide to Mango such other reports, computer back-up and other information that Mango may reasonably request.

10.7. Audit of Franchisee Records. Mango or its designated agent shall have the right to audit, examine and copy your books, records, accounts, and business tax returns at any time. If an inspection or audit reveals underpayment of amounts owed to Mango, you shall immediately pay the understated amount with interest as provided in Section 4.10. If an audit or inspection reveals your understatement of Gross Revenue by 3% or more for any Accounting Period then, in addition to amounts due on the understatement and interest, you shall promptly reimburse Mango all costs and expenses that it incurred in connection with performing the audit or inspection (including travel, lodging and wage expenses, and attorneys' and accountants' fees).

10.7.1 Mango may also contact suppliers and obtain information about your purchases and the status of your account. Upon termination or expiration, we can stop access to our proprietary products from any supplier or distributor, or any services provided to you pursuant to this Agreement.

10.8. Use of Financial Information in Franchise Disclosure Document. You acknowledge and agree that it may be in the best interest of the franchise system to share historical revenue and expense information with prospective franchisees. To that end, you hereby authorize Mango to publish information concerning the Store's Gross Revenue and other information reported to Mango in its franchise disclosure document.

10.9. Taxes. You shall promptly pay all taxes due and owing based on your operation of the Store and the Franchised Business including, without limitation, sales taxes, income taxes, and property taxes. Except for taxes which we are required to collect from you in connection with items you purchase from us, we will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon you, the Store, your property, us or the royalty, marketing or any other fees which you pay to us, in connection with the sales made or business conducted by you. Payment of all such taxes will be your responsibility.

## **11. INDEPENDENT CONTRACTOR, INSURANCE, AND INDEMNIFICATION**

11.1 Independent Contractor. The parties acknowledge and agree that you are operating the Franchised Business as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, or agency relationship between the parties. Nothing in this Agreement is intended to grant to either you or us the right to direct or supervise the daily affairs of the other. You acknowledge that the relationship created by this Agreement is solely an arm's length business relationship, and that this Agreement does not create a fiduciary, confidential, or relationship between you and Mango other than the relationship of franchisor and franchisee according

to the terms of this Agreement. Neither party shall have fiduciary or any similar special obligations to the other, or be liable for the debts or obligations of the other. Neither party may bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, nor contract any debts or obligations on behalf of the other party, or their Affiliates, unless otherwise agreed in writing by the parties. Franchisee is not and shall not be considered a legal representative or agent of Franchisor. You shall conspicuously identify yourself and the Franchised Business in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Mango, and shall place a conspicuous notice, in the form and at such place as Mango prescribes, notifying the public of such independent ownership.

11.1.1. Franchisor has no right to, and will not, directly control or direct the operations of Franchisee's Store or its premises. Any required Standards in this Agreement (and those in the Manual) exist to protect Franchisor's interests in the System and the marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over Franchisee's business. Franchisor is not the employer of Franchisee, and is not the employer (or joint employer) of Franchisee's employees. Franchisee will exercise complete control over, and have full responsibility for, its contracts, daily operations, labor relations, employment and personnel practices and policies, and management and operation of the Store, including the recruitment, selection, hiring, disciplining, firing, compensation, work rules and schedules of its employees.

11.1.2. You will not take any action that may imply that we are responsible, or which may result in liability to us for any of your indebtedness or obligations.

## 11.2. Insurance Obligations.

11.2.1. You shall maintain in full force and effect at all times during the term of this Agreement, at your expense, an insurance policy or policies protecting you, Mango and the Mango Insureds against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the Franchised Business.

11.2.2. Such policy or policies shall: **(a)** be written by insurer(s) licensed and admitted to write coverage in the state in which the Franchised Business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; **(b)** name Mango and the Mango Insureds as additional insureds on a primary non-contributory basis to the general liability policy and the auto liability policy, **(c)** the additional insured coverage must be provided on an Additional Insured Grantor of Franchise Endorsement form CG2029 (or an endorsement form with comparable wording acceptable to Mango); and **(d)** comply with Mango's written requirements at the time such policies are obtained, and provide at least the types and minimum amounts of coverage specified below or as described within Mango's written notice to you.

11.2.3. Such policies shall include, at the minimum, the following policies: **(a)** "all risk" or "special" property insurance covering all real and personal property and equipment on a replacement costs basis, including business interruption and extra expense insurance; **(b)** comprehensive general liability insurance, including products and completed operations, in an amount of not less than the following combined single limits: \$2,000,000 per occurrence, \$2,000,000 personal and advertising injury, \$2,000,000 completed operations/products aggregate, \$2,000,000 aggregate per location; **(c)** employment practices liability coverage with a limited \$100,000 per occurrence and in the aggregate; **(d)** automobile liability coverage, including coverage of owned, non-owned, rented or hired vehicles with coverage in amounts not less than \$1,000,000 combined single limit; **(e)** workers' compensation insurance for statutory limits and employer's liability insurance in an amount not less than \$1,000,000; and **(f)** data privacy/cyber liability insurance, including first party coverage (forensics investigation, notification, credit monitoring, loss of business income, crisis management) and third party coverage, with coverage limits of no less than \$1,000,000.

11.2.4. In connection with any and all insurance that you are required to maintain under Section 11.2., you and your insurers shall agree to waive their rights of subrogation against Mango, and you shall provide evidence of such waiver in accordance with this Section 11.2. Each year Mango may unilaterally modify the insurance minimum coverage requirements by delivery to you written notice of the change, which may include an increase to the minimum coverage requirements to reflect changes in inflation or as market conditions warrant.

11.2.5. Your obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance that may be maintained by Mango, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 11.3. of this Agreement.

11.2.6. All public liability and property damage policies shall contain a provision that Mango and its Affiliates, although named as additional insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to Mango, or the Mango Insureds by reason of your negligence.

11.2.7. At least ten (10) days prior to the time you are first required to carry insurance, and thereafter at least thirty (30) days prior to the expiration of any policy, you shall deliver to Mango certificate of insurance evidencing your compliance with this Article 11. Each certificate of insurance shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Mango in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

11.2.8. If you fail to procure or maintain these minimum insurance requirements, Mango or its designee shall have the right and authority (but not the obligation) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Mango. If this occurs, you shall reimburse Mango the cost of the premium upon demand.

You acknowledge that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect you from losses in connection with the Franchised Business. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than Mango requires

11.3. Indemnification. You shall indemnify and defend to the fullest extent by law, Mango, its parent company, its Affiliates and their respective directors, officers, employees, shareholders, members, agents, successors and assigns, (collectively the “**Indemnitees**”) from any and all “**losses and expenses**” (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with your operation of the Franchised Business and/or the Store including, but not limited to, claims arising as a result of the maintenance and operation of vehicles or the Franchised Location (collectively an “**event**”), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 11.3., the term “**losses and expenses**” shall be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Mango's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. Under no circumstances shall Mango be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim under this provision, and Mango's failure to seek such recovery or mitigate its loss will in no way reduce the amounts of recovery by Mango under this provision. You shall give Mango prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, Mango may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Mango will seek your advice and counsel. Any assumption by Mango shall not modify your indemnification obligation. Mango may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Mango's sole and absolute discretion, necessary for the protection of the Indemnitees or the System.

11.4 Combined Claims. You acknowledge and agree that the franchisors of RED MANGO and SMOOTHIE FACTORY, Red Mango FC, LLC, and Smoothie Holdings FC, LLC, respectively, are all separate and distinct entities. If you sign a franchise agreement with us and a RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment to operate a RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store, you agree you cannot combine any claims against these franchisors into one action unless all the parties agree to that combination in advance in writing.

## 12. TRANSFER OF INTEREST

12.1 Transfer by Mango. Mango may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Mango's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Mango's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that Mango and/or its Affiliates may sell their assets, the Proprietary Products, the Marks or Copyrighted Works, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of Mango's name, the Proprietary Products, the Marks (or any variation thereof), the Copyrighted Works, the System and/or the loss of association with or identification of Red Mango FC, LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. You agree that Mango has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities (including, without limitation, if such location is within the Protected Area), and to operate, franchise or license those businesses and/or facilities as RED MANGO Stores operating under the Marks, the Copyrighted Works, or any other marks following Mango's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to the Franchised Business).

12.2. Transfer by Individual Franchisee to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first twelve (12) months of this Agreement by signing Mango's standard form of assignment and assumption agreement if **(a)** the Business Entity is formed solely for purposes of operating the Franchised Business, **(b)** you own and control 100% of the equity interest, **(c)** you provide to Mango a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed, and **(d)** you pay to Mango a \$1,500 administrative fee.

12.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if **(a)** you have provided to Mango advance notice of the transfer, **(b)** Attachment C has been amended to reflect the new ownership, **(c)** each new Owner has signed a Guaranty and Personal Undertaking in the form of Attachment D-1, and **(d)** you pay to Mango a \$2,500 administrative fee.

12.4. Transfer of Agreement; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially of the assets of the Store in connection with a transfer of this Agreement, and the sale of a Controlling Interest in you if you are a Business Entity) require Mango's prior written consent. For the purpose of determining whether you are transferring and/or selling a Controlling Interest or a Non-Controlling Interest, "**Control**" shall mean the ability to direct the business decisions of a business entity or to exercise the voting rights of fifty percent (50%) or more of the voting shares of a business entity, or ownership of fifty percent (50%) or more of the shares of a business entity, or the ability to appoint half or a majority of the directors (or equivalent officers) of a business entity. Mango will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

12.4.1. You shall have requested consent in writing and delivered to Mango a copy of the proposed transfer agreements, including sale terms, at least thirty (30) days prior to the proposed transfer, and Mango has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of the Franchised Business;

12.4.2. The transferee has demonstrated to Mango's satisfaction that the transferee **(a)** meets Mango's then-current educational, managerial and business standards, **(b)** possesses a good moral character, business reputation and credit rating, **(c)** has the aptitude and ability to operate the Franchised Business, and **(d)** has sufficient equity capital to operate the Franchised Business;

12.4.3. All of your accrued monetary obligations and all other outstanding obligations to Mango, its Affiliates, and third party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Mango, its Affiliates and your suppliers;

12.4.4. You or the transferee shall have agreed to refurbish the Store premises so that it meets Mango's image requirements for new RED MANGO Stores;

12.4.5. You and each Owner shall have executed a general release, in a form satisfactory to Mango, of any and all claims against Mango, its parent company and its Affiliates and their respective officers, directors, shareholders, members, agents, employees, successors and assigns in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

12.4.6. You or the transferee has paid the applicable Transfer Fee in the amount set forth in the Summary Pages (i.e., \$10,000 for a Traditional Store or \$5,000 for a Non-Traditional Store) and has reimbursed Mango for all reasonable costs and expenses it incurred (including attorneys' fees) in facilitating the transfer;

12.4.7. The transferee has executed Mango's then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different percentage royalty fee and different advertising obligations. The term of such agreement shall be the remaining term of this Agreement at the time of transfer. The transferee shall have the option, however, to purchase a longer term (not to exceed a total of ten (10) years) by paying an extended term fee ("**Extended Term Fee**"). The Extended Term Fee will be calculated as Mango's then-current initial franchise fee divided by the number of days included in the initial term of the then-current franchise agreement, multiplied by the number of days of additional term being purchased by the transferee;

12.4.8. If the transferee is a Business Entity, then the transferee's Owners each shall sign Mango's standard form of Guaranty and Personal Undertaking. If any person required to sign a Guaranty and Personal Undertaking is a corporation or other business entity (an entity other than a natural person), then its owners and parents also shall execute the Guaranty and Personal Undertaking; it being the intent of the parties that each entity in the chain of ownership, and each natural person holding a beneficial interest in the franchise, either directly or indirectly through business entities, will also execute the Guaranty and Personal Undertaking;

12.4.9. The transferee shall have complied with Mango's then-current initial training requirements; and

12.4.10. If Mango introduced the buyer to you, you have paid all fees due Mango under its then-current franchise resale policy or program.

12.5. Transfers Void. Any purported transfer, by operation of law or otherwise, made without Mango's prior written consent will be considered null and void and will be considered a material breach of this Agreement.

12.6. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without Mango's consent.

12.7. Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you shall first obtain Mango's written consent, which consent shall not be unreasonably withheld. You must provide to Mango for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least sixty (60) days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Marks or otherwise) that Mango is participating in an



underwriting, issuance or offering of your securities, and Mango's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Mango may condition its approval on satisfaction of any or all of the conditions set forth in Section 12.4, and on execution of an indemnity agreement, in a form prescribed by Mango, by you and any other participants in the offering. For each proposed offering, you shall pay to Mango a retainer in an amount determined by Mango, which Mango shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

12.8. Right of First Refusal. If you receive a bona fide offer to purchase your interest in this Agreement or a bona fide offer to purchase all or substantially all of the assets of the Franchised Business in connection with the buyer's acquisition of a franchise for a RED MANGO Store, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to Mango written notification of the offer and, except as otherwise provided herein, Mango shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Mango as in the case of an initial offer. If Mango elects to purchase the seller's interest, closing on such purchase must occur by the later of: **(a)** the closing date specified in the third party offer; or **(b)** within sixty (60) days from the date of notice to the seller of Mango's election to purchase. Mango's failure to exercise the option described in this Section 12.8, shall not constitute a waiver of any of the transfer conditions set forth in this Article 12.

12.9. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of any person with an interest in this Agreement, in you, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Mango within six (6) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 12.9, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Mango within six (6) months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Mango may, at its option, terminate this Agreement, pursuant to Section 13.5.

12.10. Non-Waiver of Claims. Mango's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Mango's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Mango's and the transferee are parties, by the transferee.

12.11. Disclosure to Transferee. Mango may communicate directly with any prospective transferee. You expressly consent to Mango, its Affiliates, contractors, suppliers, or vendors disclosing to the prospective transferee any information Mango deems appropriate. You release Mango, its Affiliates, contractors, suppliers, and vendors, and their respective directors, officers, employees, and agents from any claims, losses, or liability of yours resulting from any disclosure made by Mango in good faith. Nothing in this provision is intended to obligate Mango to provide any information to a prospective transferee.

### 13. DEFAULT AND TERMINATION

13.1 Termination In the Event of Bankruptcy or Insolvency. You shall be deemed to be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, **(a)** if you become insolvent or make a general assignment for the benefit of creditors; **(b)** if a petition in bankruptcy is filed by you or such a petition is filed and against you and you do not oppose it; **(c)** if you are adjudicated as bankrupt or

insolvent; **(d)** if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; **(e)** if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; **(f)** if proceedings for a composition with creditors under any state or federal law is instituted by or against you; **(g)** if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); **(h)** if you are dissolved; **(i)** if execution is levied against your business or property; **(j)** if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Franchised Location premises or assets or equipment is instituted against you and not dismissed within thirty (30) days; or **(k)** if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

13.2. Termination with Notice and Without Opportunity to Cure. Mango has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: **(a)** your Managing Owner or Key Person fails to successfully complete training; **(b)** you fail to acquire a site by the Control Date; **(c)** you fail to open the Store for business by the Opening Date; **(d)** you abandon the Franchised Business (which will be presumed if you cease operations for three (3) consecutive days or more); **(e)** you lose any license required to operate the Franchised Business or you lose your right to occupy the Store premises; **(f)** you or any Owner or Key Person is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Mango believes is reasonably likely to have an adverse effect on the System; **(g)** there is any transfer or attempted transfer in violation of Article 12 of this Agreement; **(h)** you or any Owner fails to comply with the confidentiality or noncompete covenants in Section 15.1 of this Agreement; **(i)** you or any Owner has made any material misrepresentations in connection with your franchise application; **(j)** you fail to comply with notification requirements set forth in Sections 6.1(c) or (d) concerning investigations and Crisis Management Events; **(k)** you understate any payment to Mango by 3% or more, or understate any such payment in any amount, twice in any two-year period; **(l)** if an imminent threat or danger to public health or safety results from the operation of the Franchised Business; **(m)** you knowingly maintain false books or records or submit any false reports or statements to Mango; **(n)** you offer unauthorized products or services from the Store premises or in conjunction with the Marks or Copyrighted Works; **(o)** purchase items from an unapproved source when Mango has identified Designated Supplier(s) or Designated Distributor(s); **(p)** failure to pass two (2) or more quality assurance inspections within any rolling 12-month period; **(q)** failure to participate in any advertising or marketing program pursuant to Sections 9.5 or 9.6 on two (2) or more occasions within any rolling 12-month period; or **(r)** Mango delivers to you three (3) or more written notices of default pursuant to this Article 13 within any rolling 12-month period or failures on two (2) or more separate noticed occasions to comply with the same obligation, whether or not the defaults described in such notices ultimately are cured.

13.3. Termination with 10-Day Cure Period. Mango has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within ten (10) days after delivery of written notice: **(a)** your failure to obtain or maintain required insurance coverage; **(b)** your failure to pay Royalty Fees or any other amounts due to Mango under this Agreement; **(c)** your failure to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); **(d)** your failure to pay any amounts for which Mango has advanced funds for your or on your behalf, or upon which Mango is acting as guarantor of your obligations; **(e)** your violation of any provision of this Agreement concerning the use and protection of the Marks or Copyrighted Works; or **(f)** your violation of any provision of this Agreement concerning the preparation, service, appearance or quality of RED MANGO products.

13.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 13, Mango has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within thirty (30) days after delivery of written notice.

13.5. Termination Related to Death or Permanent Incapacity. Mango has the right to terminate this Agreement if an approved transfer as required by Section 12.9 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

13.6. Cross-Default. Except for a default or termination of any Store Development Agreement between you or your Affiliate and Mango solely on account of your failure to meet the applicable development schedule (which shall not be

considered a default under this Agreement), any default under any agreement between you or any of your Affiliates and Mango or any of its Affiliates (including any other franchise agreement between Mango and you or your Affiliate), and failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement. Termination of a Store Development Agreement solely on account of your failure to meet the applicable development schedule will not be considered a default or provide grounds for termination of this Agreement.

13.7. Additional Remedies. In addition to, or in lieu of, termination of this Agreement, in its sole discretion, Mango may require the Store be closed during any cure period relating to a default based on public health and safety concerns.

13.8 Step-In Rights. To prevent any interruption of the business of the Store, you hereby authorize Mango, and Mango shall have the right, but not the obligation, to operate the Store on your behalf for as long as Mango deems necessary and practical, and without waiver of any other rights or remedies Mango may have under this Agreement, in the event that: (a) your Operations Manager is absent or incapacitated by reason of illness, death or disability and, therefore, in Mango's sole determination, you are not able to operate the Store in full compliance with this Agreement, or (b) any allegation or claim is made against your or any of your Owners, or the operation of the Store, involving or relating to fraudulent, deceptive or illegal practices or activities. If Mango undertakes to operate the Store pursuant to this Section 13.8, Mango shall have the right to collect and pay from the revenues of the Store all operating expenses including, without limitation, Royalty Fees, Brand Development Fees, and employee salaries, and further shall be entitled to collect, as compensation for its efforts, a reasonable management fee not to exceed 10% of Gross Revenues. You shall indemnify and hold harmless Mango from any and all claims arising from the alleged acts and omissions of Mango and its representatives.

#### 14. OBLIGATIONS UPON TERMINATION OR EXPIRATION

14.1. Cease Use of Marks and Copyrighted Works; Cancellation of Fictitious Name; Assignment of E-mail Addresses, URLs, Domain Names, Internet Listings. Upon termination or expiration of this Agreement, you shall immediately cease all use of the Marks, Copyrighted Works and Confidential Information. You shall cancel any assumed name registration containing the Marks. You shall, at Mango's option and request, assign to Mango all rights to all e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the Franchised Business. You hereby appoint Mango as your attorney-in-fact with full power and authority for the sole purpose of assigning these rights to Mango. This appointment is deemed to be coupled with an interest and shall continue in full force and effect for twelve (12) months following termination or expiration of this Agreement.

14.2. Assignment of Lease; De-Identification. You hereby grant Mango or its designee the option to assume your lease upon expiration or termination of the Franchise Agreement. At our discretion, upon, material default, expiration or termination of your Agreement, if we exercise our right, you shall assign your rights to your Store lease to us by executing the Collateral Assignment of Lease in the form attached hereto and incorporated herein as Attachment J ("Collateral Assignment of Lease"). Such option shall be exercised by delivering to you written notice within thirty (30) days following termination or expiration of this Agreement. If Mango or its designee assumes your lease, you agree to sell, transfer, and convey to the assignee your interest (if any) in all leasehold improvements, without further consideration by signing the Collateral Assignment of Lease and any other documents to effectuate the same. If Mango does not request assignment of the lease before expiration of this 30-day period, then within ten (10) days after, you shall modify the Store premises (including, without limitation, the changing of the color scheme and other distinctive design features, and the changing of and assigning to Mango of, the telephone numbers) as may be necessary to distinguish the appearance of the Franchised Location from that of other RED MANGO Stores, and shall make such specific additional changes to the Franchised Location as Mango may reasonably request for that purpose. Because of the likelihood of confusion as to source, you covenant not to assign or sublet the lease after termination or expiration without renewal, to any person or Business Entity that will sell from the premises, any frozen yogurt and/or smoothie products and/or fresh-squeezed juices until the décor and configuration of the premises has been sufficiently modified so as not (in Mango's reasonable opinion) to cause consumer confusion. If you fail to de-identify the Store premises within a reasonable time, you hereby grant a license to Mango's personnel and designees to enter upon the Store premises and take all actions necessary to de-identify the premises as a RED MANGO Store including, without

limitation, removing all signage, advertising materials, trade dress, displays, proprietary equipment, and Proprietary Products, and any other items which display the Marks or reflect Mango's trade dress. Mango may charge a reasonable fee for its services; you agree to pay the fee on demand and to reimburse Mango for all de-identification related costs that it incurred.

14.3. Return of Manuals and Other Confidential Information. You shall immediately deliver to Mango the Manuals and all other manuals, records, correspondence, files, and any instructions containing Confidential Information relating to the operation of the Franchised Business which are in your possession; and all copies thereof (all of which are acknowledged to be the property of Mango).

14.4. Mango's Right to Purchase Tangible Assets. We shall, within thirty (30) days following the expiration or termination of this Agreement for any reason (other than for renewal of the Franchise), have the option, at our sole judgment, to purchase all or any portion of the assets of the Store and any other materials, equipment or supplies bearing our Marks, and to have you assign and transfer the Store lease for the premises to us. Our purchase price for the portion of your inventory or supplies purchased directly from us or any of our affiliates shall be at your cost. Our purchase price for the remaining inventory, equipment, parts, fixtures and furnishings utilized by you in the operation of the Store shall be the fair wholesale market value thereof. In addition, we shall be permitted to deduct and withdraw from the purchase price to be paid to you for any such items all sums due and owed to us. In determining the fair market value of such items, the parties shall exclude any factor or increment for goodwill or going-concern value. Except as provided below, the purchase price will be paid in cash at the closing of any such purchase which will occur no less than thirty (30) days from the date of exercise of the option.

14.4.1. If the parties are unable to reach agreement as to the fair market value of the assets of the Store to be purchased by us, the parties hereby agree to appoint an independent appraiser to make such determination, whose determination will be binding upon the parties. The fees and expenses of such appraisal shall be paid in equal proportions by the parties. If you do not object to proposed appraiser within twenty (20) days after our notice, such appraiser will be deemed approved by both parties.

14.5. Payment of Liquidated Damages. If you prematurely close the Store or abandon the Franchised Business (other than pursuant to Section 13.8 above), or if Mango terminates the Franchise Agreement because of your material default (which includes your failure to pay any amounts owing to Mango or its Affiliates and your failure to pay your trade creditors as required by this Agreement), you shall promptly pay to Mango, as liquidated damages for the loss of the benefit bargained for in this Agreement due to premature termination only, and not as a penalty or as damages for breaching this Agreement or in lieu of any other payment, a lump sum equal to the average weekly Royalty Fee for the 26-week period immediately preceding termination, multiplied by the number of weeks remaining in the current Term, discounted to present value. If the Store was closed during any part of the 26-week period, then the Royalty Fee for any week or partial week in which the Store was closed will be presumed to be the highest weekly Royalty Fee payable during the 26-week period. Notwithstanding the foregoing, we will permit you to close the Store and will waive our right to collect liquidated damages and lost future profit damages based on your premature closure of the Store if: (1) you deliver to Mango written notice of the proposed closure at least sixty (60) days prior to the closure, (2) the notice includes profit and loss statements for the previous 6-month period, prepared according to the accounting method you use to prepare Federal income tax reports, (3) the profit and loss statements demonstrate to Mango's reasonable satisfaction that the Store sustained a net cumulative loss during the 6-month period despite your compliance with this Agreement and Mango's standards, and despite that your operating expenses were reasonable in Mango's sole judgment, and (4) you and each person who has guaranteed your obligations under this Agreement signs a termination agreement and general release of all claims against Mango in a form Mango prescribes.

14.6. Trademark Infringement. If you contest termination and/or fail to comply with your post-termination obligations, and a court of competent jurisdiction upholds such termination, your operation of the Store from and after the date of termination, will constitute willful trademark infringement and unfair competition by you, and you shall be liable to Mango for damages resulting from such infringement in addition to any fees paid or payable hereunder, including, without limitation, any profits that you derived from such post-termination operation of the Store.

14.7. Red's Real Deal. If you qualify, you may participate in our Red's Real Deal incentive program which includes

a Store purchase program. If you qualify, simultaneously with the execution of this Agreement, we will execute the Red's Real Deal Addendum, attached hereto and incorporated herein as Attachment K of this Agreement ("**Red's Real Deal Addendum**"). Subject to other provisions specified in this Agreement and Red's Real Deal Addendum, if you notify us within six months after opening that you want to sell the RED MANGO Traditional Store, we will agree to buy it from you for a purchase price and other terms as specified in the Red's Real Addendum.

## 15. COVENANTS

15.1 Non-Competition During Term of Agreement. You and each Owner acknowledge that you and each Owner will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of Mango and the System. You and each Owner also agree that the license to use the Marks and to receive the benefit of the goodwill symbolized by the Marks will provide a competitive advantage, and is the primary reason you are entering into this Agreement. You and each Owner covenant and agree that during the term of this Agreement, except as otherwise approved in writing by Mango, you and, if applicable, such Owner, shall not, either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

15.1.1 Divert or attempt to divert any present or prospective customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

15.1.2 Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business at any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Mango or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

15.2 Non-Competition After Expiration or Termination of Agreement. For a continuous, uninterrupted two (2) year period commencing upon a transfer permitted under Section 12 of this Agreement, expiration of this Agreement, or termination of this Agreement (regardless of the cause for termination), you shall not either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with a Competitive Business, and **(i)** is, or is intended to be, located at the location of the former Franchised Business; **(ii)** within the former Protected Area of the Store (or, if there was no protected area, within a one-mile radius of the Store); or **(iii)** within a one-mile radius of any other store operating under the System and Marks in existence or under development at the time of such expiration, termination or transfer. If any Owner ceases to be an Owner of the franchisee for any reason during the term of this Agreement, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The two (2) year restrictive period described in this Section 15.2, shall be tolled during any period of noncompliance.

15.3 Additional Provisions. The parties acknowledge and agree that Mango has the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 15.1, and 15.2, or any portion thereof, without your consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and you and each Owner agree that such person shall comply forthwith with any covenant as so modified. You and each Owner expressly agree that the existence of any claims you may have against Mango, whether or not arising from this Agreement, shall not constitute a defense to Mango's enforcement of the covenants in this Article 15. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Mango in connection with the enforcement of this Article 15.

15.4. Covenants from Individuals. Each individual who attends Mango's training program shall be required to sign a confidentiality and non-compete agreement substantially in the form attached as Attachment D-2 to this Agreement. You shall be responsible for ensuring compliance with such agreement.

15.5. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 15 would result in irreparable injury to Mango for which no adequate remedy at law may be available, and you

consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Mango in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

15.6. Exception for Publicly Held Companies. The foregoing restrictions shall not apply to your ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

15.7. Improvements. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of a RED MANGO Store (an "**Improvement**"), you agree to promptly notify Mango and provide Mango with all necessary related information, without compensation. Any such Improvement shall become Mango's sole property and Mango shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to Mango any rights you or your Owners may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist Mango in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide Mango with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint Mango as agent and attorney-in-fact for you and for them to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section 15.7 are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to Mango a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights therein.

15.8 Enforcement of Covenants. You acknowledge and agree that (i) this section is reasonable because it promotes and protects the subject matter of this Agreement and/or the underlying relationship and/or deters any potential conflict of interest; (ii) the time, territory, and scope of the covenants provide in this Section are reasonable and necessary for the protection of our legitimate business interests; (iii) you have received sufficient and valid consideration in exchange for those covenants; (iv) enforcement of the same would not impose undue hardship because you have sufficient professional skills; and (v) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section is judicially determined to be unenforceable by virtue of its scope or in terms of area, restricted activity or length of time, but may be made enforceable by reductions of any or all thereof, the same will be so modified and enforced to the fullest extent permissible. You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section. You acknowledge that any breach or threatened breach of this Section will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of a temporary or permanent injunction prohibiting any conduct violating the terms of this Section. Such injunctive relief will be in addition to any other remedies or claims for damages that we may have.

15.9 Disputed Enforcement. The parties have attempted in the above Section to limit your right to compete only to the extent necessary to protect us from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the above provision is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify this Section to the extent it deems necessary to make supervision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision with Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. YOU EXPRESSLY ACKNOWLEDGE THAT YOU POSSESS SKILLS AND ABILITIES OF A GENERAL NATURE AND HAVE OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE YOU OF THE ABILITY TO EARN A LIVING.

15.10 Franchisee Acknowledgment. Mango must be protected against the potential for unfair competition by Franchisee's use of Mango's training, assistance, Confidential Information, and trade secrets in direct competition with

Mango. Franchisee further acknowledges that Mango would not have entered into this Agreement or shared the Confidential Information, trade secrets, and other information with Franchisee absent Franchisee's agreement to strictly comply with the provisions of this Section. Franchisee acknowledges that as a Franchisee of Mango, it will have access to Franchisor's trade secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section will be deemed to threaten immediate and substantial irreparable injury to Mango. Accordingly, Franchisee agrees that Franchisor will have the right without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

## 16. REPRESENTATIONS

16.1. Representations of Mango. Mango represents and warrants that **(a)** Mango is duly organized and validly existing under the law of the state of its formation; **(b)** Mango is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and **(c)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Mango's corporate power and have been duly authorized.

16.2. Representations of Franchisee.

16.2.1 You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Mango in writing within ten (10) days of any change in the information set forth in Attachment C. You further represent to Mango that **(a)** you are duly organized and validly existing under the law of the state of your formation; **(b)** you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; **(c)** your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of the Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to a RED MANGO Store; and the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized.

16.2.2. You acknowledge that you have conducted an independent investigation of the RED MANGO franchise opportunity, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on your ability as an independent business person.

16.2.3. Except for representations contained in Mango's Franchise Disclosure Document provided to you in conjunction with this franchise offering, you represent that neither Mango nor its agents or representatives have made any representations, and you have not relied on representations made by Mango or its agents or representatives, concerning actual or potential gross revenues, expenses or profit of a RED MANGO Store.

16.2.4. You acknowledge that you have received a complete copy of Mango's Franchise Disclosure Document at least fourteen (14) calendar days before you signed this Agreement or paid any consideration to Mango for your franchise rights.

16.2.5. You acknowledge that you have read and that you understand the terms of this Agreement and its attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

16.2.6. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, officers, directors, managers, partners, agents or employees, or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to Mango that you will not accept money from or employ any Blocked Person.

16.2.7. You hereby warrant and represent that neither you nor your Owners, officers, directors, managers,

partners, agents or employees, or their respective interests therein is now (nor will be during the term of this Agreement) identified, either by name or an alias, pseudonym, or nickname, on any of the lists of restricted or denied parties maintained by the United States government, including:

- (a) “Denied Persons List” maintained by the U.S. Commerce Department’s Bureau of Industry and Security (<https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/denied-persons-list>);
- (b) “Unverified List” maintained by the U.S. Commerce Department’s Bureau of Industry and Security (<https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/unverified-list>);
- (c) “Entity List” maintained by the U.S. Commerce Department’s Bureau of Industry and Security (<https://bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/entity-list>);
- (d) “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (<http://www.treas.gov/offices/enforcement/ofac/>);
- (e) “Debarred List” maintained by the Department of State ([https://www.pmdtc.state.gov/?id=ddtc\\_kb\\_article\\_page&sys\\_id=c22d1833dbb8d300d0a370131f9619f0](https://www.pmdtc.state.gov/?id=ddtc_kb_article_page&sys_id=c22d1833dbb8d300d0a370131f9619f0)); and
- (f) “Nonproliferation Sanctions” maintained by the Department of State (<http://www.state.gov/t/isn/c15231.htm>).

The foregoing constitutes continuing representations and warranties, and you agree to immediately notify Mango in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading.

You further represent and warrant that neither you nor any of your Owners, officers, directors, managers, partners, agents or employees has violated (nor will violate during the term of this Agreement) any law prohibiting money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (<http://epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13224 (<http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf>), or any similar law.

16.3 Disclaimer of Warranties. THOUGH APPROVED BY SHFC, NEITHER MANGO NOR ITS AFFILIATES MAKE ANY WARRANTY AND EXPRESSLY DISCLAIMS ALL WARRANTIES, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO FIXTURES, FURNITURE, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY AND ALL REQUIRED COMPUTER SYSTEMS), SUPPLIES OR OTHER APPROVED ITEMS.

## 17. NOTICES

17.1. Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; or by facsimile or other electronic system. Service shall be deemed conclusively made (a) at the time of service, if personally served; (b) twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; (c) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; (d) twenty-four (24) hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and (e) at the time of transmission by facsimile or other electronic means, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within twenty-four (24) hours after the transmission. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.



## 18. CONSTRUCTION

18.1. Entire Agreement. This Agreement and its Attachments represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that Mango made in the Franchise Disclosure Document (including its exhibits and amendments) that Mango delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by Mango hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

18.2. No Waiver. Except for those changes permitted to be made unilaterally by Mango hereunder, no waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

18.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement; provided, however, that the portions of this Agreement relating to the payment of fees to Mango and the portion relating to the protection and preservation of the Marks and the Confidential Information are critical to this Agreement. If any portion of this Agreement relating to those matters is declared invalid or unenforceable for any reason, Mango may terminate this Agreement immediately on written notice to you.

18.4. Survival of Terms. Any provision or covenant of this Agreement that expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

18.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms have the meaning ascribed to them in Attachment A ("**Glossary of Additional Terms**"). All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

18.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. Each of your Owners shall execute the Guaranty and Personal Undertaking attached as Attachment D-1. If any person required to sign a Guaranty and Personal Undertaking is a corporation or other business entity (an entity other than a natural person), then its owners and parents also shall execute the Guaranty and Personal Undertaking; it being the intent of the parties that each entity in the chain of ownership, and each natural person holding a beneficial interest in the franchise, either directly or indirectly through business entities, will also execute the Guaranty and Personal Undertaking. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the Guaranty and Personal Undertaking.

18.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

18.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

18.9. Business Judgment. Notwithstanding any contrary provisions contained in this Agreement, the parties hereto acknowledge and agree that **(a)** this Agreement (and the relationship of the parties which arises from this Agreement) grants Mango the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests; **(b)** Mango will use

its business judgment in exercising such discretion based on Mango's assessment of its own interests and balancing those interests against the interests, promotion and benefit of the System and Stores generally (including Mango, and its Affiliates and other franchisees), and specifically without considering your individual interests or the individual interests of any other particular franchisee (examples of items that will promote or benefit the System and Stores generally include, without limitation, enhancing the value of the Marks and/or the RED MANGO brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); (c) Mango will have no liability to you for the exercise of its discretion in this manner; and (d) even if Mango has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Mango's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF MANGO TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT MANGO'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR MANGO'S DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

18.10 Franchisee's Acknowledgment. You acknowledge that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by you, after having had a reasonable opportunity to retain and confer with counsel. You further acknowledge and represent to Mango that you are entering into this Agreement after a full investigation, and that, in entering into this Agreement, you are not relying upon any statements or representations not embodied in this Agreement including any amendments or exhibits attached hereto.

18.11 Disavowal of Oral Representations. You and we acknowledge that we want all terms of our business relationship to be defined in this written agreement, and that neither of us wants to enter into a business relationship with the other in which any terms or obligations are subject to any oral statements in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between us. We each agree that we placed, and will place, no reliance on any such discussions. You agree that no representations have been made to you concerning this Agreement or any of the RED MANGO franchise other than as contained in this Agreement and the Franchise Disclosure Document you received before you signed this Agreement (the "FDD"). You agree that no claims, representations, warranties or guarantees, express or implied, regarding actual or potential earnings, sales, profits or success of your RED MANGO Store have been made to you other than as set forth in Item 19 of the FDD.

18.12 No Affiliate Liability. No past, present or future director, officer, employee, incorporator, member, partners, stockholder, subsidiary, Affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Mango or of any of our Affiliates, will have any liability for (i) any obligations or liabilities Mango has relating to or arising from this Agreement, or (ii) any claim against Mango based on, in respect of, or by reason of, the transactions contemplated by this Agreement. This provision will not, however, affect any right, duty or obligation of Mango or yours, or of any guarantor of your obligations.

## 19. APPLICABLE LAW; DISPUTE RESOLUTION

19.1 Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby shall be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

19.2. Mediation.

19.2.1. The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such

resolution, Mango, you, and each Owner agree to submit to mediation any claim, controversy or dispute between Mango or its Affiliates (and Mango's and its Affiliate's respective owners, officers, directors, agents, representatives and/or employees) and you or your Affiliates (and your Owners, agents, representatives and/or employees) arising out of or related to (a) this Agreement or any other agreement between Mango and you, (b) Mango's relationship with you, or (c) the validity of this Agreement or any other agreement between Mango and you, before bringing such claim, controversy or dispute in a court or before any other tribunal.

19.2.2. The mediation shall be conducted by a mediator agreed upon by Mango and you and, failing such agreement within not more than fifteen (15) days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("AAA") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Mango maintains its principal business address at the time of mediation. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

19.2.3. If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 19.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

19.2.4. Notwithstanding the foregoing provisions of this Section 19.2, the parties' agreement to mediate shall not apply to controversies, disputes or claims related to or based on amounts owed to Mango pursuant to this Agreement, the Marks, Copyrighted Works or Mango's Confidential Information. Moreover, regardless of this mediation agreement, Mango and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

19.2.5 Neither illness, Covid, inconvenience, weather, or any other reason shall serve to excuse your personal appearance for mediation.

19.3 Venue. With respect to any controversies, disputes or claims which are not finally resolved through mediation as provided in Section 19.2, the parties agree that any action brought by either party against the other shall be brought and maintained exclusively within the state or federal court serving the judicial district in which Mango maintains its principal business address at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Nothing in this Agreement shall bar Mango's right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and reasonable attorneys' fees incurred by Mango in obtaining such relief.

19.4 Nonexclusivity of Remedy. No right or remedy conferred upon or reserved to Mango or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

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

19.6. WAIVER OF PUNITIVE AND CONSEQUENTIAL DAMAGES. WITH THE EXCEPTION OF MANGO'S RIGHT TO SEEK INDEMNIFICATION FOR THIRD PARTY CLAIMS AS SET FORTH IN THIS AGREEMENT AND ITS RIGHT TO SEEK RECOVERY OF LOST FUTURE PROFITS, INCLUDING LIQUIDATED DAMAGES AS SET FORTH IN SECTIONS 13.8 AND 14.5 ABOVE, IN THE EVENT OF YOUR BREACH OF THIS AGREEMENT, THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY LOSS OF REVENUES, LOSS OF PROFITS, LOSS OF TIME, INCONVENIENCE, LOSS OF USE, OR ANY OTHER INCIDENTAL, SPECIAL, INDIRECT, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL LOSS AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

19.7 Contractual Limitations Period. No legal action or proceeding may be brought against Mango or its officers, directors, agents, or employees, for any claim or cause of action (whether sounding in contract, tort, or otherwise)

unless such action or proceeding is instituted within two (2) years and one day from the date the claim or cause of action accrued. This provision is intended to shorten any applicable statute of limitations to the extent permitted by law.

19.8. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

19.9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

**IN WITNESS WHEREOF**, the parties have executed this Agreement on the dates noted below, but effective for all purposes as of the Effective Date.

**FRANCHISOR**

**FRANCHISEE**

Red Mango FC, LLC  
a Texas limited liability company

\_\_\_\_\_

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

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

Name: Sherif Mityas

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

Title: CEO

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**ATTACHMENT A  
GLOSSARY OF ADDITIONAL TERMS**

“**Account**” means your commercial bank operating account.

“**Affiliate**” means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

“**Agreement**” means the Franchise Agreement.

“**Business Day**” means each day other than a Saturday, Sunday, U.S. holiday or any other day on which the Federal Reserve is not open for business in the United States.

“**Business Entity**” means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

“**Competitive Business**” means either (i) any business (whether operated by a natural person or Business Entity) that sells café items (e.g. flatbreads, salads, soups and sandwiches), alone or in combination, comprising more than 49% of total sales, measured on a weekly basis, OR (ii) any business (whether operated by a natural person or Business Entity) that sells smoothies, frozen yogurt, and/or fresh squeezed juices.

“**Confidential Information**” means all trade secrets, and other elements of the System; all customer information; all information contained in the Manuals; Mango’s proprietary recipes and standards and specifications for product preparation, packaging and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, and all other information that Mango designates.

“**Control Date**” means the date specified in the Summary Pages.

“**Copyrighted Works**” means works of authorship which are owned by Mango and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, Mango’s product packaging, the content and design of Mango’s web site, and Mango’s advertising and promotional materials.

“**Crisis Management Event**” means any event that occurs at or about the Store premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

“**Force Majeure**” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot or other civil disturbance; epidemics; or other similar forces which could not, by the exercise of reasonable diligence, have been avoided; provided, however, that neither an act or failure to act by a government authority, nor the performance, nonperformance, or exercise of rights by your lender, contractor, or other person qualifies as a Force Majeure unless the act, failure to act, performance, non-performance, or exercise of rights resulted from a Force Majeure. Your financial inability to perform or your insolvency is not a Force Majeure.

“**Gross Revenue**” means all revenue from the sale of all products and services related to the Franchised Business, (regardless of whether such products are served at the Store or elsewhere), and all other income of every kind and nature related to the Franchised Business including, without limitation, catering income and the proceeds of business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit, less any sales taxes or other taxes collected from your customers for transmittal to the appropriate taxing authority, and authorized discounts. All barter and exchange transactions for which you furnish services or products in exchange for goods or

services to be provided by the vendor, supplier or customer will be valued at the full retail value of the products or services bartered in exchange for the goods or services provided to you. Gross Revenues also includes the proceeds of any business interruption insurance paid to you. Gross Revenue also includes any payments you receive from vendors.

**“Key Person”** means an individual who the franchisee has designated, and Mango has approved, who has full control over day-to-day Store management and operations, has completed Mango’s initial training program, and all additional training (including food safety training) that Mango requires, to Mango’s satisfaction, and devotes his or her full time efforts to Store operations.

**“Manual”** means the compilation of information and knowledge that is necessary and material to the System, which is also known as the Confidential Operations Manual. The term “Manual(s),” as used in this Agreement, includes all publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MP3s, and other electronic media that Mango from time to time may loan to you. The Manual(s) may be supplemented or amended from time to time by Mango, in its sole discretion, by letter, electronic mail, bulletin, videotape, CD, DVD, MP3, or other communications concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating a RED MANGO Store.

**“Marks”** means certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “RED MANGO®” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Mango in writing for use in connection with the System.

**“Owner”** means each individual or entity holding a beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any person required to sign a Guaranty and Personal Undertaking is a corporation or other business entity (an entity other than a natural person), then its owners and parents also shall execute the Guaranty and Personal Undertaking; it being the intent of the parties that each entity in the chain of ownership, and each natural person holding a beneficial interest in the franchise, either directly or indirectly through business entities, will be considered an “Owner” under this Agreement.

**“RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store”** means a RED MANGO Store in which a portion of the square footage is dedicated to the operation of a SMOOTHIE FACTORY store in accordance with the terms and conditions set forth in the RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment.

**“Store”** means a facility identified by the principal service mark “RED MANGO” or “RED MANGO CAFÉ & JUICE BAR”. The term “Store” includes both full service and self-serve facilities, and also includes facilities located in Closed Markets that may have little or no seating or may share seating with other businesses.

**“System”** means a distinctive system relating to the establishment, maintenance and operation, in accordance with Mango’s standards and specifications (as may be modified by Mango from time to time), of upscale retail frozen yogurt stores that offer authentic nonfat and low-fat frozen yogurt, yogurt and non-yogurt based smoothie beverages, fruit-based “smoothie” beverages, fresh-squeezed juices, health foods, café items (e.g. wraps, salads, soups, flatbreads) and related products and services for dine-in consumption and take-out service. For avoidance of doubt, the establishment, maintenance and operation, in accordance with Mango’s standards and specifications, may include, without limitation, regulation of all aspects of the establishment, maintenance and operation of the Store that Mango determines, from time to time, to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks, the Store, the System and other RED MANGO Stores.

**“Transfer”** as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) any interest in this Agreement, the License, the Store, substantially all the assets of the Store, or in the ownership of the franchisee (if you are an Entity). “Transfer” as a noun means any such sale, assignment, gift, transfer, pledge, mortgage or encumbrance.

**“You”** means the individual(s) or entity(ies) identified as the franchisee in the Summary Pages. If more than one individual or entity is identified as the “franchisee,” the franchisee will be considered a general partnership comprised of the individual(s) and/or entity(ies) and the term “you” will refer to the general partnership.

**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**ATTACHMENT B  
THE FRANCHISED LOCATION,  
OPENING DATE AND THE PROTECTED AREA**

Section 1.1. The “Franchised Location” is at: \_\_\_\_\_

Section 3.5.1. The “Opening Date” is: \_\_\_\_\_

Section 1.2. The “Protected Area” is: \_\_\_\_\_

but excludes all Closed Markets located within such area. A “**Closed Market**” is any facility serving a captive market, including department stores, supermarkets, shopping malls, amusement parks, airports, train stations, travel plazas, casinos, nightclubs, restaurants, public facilities, college and school campuses, arenas, stadiums, ballparks, hospitals, office buildings, convention centers, airlines (in-flight service), military bases, and any other mass gathering events or locations, and facilities of any kind for which food and/or beverage service rights are contracted to a third party or parties (including, but not limited to, designated road ways and facilities adjacent thereto), whether inside or outside of the Protected Area. As used herein, the term “shopping malls” includes any retail center (enclosed or open), including “outlet malls,” with an aggregate gross leasable area in excess of 350,000 square feet.

If the Protected Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Protected Area extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

**IN WITNESS WHEREOF**, the parties have executed this Attachment B on \_\_\_\_\_.

**FRANCHISOR**

**FRANCHISEE**

Red Mango FC, LLC  
a Texas limited liability company

\_\_\_\_\_

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

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

Name: Sherif Mityas

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

Title: CEO

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**ATTACHMENT C  
ENTITY INFORMATION**

If the franchisee is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of \_\_\_\_\_.

- (1) Franchisee is a \_\_\_\_\_, formed under the laws of the state of \_\_\_\_\_.
- (2) You shall provide to Mango concurrently with the execution hereof true and accurate copies of the franchisee's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.
- (3) You promptly shall provide such additional information as Mango may from time to time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.
- (4) The name and address of each of Owner:

Name	Address	Number Of Shares Or Percentage Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- (5) The address where your corporate records (e.g. Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) and financial records are maintained is:

\_\_\_\_\_.

**FRANCHISOR**

**Red Mango FC, LLC**  
a Texas limited liability company

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

Name: Sherif Mityas

Title: CEO

Date: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_

\_\_\_\_\_

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**ATTACHMENT D-1  
GUARANTY AND PERSONAL UNDERTAKING**

1. I have read the Franchise Agreement between Red Mango FC, LLC, a Texas limited liability company (“**Mango**” or “**Franchisor**”) and \_\_\_\_\_ (the “**Franchisee**”).
2. I own a beneficial interest in the Franchisee, and would be considered an “**Owner**” within the definition contained in Franchise Agreement.
3. I understand that, were it not for this Guaranty and Personal Undertaking (this “**Guaranty**”), Mango would not have agreed to enter into the Franchise Agreement with the Franchisee.
4. I will comply with of the provisions contained in Article 7 of the Franchise Agreement concerning the Franchisee’s use of Mango’s Marks and Copyrighted Works (as each term is defined in the Franchise Agreement). I understand that, except for the license granted to the Franchisee, I have no individual right to use the Marks or Copyrighted Works and I have no ownership interest in the Marks or Copyrighted Works.
5. I will comply with all of the provisions contained in Article 8 of the Franchise Agreement concerning the use of the Confidential Manuals and Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except **(a)** to the Franchisee’s employees on a need to know basis, **(b)** to the Franchisee’s and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and **(c)** as otherwise may be required by law.
6. I will comply with all of the provisions contained in Article 12 of the Franchise Agreement concerning the transfer of my ownership interest in the Franchisee.
7. While I am an Owner of the Franchisee and, for a two-year period after I cease to be an Owner (or two (2) years after termination or expiration (without renewal) of the Franchise Agreement, whichever occurs first), I will not:
  - (a)** Divert or attempt to divert any present or prospective customer of any RED MANGO Store or SMOOTHIE FACTORY store (if the franchisee is granted a right to franchise a RED MANGO-SMOOTHIE FACTORY Co-branded Traditional Store) to any competitor or do anything to harm the goodwill associated with the Marks and the System; or
  - (b)** Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business in which the sale of smoothies, frozen yogurt, fresh squeezed juices, and/or café items (e.g. flatbreads, salads, soups and sandwiches), alone or in combination, comprise more than 20% of total sales, measured on a weekly basis, other than a RED MANGO Store operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Mango or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. It will apply for two (2) years after I cease to be an Owner (or two (2) years after termination or expiration of the Franchise Agreement, whichever occurs first) to any location that **(i)** is, or is intended to be, located at the location of the former Franchised Business; **(ii)** within a one-mile radius of the Franchised Location; or **(iii)** within a one-mile radius of any other store operating under the System and Marks in existence or under development at the time I cease being an Owner (or termination or expiration of the Franchise Agreement, whichever occurs first). This time period will be tolled during any period of my noncompliance.
8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Mango is a party, I expressly

agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

9. I understand and acknowledge that Mango shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. I agree that the provisions contained in Article 19 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty. If Mango brings any legal action to enforce its rights under this Guaranty, I will reimburse Mango its reasonable attorneys' fees and costs.

11. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement, including liquidated damages due on account of the premature termination of the Franchise Agreement or early closure of the RED MANGO Store.

12. I will pay all amounts due under this Guaranty within fourteen (14) days after receiving notice from Mango that the Franchisee has failed to make the required payment. I understand and agree that Mango need not exhaust its remedies against the Franchisee before seeking recovery from me under this Guaranty.

13. No modification, change, impairment, or suspension of any of Mango's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Mango's release of such security will not affect my liability under this Guaranty.

14. I hereby waive **(a)** all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and **(b)** California Civil Code Sections 2899 and 3433.

15. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING MANGO, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.**

16. I understand that Mango's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Mango under applicable law.

17. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one (1) Business Day after electronically confirmed transmission by facsimile or other electronic system; one (1) Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three (3) Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Mango written notice of the change.

18. If franchisee is granted the right to operate a RED MANGO-SMOOTHIE FACTORY Co-branded Store, I agree that Smoothie Holdings FC, LLC ("**SHFC**") shall be a third-party beneficiary to this Guaranty between Mango and me and shall have the right to enforce this Guaranty directly to the extent SHFC may deem such enforcement necessary or advisable to protect its rights, including the right to apply for an injunction to prevent me from violating the terms of this Guaranty. If SHFC brings any legal action to enforce its rights under the Guaranty, I will reimburse SHFC its reasonable attorney's fees and costs.

**[Rest of Page Intentionally Left Blank; Signature Page Immediately Following]**

Intending to be legally bound, I have executed this Guaranty and Personal Undertaking on the date set forth below:

Dated: \_\_\_\_\_

**GUARANTOR**

\_\_\_\_\_

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

Address: \_\_\_\_\_

\_\_\_\_\_

Fax: \_\_\_\_\_

**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**ATTACHMENT D-2  
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT  
(for trained employees of Franchisee)**

In accordance with the terms of this Confidentiality and Non-Competition Agreement (this "**Confidentiality Agreement**") and in consideration of my being a \_\_\_\_\_ of \_\_\_\_\_ (the "**Franchisee**"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. \_\_\_\_\_ doing business as \_\_\_\_\_ (the "**Franchisee**"), has acquired the right and franchise from Red Mango FC, LLC, a Texas limited liability company ("**Mango**") to establish and operate a franchised business (the "**Franchised Business**") and the right to use in the operation of the Franchised Business Mango's trade names, trademarks, service marks, including the service mark RED MANGO® (the "**Marks**") and the system developed by Mango and/or its Affiliates for operation and management of Franchised Businesses (the "**System**"), as they may be changed, improved, and further developed from time to time in Mango's sole discretion.

2. Mango possesses certain proprietary and confidential information relating to the operation of the System, which includes the Manuals, recipes, trade secrets, and copyrighted materials, methods, and other techniques and know-how, (collectively, the "**Confidential Information**").

3. Any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Mango specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Confidentiality Agreement.

4. As \_\_\_\_\_ of the Franchisee, Mango and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Mango's operations manual (the "**Manual**") and other general assistance during the term of this Confidentiality Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of Mango, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Mango as confidential. Unless Mango otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as \_\_\_\_\_ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by Mango, I shall not, while in my position with the Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for one (1) year thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person, partnership, corporation, or other limited liability company own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business in which the sale of smoothies, frozen yogurt, fresh squeezed juices and/or café items (e.g. flatbreads, salads, soups and sandwiches), alone or in combination, comprise more than 20% of total sales, measured on a weekly basis, within a radius of one-mile of any RED MANGO Store, as those terms are defined in the Franchise Agreement. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly-held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Mango is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Confidentiality Agreement.

9. I understand and acknowledge that Mango shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Confidentiality Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. Mango and Smoothie Holdings FC, LLC ("SHFC") (if the franchised business is a RED MANGO-SMOOTHIE FACTORY Co-branded Store), is/are a third-party beneficiary(ies) of this Confidentiality Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Confidentiality Agreement will cause Mango and SHFC, as applicable, and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Mango, and/or SHFC, as applicable may apply for the issuance of an injunction preventing me from violating this Confidentiality Agreement, and I agree to pay the Franchisee and Mango, and/or SHFC, as applicable, all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Confidentiality Agreement is enforced against me. Due to the importance of this Confidentiality Agreement to the Franchisee and Mango, and SHFC, as applicable, any claim I have against the Franchisee or Mango, or SHFC, as applicable, are separate matters and does not entitle me to violate, or justify any violation of this Confidentiality Agreement.

11. This Confidentiality Agreement shall be construed under the laws of the State of Texas. With the exception of Section 9 above, the only way this Confidentiality Agreement can be changed is in writing signed by both the Franchisee and me.

12. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the state courts located in Dallas County, Texas, and the United States District Court for the Northern District of Texas. I acknowledge that this Confidentiality Agreement has been entered into in the state of Texas, and that I am to receive valuable information emanating from Mango's headquarters in Dallas, Texas. In recognition of the information and its origin, I hereby irrevocably consent to the exclusive personal jurisdiction of the state and federal courts of Texas as set forth above. Notwithstanding the foregoing, I acknowledge and agree that Mango or the Franchisee may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS CONFIDENTIALITY AGREEMENT AS OF THE DATES NOTED BELOW.

**[EMPLOYEE]**

**ACKNOWLEDGED BY FRANCHISEE**

Signature: \_\_\_\_\_

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

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RED MANGO FC, LLC  
FRANCHISE AGREEMENT

ATTACHMENT E  
ACH AUTHORIZATION

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Please complete and sign this form.

Franchisee Information

Franchisee Name or Legal Entity \_\_\_\_\_

RED MANGO® Store Number & Location \_\_\_\_\_

Name and Email of Person to Receive ACH Debit Advice \_\_\_\_\_

Authorization Agreement

I (we) hereby authorize Red Mango FC LLC, a Texas limited liability company (“Company”) to make ACH withdrawals from my (our) account at the financial institution named below. I also authorize the Company to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

I agree to indemnify the Company for any loss arising in the event that any withdrawals from my (our) account shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

This agreement will remain in effect until the Company has received advanced written notice of cancellation from me (us) in such time and in such manner as to afford the Company a reasonable opportunity to act on it, and in no event shall such notice period be less than thirty (30) days.

Payor/Franchisee Account Information

Name of Financial Institution: \_\_\_\_\_

ABA Routing Number: \_\_\_\_\_

Account Number: \_\_\_\_\_

Checking

Savings

Payor/Franchisee Signature

Authorized Signature (Primary): \_\_\_\_\_

Date: \_\_\_\_\_

Authorized Signature (Joint): \_\_\_\_\_

Date: \_\_\_\_\_

Account holder(s), please sign here: *(Joint accounts require the signature of all persons having authority over the account)*

Please attach a voided check at right, fax and mail to:

Red Mango FC, LLC, Attn: CEO  
14860 Montfort Drive, Suite 150 PMB 34  
Dallas, Texas 75254  
Fax: 214-347-4058

ATTACH CHECK HERE

**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**ATTACHMENT F  
LEASE ADDENDUM**

THIS LEASE ADDENDUM (the "**Lease Addendum**") is made and entered into as of \_\_\_\_\_, by and between \_\_\_\_\_ ("**Landlord**"), with its principal offices at \_\_\_\_\_ and \_\_\_\_\_ ("**Franchisee**" or "**Tenant**"), with its principal offices at \_\_\_\_\_, and Red Mango FC, LLC, a Texas limited liability company ("**Mango**" or "**Franchisor**") with its principal offices at 14860 Montfort Drive, Suite 150 PMB 34, Dallas, TX 75254.

**BACKGROUND**

- A. Mango franchises the operation of retail stores (each a "**RED MANGO Store**" or "**Store**") that offer primarily authentic frozen yogurt, yogurt and non-yogurt based smoothie beverages, fruit-based smoothie beverages, fresh-squeezed fruit and vegetable juices, health foods, café items (e.g., wraps, salads, soups, flatbreads) and related products and services for dine-in consumption and take-out service, under the name RED MANGO®, RED MANGO CAFÉ®, RED MANGO CAFÉ & JUICE BAR™, and/or other trademarks, service marks, logos, and other indicia of origin prescribed by Mango (collectively, the "**Marks**").
- B. Franchisee has acquired the right and has undertaken the obligation to develop and operate a RED MANGO Store pursuant to the terms and conditions of a certain franchise agreement between Franchisee and Mango ("**Franchise Agreement**").
- C. Under the terms and conditions of the Franchise Agreement, Mango has the right to approve the site for the Store; and if the Store premises will be occupied pursuant to a commercial lease, Mango has prescribed certain lease terms and has the right to condition its approval of a proposed site on inclusion of the prescribed lease terms.
- D. Franchisee desires, and has requested Mango's approval, to develop and operate a RED MANGO Store at the premises ("**Premises**") identified in the attached lease ("**Lease**").
- E. Landlord desires to lease to Franchisee the Premises for purposes of developing and operating a RED MANGO Store.
- F. The parties desire to modify and amend the Lease in accordance with the terms and conditions contained herein for purposes of obtaining Mango's approval.
  - (1) During the term of the Franchise Agreement, the Premises will be used only for the operation of the Store.
  - (2) Landlord consents to Franchisee's use of such Marks and signs, interior and exterior décor, furnishings, fixtures, items, color schemes, plans, specifications, and related components of the RED MANGO® System (as defined in the Franchise Agreement and as Mango may prescribe for the Store).
  - (3) Landlord agrees to furnish Mango with copies of any and all letters and notices sent to Franchisee pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Franchisee.
  - (4) Mango will have the right to enter onto the Premises at any time, to make any modification or alteration necessary to protect the RED MANGO System and Marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort, and the Landlord will not be responsible for any expense or damages arising from Mango's action in connection therewith.
  - (5) In the event of Franchisee's default under the terms of the Lease, Landlord shall promptly deliver notice of such default to Mango and shall offer Mango the opportunity to cure the default and to assume the Lease in Mango's name. For the avoidance of doubt, Mango is not obligated to cure any defaults and/or assume the Lease. If Mango

elects to cure the default and assume the Lease, Mango, within ten (10) days of its receipt of notice from Landlord, shall notify Landlord of its intent to cure such default and to assume the Lease. If Mango elects to cure the default, it shall cure the default within thirty (30) days of such election or, if the default cannot be reasonably cured within such thirty (30) day period, then Mango will commence and proceed to cure the default within such time as is reasonably necessary to cure the default. If Mango elects to assume the Lease, Landlord agrees to recognize Mango as the tenant under the Lease and Franchisee will no longer have any rights there under.

(6) In the event that Tenant's Gross Revenue for the third (3<sup>rd</sup>) Lease Year do not exceed \$450,000.00, Tenant may terminate this Lease by giving Landlord thirty (30) days prior written notice, which must be given no later than sixty (60) days after the third (3<sup>rd</sup>) full Lease Year. Such termination shall be effective on the thirtieth (30<sup>th</sup>) day provided the Tenant is not in monetary default beyond any applicable cure period.

(7) Franchisee will be permitted to assign the Lease to Mango or its Affiliates upon the expiration (without renewal) or earlier termination of the Franchise Agreement and the Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment, or require Mango to pay any past due rent or other financial obligation of Franchisee to Landlord, it being understood that Landlord will look solely to the Franchisee for any rents or other financial obligations owed to Landlord prior to such assignment. Landlord and Franchisee acknowledge that Mango is not a party to the Lease and will have no liability under the Lease, unless and until the Lease is assigned to, or assumed by, Mango.

(8) Except for Franchisee's obligations to Landlord for rents and other financial obligations accrued prior to the assignment of the Lease, in the event of such assignment, Mango or any Affiliate designated by Mango will agree to assume from the date of assignment all obligations of Franchisee remaining under the Lease, and in such event Mango or any Affiliate will assume Franchisee's occupancy rights, and the right to sublease the Premises, for the remainder of the term of the Lease. In the event of such assignment, neither Mango nor any Affiliate will be required to pay to Landlord any security deposit.

(9) Notwithstanding anything contained in this Lease and to the extent that Mango or any Affiliate designated by Mango assumes the Lease as set forth in paragraph 8 above, Mango is expressly authorized, without the consent of the Landlord, to assign the Lease, or to sublet all or a portion of Premises, to an authorized franchisee. If Mango elects to assign the Lease, the subtenant/franchisee shall expressly assume all of Mango's obligations under the Lease, and Mango shall be released of all obligations to Landlord under the Lease as of the date of assignment. If Mango elects to sublet the premises, such subletting shall be subject to the terms of this Lease, the subtenant/franchisee shall expressly assume all of Mango's obligations under the Lease, and Mango shall remain liable for the performance of the terms of this Lease. Mango shall notify Landlord as to the name of the subtenant/franchisee within ten (10) days after such assignment or subletting, as applicable.

(10) Franchisee will not assign the Lease or renew or extend the term thereof without the prior written consent of Mango.

(11) Neither Landlord nor Franchisee shall amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Mango.

(12) All notices hereunder shall be by certified mail to the addresses set forth above or to such other addresses as the parties hereto may, by written notice, designate. Notices required to be given to Mango shall be delivered to the following address: 14860 Montfort Drive, Suite 150 PMB 34, Dallas, TX 75254, Attn: Chief Executive Officer.

(13) This Lease Addendum shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.

(14) The terms of this Lease Addendum will supersede any conflicting terms of the Lease.



IN WITNESS WHEREOF, the parties have executed this Lease Addendum as of the date first above written.

Landlord:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Franchisee:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Franchisor:  
Red Mango FC, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**ATTACHMENT G**

**RED MANGO-SMOOTHIE FACTORY CO-BRAND AMENDMENT**

This RED MANGO-SMOOTHIE FACTORY CO. Co-Brand Amendment (this “**Amendment**”) is entered into on \_\_\_\_\_ (the “**Effective Date of this Amendment**”) by and between Red Mango FC, LLC, a Texas limited liability company (“**Mango**” or “**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**” or “**you**”).

A. Smoothie Holdings, LLC, has developed and owns all of the intellectual property relating to SMOOTHIE FACTORY products, which are comprised of non-alcoholic, fruit-based smoothie beverages, health foods, fresh squeezed fruit and vegetable juices, nutritional supplements and related products, which are identified by the SMOOTHIE FACTORY family of trademarks (the “**SF Marks**”).

B. Mango has acquired from Smoothie Holdings, LLC, the right to license RED MANGO franchisees the right to add SMOOTHIE FACTORY products to the list of authorized menu offerings, and to use the SF Marks in connection with the product offering.

C. Contemporaneously with the execution hereof, you are acquiring the right and undertaking the obligation to develop a RED MANGO® Traditional Store (the “**Store**”) pursuant to a Red Mango FC, LLC Franchise Agreement (the “**Franchise Agreement**”).

D. You have applied to Mango for a license to offer SMOOTHIE FACTORY products and to use the SF Marks, and Mango desires to grant such rights, in accordance with the terms and conditions of this Amendment.

1. License. Subject to the provisions of this Amendment, Mango grants you right and license to offer and sell SMOOTHIE FACTORY products and to use the SF Marks in the operation and promotion of the Store and product offerings. You agree to use the SF Marks strictly according to the terms and conditions of this Amendment. This Amendment grants you no right, among others, to **(a)** sublicense the use of the SF Marks, **(b)** to co-brand with another concept, **(c)** to provide on-site catering services (such as from a cart or kiosk) without Mango’s prior written consent, **(d)** to deliver or ship SMOOTHIE FACTORY products, regardless of the destination, without Mango’s prior written consent, or **(e)** to distribute SMOOTHIE FACTORY products through wholesale channels, such as supermarkets, convenience stores or other retailers, or through food service providers such as restaurants or airlines through in-flight services. This Amendment provides no territorial protection or exclusivity.

2. Protected Area. Section 1.2 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Protected Area. This Agreement grants you a “Protected Area” identified in Attachment B. During the term of this Agreement, Mango will not own or operate, or grant anyone else the right to operate a RED MANGO® Store in the Protected Area and Mango shall cause its affiliate Smoothie Holdings FC, LLC (“**SHFC**”) not to own, operate, or grant anyone else the right to operate a SMOOTHIE FACTORY store in the Protected Area, except **(a)** for sales in “Closed Markets” (which are carved out from territorial protection, as described in Attachment B), and **(b)** if Mango or SHFC purchases, merges, acquires, or affiliates with another business, Mango and SHFC, as applicable, may continue to operate, franchise, or license the acquired business anywhere, including in the Protected Area, under the Marks or a different trademark, pursuant to Section 12.1. Mango and SHFC each reserves to itself all other rights not expressly granted to you under this Agreement. You acknowledge and agree SHFC is not directly bound to this provision and no agreement between you and SHFC exists regarding your Protected Area. You acknowledge and agree that in the event a SMOOTHIE FACTORY store is opened in violation of this provision, you may look solely to Mango for damages. The parties acknowledge and agree that Mango and SHFC may operate, and/or license the right to third parties to operate, virtual kitchens, ghost kitchens, and/or virtual sales platforms on third party delivery services,

including but not limited to Door Dash, Uber Eats, Grub Hub and Postmates, using the RED MANGO and/or SMOOTHIE FACTORY trademarks or service marks, which may operate and deliver in your Protected Area.

3. Term and Renewal. This Amendment terminates or expires when the Franchise Agreement terminates or expires. The renewal terms of the Franchise Agreement govern renewal of this Amendment. This Amendment may not be renewed independently of the Franchise Agreement.

4. Initial License Fee. Upon execution of this Amendment, you shall pay Mango an initial license fee in the amount of \$5,000. The initial license fee is fully earned by Mango when paid and is not refundable.

5. Franchise Agreement. Your right to offer SMOOTHIE FACTORY products and to use the SF Marks shall be governed solely by the terms and conditions of the Franchise Agreement as modified by this Amendment. For avoidance of doubt, certain definitions of the Franchise Agreement are modified as follows:

- Confidential Information. The definition of “Confidential Information” in the Franchise Agreement is expanded to include all trade secrets and information contained in the Manuals concerning SMOOTHIE FACTORY products; proprietary recipes and standards and specifications for the preparation, packaging and service of SMOOTHIE FACTORY products; and all other know-how relating to the offer and sale of SMOOTHIE FACTORY products as licensed under this Amendment.
- Copyrights. The definition of “Copyrights” in the Franchise Agreement is expanded to include works of authorship which are owned by Smoothie Holdings, LLC and fixed in a tangible medium of expression including, without limitation, the content of the operations manual relating to the offering and sale of SMOOTHIE FACTORY products, the design elements of the SF Marks, SMOOTHIE FACTORY product packaging, the content and design of the SMOOTHIE FACTORY web site, and SMOOTHIE FACTORY advertising and promotional materials. Mango will provide to you a copy of the operations manual in connection with the SMOOTHIE FACTORY system and use of the SF Marks, which you must comply with in connection with your operation of the co-branded Store.
- Gross Revenue. The definition of “Gross Revenue” in the Franchise Agreement is expanded to include, for all purposes (including the calculation of Royalty Fees and the Marketing Allocation) all revenue that you derive from the sale of products and the provision of services authorized by this Amendment.
- Marks. The definition of “Marks” in the Franchise Agreement is expanded to include the SF Marks including, without limitation, the trade names, service marks, trademarks, logos, emblems, and indicia of origin related to the SMOOTHIE FACTORY brand, including, but not limited, to the mark “SMOOTHIE FACTORY” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Mango in writing for use in connection with RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Stores.
- Competitive Business. The definition of “Competitive Business” in Attachment A to the Franchise Agreement is deleted in its entirety and replaced with the following:

“**Competitive Business**” means either i) any business (whether operated by a natural person or Business Entity) that sells café items (e.g. flatbreads, salads, soups and sandwiches), alone or in combination, comprising more than 49% of total sales, measured on a weekly basis, OR (ii) any business (whether operated by a natural person or Business Entity) that sells smoothies, frozen yogurt, and/or fresh squeezed juices, OR (iii) any business (whether operated by a natural person or Business Entity) that sells smoothies, fresh squeezed juices and/or related products and services.

6. Representations and Warranties. You acknowledge and agree that:

**MANGO MAKES NO WARRANTY WITH RESPECT TO THE EQUIPMENT REQUIRED FOR USE UNDER THIS AMENDMENT, EXPRESS OR IMPLIED, AND MANGO EXPRESSLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE OR PROFITS TO BE DERIVED FROM THE LICENSE OPPORTUNITY REPRESENTED BY THIS AMENDMENT AND ANY LIABILITY FOR**

**CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF, OR INABILITY TO USE, THE EQUIPMENT, OR FROM THE SALE OF, OR INABILITY TO SELL OR PROFIT FROM THE SALE OF, SMOOTHIE FACTORY PRODUCTS.**

**MANGO DOES NOT WARRANT, REPRESENT, OR GUARANTY THAT THE OFFER OR SALE OF SMOOTHIE FACTORY PRODUCTS UNDER THIS AMENDMENT WILL RESULT IN INCREASED STORE SALES OR PROFITS. YOU ARE ENTERING INTO THIS AMENDMENT BASED ON YOUR OWN DILIGENT INVESTIGATION AND NOT IN RELIANCE ON ANY PROJECTIONS, HYPOTHETICAL ASSUMPTIONS, OR ILLUSTRATIVE EXAMPLES THAT MAY HAVE BEEN SHARED WITH YOU IN CONNECTION WITH YOUR DECISION TO ENTER INTO THIS AMENDMENT. THERE IS NO ASSURANCE THAT YOUR STORE WILL OBTAIN THE SAME RESULTS. YOU ACKNOWLEDGE THAT MANGO HAS NOT AND DOES NOT GUARANTEE YOUR RESULTS, OR LEVELS OF SALES, REVENUE OR PERFORMANCE. ADDING SMOOTHIE FACTORY PRODUCTS TO YOUR MENU OF STORE OFFERINGS INVOLVES ADDITIONAL COSTS, RISKS, UNCERTAINTIES, ASSUMPTIONS, AND OTHER FACTORS THAT ARE DIFFICULT TO PREDICT.**

7. Indemnification. You shall indemnify and defend to the fullest extent permitted by law Mango and its Indemnitees from and against any and all losses and expenses incurred in connection with this Amendment and the offer and sale of SMOOTHIE FACTORY products in accordance with the terms of the Franchise Agreement, other than with respect to those claims resulting from the willful misconduct or gross negligence of Mango.

8. Construction. Capitalized terms not defined herein shall have the meaning attributed to them in the Franchise Agreement. The headings and subheadings of the sections of this Amendment are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the agreements, terms, covenants and conditions of this Amendment in any manner.

9. Survival of Terms. All representations, warranties, reporting requirements and indemnities contained in this Amendment shall survive the suspension, termination or expiration of this Amendment.

10. Entire Agreement. The Franchise Agreement and its Attachments, as modified by this Amendment, represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Amendment shall disclaim or require you to waive reliance on any representation that Mango made in the Franchise Disclosure Document (including its exhibits and amendment) that Mango delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by Mango under the Franchise Agreement, no amendment, change or variance from the Franchise Agreement or this Amendment shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

11. Parties' Acknowledgment. Each party acknowledges that the terms of this Amendment have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Amendment is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in the Franchise Agreement or this Amendment.

12. Multiple Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be fully effective as an original when all parties have executed this Amendment. Signature of any party may be made by facsimile and/or PDF and any such signature shall be considered binding and effective and no question shall be raised as to the effectiveness of the signature because it has been made by facsimile and/or PDF.

13. Affirmation. All terms of the Franchise Agreement are ratified and confirmed and hereby incorporated by reference to the extent such terms do not contradict the terms set forth in this Agreement including, without limitation, the applicable law, waiver of jury trial and dispute resolution.

**Except for information contained in Mango's Franchise Disclosure Document, you acknowledge and agree that no representation or warranty has been made by Mango and/or its Affiliates and/or any of their respective directors, officers, employees, shareholders, agents or contractors regarding the SMOOTHIE FACTORY license opportunity represented by this Amendment or the effect that the offer and sale of SMOOTHIE FACTORY products may have on your revenues or profits.**

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the Effective Date.

**FRANCHISOR**

Red Mango FC, LLC  
a Texas limited liability company

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

Name: Sherif Mityas

Title: CEO

Date: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
\_\_\_\_\_

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**ATTACHMENT H  
FRANCHISEE QUESTIONNAIRE**

As you know, Red Mango FC, LLC and you are preparing to enter into a Franchise Agreement for the operation of a RED MANGO, RED MANGO CAFÉ & JUICE BAR Store franchise. The purposes of this Questionnaire are to determine whether any statements or promises were made to you that Mango has not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer next to such question.

- |                |   |
|----------------|---|
| Yes ___ No ___ | 1. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?  |
| Yes ___ No ___ | 2. A) Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be brought in the judicial district in which our principal place of business is located, if not resolved informally? |
| Yes ___ No ___ | B) Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement, and not any punitive, exemplary or multiple damages)?                            |
| Yes ___ No ___ | 3. Do you understand that your Managing Owner and Key Person (if applicable) must successfully complete our initial training program?   |
| Yes ___ No ___ | 4. Do you understand Mango does not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?   |
| Yes ___ No ___ | 5. A) Do you understand that the US Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities?        |
| Yes ___ No ___ | B) Is it true that you have never been a suspected terrorist or associated directly or indirectly with terrorist activities?  |
| Yes ___ No ___ | C) Do you understand that Mango will not approve your purchase of a RED MANGO Store franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?  |
| Yes ___ No ___ | D) Is it true that you are not purchasing a RED MANGO Store franchise with the intent or purpose of violating any anti-terrorism law, or for obtaining money to be contributed to a terrorist organization?                                 |
| Yes ___ No ___ | 6. Do you understand that once you sign the Franchise Agreement and pay the Initial Franchise Fee, your Initial Franchise Fee payment is nonrefundable, even if you do not find a location for the Store?                                   |
| Yes ___ No ___ | 7. Do you understand that once you sign the Franchise Agreement and pay the Project Management Fee, your Project Management Fee payment is nonrefundable, even if you do not find a location for the Store?                                 |

You understand that Mango is acting in reliance on the truthfulness and completeness of your responses to the questions above in entering into the Agreements with Franchisee. YOU ACKNOWLEDGE AND AGREE THAT IN THE EVENT THAT ANY DISPUTE ARISES, THIS QUESTIONNAIRE SHALL BE ADMISSIBLE AS EVIDENCE IN ANY LEGAL ACTION, AND YOU HEREBY WAIVE, TO THE FULLEST EXTENT PERMISSIBLE UNDER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS QUESTIONNAIRE.

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

Comments:

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**FRANCHISEE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**ATTACHMENT I**

**EARLY FRANCHISE INCENTIVE ROYALTY FEE REDUCTION AMENDMENT**

This Early Franchise Incentive Royalty Reduction Amendment to Red Mango FC, LLC Franchise Agreement (this “**EFI Royalty Reduction Fee Amendment**”) is entered into on \_\_\_\_\_ (the “**Effective Date of this Amendment**”) by and between Red Mango FC, LLC, a Texas limited liability company (“**Mango**” or “**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**” or “**You**”).

**RECITALS**

A. This Franchise Agreement is being signed in connection with the development of a new RED MANGO Store, RED MANGO Non-Traditional Store, RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Store that qualifies for the Early Franchise Incentive Program.

B. Franchisee is not participating in the Red’s Real Deal program.

C. Accordingly, the parties desire to modify this Franchise Agreement to reflect the incentives offered under Mango’s Early Franchise Incentive Program.

NOW THEREFORE, in consideration of the mutual promises contained in this EFI Royalty Fee Reduction Amendment and the Franchise Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms shall have the meanings ascribed to them in the Franchise Agreement unless otherwise defined herein.

2. Royalty Fee. The following provision supplements Section 4.2:

So long as you remain in full compliance with the terms of the Franchise Agreement (and if the Franchise Agreement is being signed under a Store Development Agreement, you also remain in full compliance with your obligations under the Store Development Agreement (including your development obligations) and each other Franchise Agreement signed under the Store Development Agreement) (collectively, your “**Contractual Obligations**”), and you open your Store within twelve (12) months of the Effective Date of your Franchise Agreement, the Royalty Fee for the first six (6) Accounting Periods of operation will be 0% and the Royalty Fee for the next seven (7) Accounting Periods will be 3% of Gross Revenue; the first year of operation of the Store will hereafter be referred to as the “**Royalty Reduction Period**”). If, during the Royalty Reduction Period, you fail to comply with your Contractual Obligations, Mango may declare this provision null and void, in which event the Royalty Reduction Period will end and the Royalty Fee will automatically revert to 6% of Gross Revenue.

3. Affirmation. All other terms of the Franchise Agreement are ratified and affirmed.

***[Rest of Page Intentionally Left Blank; Signature Page Immediately Following]***



IN WITNESS WHEREOF, the parties have executed this EFI Royalty Fee Reduction Amendment.

**FRANCHISOR**  
Red Mango FC, LLC

**FRANCHISEE**  
\_\_\_\_\_

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

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

Name: Sherif Mityas

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

Title: CEO

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**ATTACHMENT J**

**COLLATERAL ASSIGNMENT OF LEASE AND CONDITIONAL BILL OF SALE**

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_, a \_\_\_\_\_ (“Assignor”), hereby assigns, transfers and sets over unto Red Mango FC, LLC, a Texas limited liability company or its designee (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under that certain lease a copy of which is attached hereto, or upon signature of such lease will be attached hereto, as Exhibit A (the “Lease”), respecting the premises commonly known as the RED MANGO Store. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or a default or expiration under the Franchise Agreement between Assignor and Assignee for an Smoothie Factory Store (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its affiliates, assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee, Throughout the term of the Franchise Agreement and any renewal thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day that said option must be exercised unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal.

Further, Assignor subject to the conditions described below, hereby sells, transfers, conveys, and assigns to Assignee, all of its individual and collective rights and interests in and to all of the assets used in connection with the operation of the Store according to the Franchise Agreement including, without limitation, the following assets, as they exist on the date this assignment becomes effective:

- All leasehold improvements;
- All fixtures and furniture;
- All equipment;
- All smallwares and supplies;
- Assignor’s inventory of food items, beverages, paper and packaging, and ingredients;
- Assignor’s interest in and to the telephone number;
- Permits and licenses applicable to the Store, to the extent they are assignable; and
- All utility, security, and other deposits and prepaid expenses.

The purchase price for such assets shall be the then current fair wholesale market value thereof. In addition,

Assignee shall be permitted to deduct and withdraw from the purchase price to be paid to Assignor for any such items all sums due and owed to Assignee and/or its affiliates, including without limitation, any liquidated damages.

This conveyance shall become effective only upon occurrence of both the following conditions: (a) termination or expiration of the Franchise Agreement, and (b) Assignor's exercise of its purchase option rights under the Franchise Agreement. Assignor retains ownership, title and all interests to the assets until these conditions are fulfilled.

IN WITNESS WHEREOF, the parties have executed this Assignment.

**ASSIGNEE**

Red Mango FC, LLC  
a Texas limited liability company

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

Name: Sherif Mityas

Title: Chief Executive Officer

Date: \_\_\_\_\_

**ASSIGNOR**

\_\_\_\_\_  
\_\_\_\_\_

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## IRREVOCABLE POWER OF ATTORNEY

That \_\_\_\_\_ (“Franchisee”) does hereby irrevocably constitute and appoint Red Mango FC, LLC (“Franchisor”), as Franchisee’s true and lawful attorney-in-fact and agent for Franchisee and in Franchisee’s name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, shall be necessary or advisable for the sole purpose of assigning to Franchisor all of Franchisee’s right, title and interest in and to any and all telephone numbers used in connection with the RED MANGO Store operated by Franchisee (the “Store”) and all related Yellow Pages, White Pages and other business listings, including, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone service to Franchisee and to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, shall be necessary or advisable for the sole purpose of assigning to Franchisor all of Franchisee’s right, title and interest in and to any Internet and website name pages, domain name listings, and registrations that contain the Marks, or any of them, in whole or in part, hereby granting unto Franchisor full power and authority to do and perform any and all acts and things which, in the sole discretion of Franchisor, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, and hereby ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with Franchisor shall be required to ascertain the authority of Franchisor, nor be responsible in any way for the proper application of funds or property paid or delivered to Franchisor. Any person, firm or corporation dealing with Franchisor shall be fully protected in acting and relying upon a certificate of Franchisor that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee shall not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Franchisee by Franchisor shall be deemed to include such a certificate on the part of Franchisor, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney shall terminate 2 years following the expiration or termination of that certain Franchise Agreement dated of even date herewith by and between Franchisor and Franchisee. Such termination, however, shall not affect the validity of any act or deed that Franchisor may have effected prior to the such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with and interest and such Power of Attorney shall not be affected by the subsequent disability or incapacity of the principal.

***Rest of Page Intentionally Left Blank; Signature Page Immediately Following***

IN WITNESS WHEREOF, the parties have executed this Assignment.

**FRANCHISEE**

\_\_\_\_\_  
\_\_\_\_\_

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

STATE OF \_\_\_\_\_ :

:

COUNTY OF \_\_\_\_\_ :

ON THIS, the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me, the undersigned officer, a Notary Public, personally appeared \_\_\_\_\_, who acknowledged himself to be the \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, and further acknowledged that he/she, as such officer and being authorized to do so, executed the foregoing instrument as the act and deed of the company, acting in such capacity for the purposes therein contained by signing the name of the company by himself/herself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

**RED MANGO FC, LLC  
FRANCHISE AGREEMENT**

**ATTACHMENT K  
RED'S REAL DEAL ADDENDUM**

This RED'S REAL DEAL Addendum to Red Mango FC, LLC Franchise Agreement ("**Addendum**") is entered into on \_\_\_\_\_ by and between Red Mango FC, LLC, a Texas limited liability company ("**Mango**" or "**Franchisor**") and \_\_\_\_\_, a \_\_\_\_\_ ("**Franchisee**").

**RECITALS**

- A. Contemporaneously with the execution hereof, the parties are entering into a Franchise Agreement pursuant to which you are acquiring the right and undertaking the obligation to develop a RED MANGO Store.
- B. At your request, Mango has agreed to amend the Franchise Agreement to reflect the terms of its Red's Real Deal Program, in accordance with the terms and conditions reflected in this Addendum.

NOW THEREFORE, in consideration of the mutual promises contained in this Addendum, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. Definitions. Capitalized terms shall have the meanings ascribed to them in the Franchise Agreement unless otherwise defined herein.
- 2. RED MANGO Store Sale Program.
  - (a) Grant of Option. During the 26-week period beginning on the date the Store first opens for business (the "**Option Period**"), you will have an option to sell to Mango your interest in the Store. Upon exercise of your election, SHFC will be required to buy your interest in the Store, according to the terms described herein.
  - (b) Exercise. To exercise this election, you must deliver to Mango written notice of your election to sell during the Option Period. Any notice delivered after the Option Period expires will be considered null and void. Time is of the essence with respect to this provision.
  - (c) Purchase Price. The purchase price will be calculated as the sum of the following out of pocket expenses, subject to a \$275,000 cap (the "**Purchase Price**"):
    - 1. Your actual out-of-pocket costs of leasehold improvements (net of tenant improvement allowance);
    - 2. Your purchase price for equipment;
    - 3. Your purchase price for interior and exterior signage, artwork and graphics, and awnings;
    - 4. Your purchase price for furniture and fixtures;
    - 5. Your purchase price for the POS system; and
    - 6. Your purchase price for unused inventory and consumables, and other ingredients that have remaining shelf life, cups, plates, smallwares, napkins, straws and other paper goods and supplies.
  - (d) Payment Terms. Unless Mango has agreed to different terms (which may be the case, if it agrees to assume assets encumbered by a security interest, which is not obligated to do), payment of the purchase price will be made directly to you over 36 equal monthly installments beginning 30 days after closing on the purchase, at the prime rate of interest, according to a standard unsecured promissory note. Mango will have the right to prepay the note at any time without penalty.
  - (e) Transfer of Store Lease. Mango or its designee will, at its election, either assume your interest in the lease for, or sublet from you, the Store premises. You will pay any transfer fee or subletting fee imposed by the landlord.

- (f) Assumption of Liabilities. Mango will have no obligation to assume any contracts or other obligations relating to the development or operation of the Store, but may elect to assume such contracts and/or obligations as it deems appropriate.
- (g) Taxes and Attorneys' Fees. You will be responsible for all taxes and attorneys' fees related to the transaction.
- (h) Prorated Expenses. If closing on the purchase occurs in the middle of a billing period, all water charges, sewer, rents and other charges under the lease, real property taxes, personal property taxes, utility charges and similar assessments and fees arising out of or related to the operation of the Store in the ordinary course shall be prorated between the parties as of the closing date ("**Prorated Expenses**"). The parties shall, subsequent to closing, cooperate with respect to the calculation of the Prorated Expenses and make any required payments to each other.
- (i) Indemnification. The parties will sign an indemnification agreement in a form that Mango prescribes.
- (j) Conditions. Mango's obligation to purchase the Store is subject to satisfaction of the following conditions:
1. You must have opened the Store for business within one year after the franchise agreement was signed;
  2. You must have furnished Mango copies of all receipts and invoices relating to the cost of your leasehold improvements and equipment purchases no later than 30 days after the Store opens for business;
  3. You are not in default of your obligations under the Franchise Agreement either at the time the election is exercised or at the time of closing;
  4. You must have furnished us profit and loss statements for each four-week reporting period in accordance with our current policies;
  5. Mango must have approved your Store location (prior to site acquisition) as meeting its site selection requirements, Mango must have the contractual right, at its election, to assume your lease or enter into a sublease with you for the Store premises for a term ending on the date the Store is sold to a new franchisee or is closed, and the lease must contain Mango's required addendum or lease terms;
  6. You must be able deliver the Store's assets at closing free and clear of all encumbrances; or, alternatively, you must have secured the approval of all finance and lease providers to our subjective satisfaction, and using authorization, consent and assignment forms that SHFC has prescribed. Mango may condition its satisfaction on, among other things, (i) the amount of secured debt may not exceed the purchase price; and (ii) your lender or lease provider's agreement to permit us to service your debt without refinancing the debt, pledging additional collateral, or signing a personal or corporate guaranty;
  7. You and each Owner agrees to indemnify Mango and its affiliates for all liabilities arising out of or relating to the operation of the Store prior to closing, and signs an indemnity agreement in the form Mango prescribes; and
  8. You and each Owner signs a general and full release in favor of Mango and its affiliates and each company's respective present and former officers, directors, managers, members, and employees from all claims including claims arising out of or related to the offer and sale of the RED MANGO® franchise opportunity (provided that the release will not be inconsistent with any state law regulating franchising).
  9. Mango may establish other policies and procedures. To the extent that such policies are established, Mango's performance hereunder may be conditioned on your compliance with such policies and procedures.

**Mango has the right to adopt policies and procedures to facilitate and supplement the above, and you agree**

**to comply with all such policies and procedures. If any of the foregoing conditions are not met, this purchase option will be deemed null and void.**

4. Affirmation. All other terms of the Franchise Agreement are ratified and confirmed.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Addendum to be effective on the date first set forth above.

**FRANCHISOR**  
Red Mango FC, LLC

**FRANCHISEE**  
\_\_\_\_\_

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

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

Name: Sherif Mityas

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

Title: CEO

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**RED MANGO FC, LLC**  
**ILLINOIS AMENDMENT TO FRANCHISE AGREEMENT**

THIS AMENDMENT TO FRANCHISE AGREEMENT (this “**Amendment**”) dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated \_\_\_\_\_, by and between Red Mango FC, LLC, a Texas limited liability company (“**Mango**” or “**Franchisor**”), with its principal office in Dallas, Texas, as the franchisor, and \_\_\_\_\_, (“**you**”) as the franchisee. Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1-44, (collectively, the “**Illinois Franchise Disclosure Act**”). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Illinois law governs the Franchise Agreement.
- b. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
- c. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
- d. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

2. Notwithstanding the payment provisions in Sections 3.1, 4.1, and 9.2 of the Franchise Agreement, and if applicable, Section 3 of Attachment G to the Franchise Agreement (RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment), payment of the Project Management Fee, if any, the Initial Franchise Fee, the New Store Marketing Plan Fee, and if applicable, the Smoothie Factory License Fee, shall be deferred until Mango has completed all of its initial obligations to you under the Franchise Agreement and the Store opens for business.

3. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Amendment.

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

***[Rest of Page Intentionally Left Blank; Signature Page Immediately Following]***

**IN WITNESS WHEREOF**, the parties have executed this Amendment on the date first shown above.

**FRANCHISOR**

Red Mango FC, LLC  
a Texas limited liability company

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

Name: Sherif Mityas

Title: CEO

Date: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
\_\_\_\_\_

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**RED MANGO FC, LLC**  
**MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT**

THIS AMENDMENT TO FRANCHISE AGREEMENT (this “**Amendment**”) dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated \_\_\_\_\_, by and between Red Mango FC, LLC, a Texas limited liability company (“**Mango**” or “**Franchisor**”), with its principal office in Dallas, Texas, as the franchisor, and \_\_\_\_\_ (“**you**”), as the franchisee. Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Franchisor will undertake the defense of any claim of infringement by third parties involving the mark, and Franchisee will cooperate with the defense in any reasonable manner required by Franchisor with any direct cost of such cooperation to be borne by Franchisor.

2. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for nonrenewal of the Franchise Agreement.

3. Minnesota Statutes, Section 80C.21 and Minnesota Rule 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 any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. Any provision of the Franchise Agreement requiring time limitation to bring a claim is amended to provide that any claims arising under the Minnesota Franchise Act must be brought within three years after the date the cause of action occurs.

5. No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act; provided, that this part shall not bar the voluntary settlement of disputes.

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

7. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C.01 to 80C.22 are met independently without reference to this Amendment.

8. Section 4.10 is amended to reflect the following:

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

***[Rest of Page Intentionally Left Blank; Signature Page Immediately Following]***

**IN WITNESS WHEREOF**, the parties have executed this Amendment on the date first shown above.

**FRANCHISOR**

Red Mango FC, LLC  
a Texas limited liability company

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

Name: Sherif Mityas

Title: CEO

Date: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
\_\_\_\_\_

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**RED MANGO FC, LLC  
VIRGINIA AMENDMENT TO FRANCHISE AGREEMENT**

THIS AMENDMENT TO FRANCHISE AGREEMENT (this “**Amendment**”) dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated \_\_\_\_\_, by and between Red Mango FC, LLC, a Texas limited liability company (“**Mango**” or “**Franchisor**”), with its principal office in Dallas, Texas, as the franchisor, and \_\_\_\_\_ (“**you**”), as the franchisee. Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, (the “**Act**”), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause”, as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
2. Notwithstanding the payment provisions in Sections 3.1, 4.1, and 9.2 of the Franchise Agreement, and if applicable, Section 3 of Attachment G to the Franchise Agreement (RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment), payment of the Project Management Fee, if any, the Initial Franchise Fee, the New Store Marketing Plan Fee, and if applicable, the Smoothie Factory License Fee, shall be deferred until Franchisor has completed all of its initial obligations to you under the Franchise Agreement and the Store opens for business.
3. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.
4. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have executed this Amendment on the date first shown above.

**FRANCHISOR**

**FRANCHISEE**

Red Mango FC, LLC  
a Texas limited liability company

\_\_\_\_\_  
\_\_\_\_\_

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

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

Name: Sherif Mityas

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

Title: CEO

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B**  
**STORE DEVELOPMENT AGREEMENT**



**RED MANGO FC, LLC  
STORE DEVELOPMENT AGREEMENT**

**STORE DEVELOPMENT AGREEMENT  
SUMMARY PAGES**

**EFFECTIVE DATE:** \_\_\_\_\_

**DEVELOPER:** \_\_\_\_\_

**ADDRESS FOR NOTICES:** \_\_\_\_\_

**TELEPHONE NUMBER:** \_\_\_\_\_

**E-MAIL ADDRESS:** \_\_\_\_\_

**DEVELOPMENT FEE:**  \$ \_\_\_\_\_, calculated as \$15,000 for the first store plus \$15,000 for the second and each additional store to be developed (\$15,000 plus (\_\_\_ stores x \$15,000) = \_\_\_\_\_) [RED MANGO Traditional Stores]

\$ \_\_\_\_\_, calculated as \$7,500 for the first store plus \$7,500 for the second and each additional store to be developed (\$7,500 plus (\_\_\_ stores x \$7,500) = \_\_\_\_\_) [Veteran's discount – RED MANGO Traditional Stores]

\$ \_\_\_\_\_, calculated as \$7,500 for the first Non-Traditional Store plus \$7,500 for the second and each additional Non-Traditional store to be developed (\$7,500 plus (\_\_\_ stores x \$7,500) = \_\_\_\_\_) [RED MANGO Non-Traditional Stores]

\$ \_\_\_\_\_, calculated as \$3,750 for the first Store plus \$3,750 for the second and each additional Store to be developed (\$3,750 plus (\_\_\_ stores x \$3,750) = \_\_\_\_\_) [RED MANGO Non-Traditional Stores plus Veteran's discount]

**TYPE OF STORES TO BE DEVELOPED**  Traditional Stores  
 Non-Traditional Stores

**NUMBER OF STORES TO BE DEVELOPED** \_\_\_\_\_

**INITIAL FRANCHISE FEE FOR THE FIRST STORE TO BE DEVELOPED**  \$15,000 for a RED MANGO Traditional Store (paid as a Development Fee credit)

\$7,500 for a RED MANGO Traditional Store (paid as a Development Fee credit) [Veteran's program]

\$7,500 for a RED MANGO Non-Traditional Store (paid as a Development Fee credit)

\$3,750 for a RED MANGO Non-Traditional Store (paid as a development fee credit) [Veteran's discount]

\_\_\_\_\_  
Franchisor Initial

\_\_\_\_\_  
Developer Initial



**INITIAL FRANCHISE FEE FOR THE SECOND  
AND EACH ADDITIONAL STORE TO BE  
DEVELOPED**

\$15,000 (paid as a Development Fee credit) [Traditional Store]

\$7,500 (paid as a Development Fee credit) [Non-Traditional Store]

**RENEWAL PERIOD:**

\_\_\_\_\_ to \_\_\_\_\_

**TRANSFER FEE:**

\$1,500 (Convenience of Ownership, refer to Section 8.2.),  
\$2,500 (Non-controlling Interest, refer to Section 8.3.),  
\$15,000 plus reimbursement of Mango's costs in facilitating the transfer  
(including reasonable attorneys' fees) (Transfer of Agreement, and/or  
Controlling Interest, refer to Section 8.4.)

**RED MANGO FC, LLC  
ADDRESS FOR NOTICES:**

Red Mango FC, LLC  
14860 Montfort Drive, Suite 150 PMB 34  
Dallas, Texas 75254  
Fax: 214-347-4058  
Attention: CEO  
cc: Chief Legal Officer

\_\_\_\_\_  
Franchisor Initial

\_\_\_\_\_  
Developer Initial

**RED MANGO FC, LLC  
STORE DEVELOPMENT AGREEMENT  
TABLE OF CONTENTS**

1.	GRANT .....	1
2.	TERM OF STORE DEVELOPMENT AGREEMENT.....	2
3.	FEES .....	3
4.	DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS .....	3
5.	DEVELOPER’S OBLIGATIONS .....	4
6.	CONFIDENTIALITY .....	5
7.	INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION .....	5
8.	TRANSFER OF INTEREST .....	6
9.	DEFAULT AND TERMINATION .....	9
10.	COVENANTS .....	10
11.	REPRESENTATIONS .....	11
12.	NOTICES.....	12
13.	CONSTRUCTION.....	12
14.	APPLICABLE LAW; DISPUTE RESOLUTION .....	14

**ATTACHMENTS**

<u>Attachment A</u>	Glossary of Additional Terms
<u>Attachment B</u>	Store Development Area and Schedule
<u>Attachment C</u>	Entity Information
<u>Attachment D</u>	Guaranty and Personal Undertaking
<u>Attachment E</u>	Form of Franchise Agreement
<u>Attachment F</u>	Early Incentive Program Royalty Fee Reduction Amendment, if applicable

STATE SPECIFIC AMENDMENTS

**RED MANGO FRANCHISING COMPANY  
STORE DEVELOPMENT AGREEMENT**

**THIS STORE DEVELOPMENT AGREEMENT** (this “**Agreement**”) is made and entered into as of the Effective Date reflected in the Summary Pages (“**Effective Date**”), by and between Red Mango FC, LLC, a Texas limited liability company, with its principal office in Dallas, Texas (“**Mango**” or “**Franchisor**”), and the Developer identified in the Summary Pages (“**you**” or “**Developer**”):

A. Mango has acquired the license to use and to sublicense the use of a distinctive system relating to the establishment and operation of upscale retail frozen yogurt, yogurt and non-yogurt based smoothie beverages, fruit-based “smoothie” beverages, fresh-squeezed fruit and vegetable juices, health foods, café items (e.g. wraps, salads, soups, flatbreads) and related products and services for dine-in consumption and take-out service under the trade name RED MANGO®, RED MANGO CAFÉ® and/or RED MANGO CAFÉ & JUICE BAR™ (the “**System**”).

B. The distinguishing characteristics of the System include, without limitation, products, recipes and menu items, which incorporate Mango’s trade secrets and proprietary information (the “**Proprietary Products**”), distinctive exterior and interior design, decor, color scheme, fixtures, and furnishings; standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Mango from time to time.

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “**RED MANGO®**,” “**RED MANGO CAFÉ®**,” “**RED MANGO CAFÉ & JUICE BAR™**” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Mango in writing for use in connection with the System (the “**Marks**”).

D. Mango continues to develop, use, and control the use of the Marks in order to identify for the public the source of services and products marketed under this Agreement and under the System, and to represent the System’s high standards of quality, appearance, and service.

E. Mango desires to expand and develop the Stores in the Store Development Area, and you wish to develop RED MANGO Stores in the Store Development Area, upon the terms and conditions as set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**1. GRANT**

1.1 Grant of Store Development Rights. Mango hereby grants to you, and you hereby accept, the right and obligation, to develop, in the Store Development Area (identified in Attachment B), the number of RED MANGO Stores set forth in the Development Schedule (also identified in Attachment B). Each Store to be developed shall be developed and operated pursuant to a separate Franchise Agreement to be entered into between you and Mango in accordance with Section 4.1. This Agreement grants you no right or license to use any of the Marks; your right to operate a Store and your license to use the Marks derives solely from the Franchise Agreements that you will enter into under this Agreement. The development rights granted under this Agreement belong solely to you; you may not share them, divide them, sub franchise or sublicense them, or transfer them, except in accordance with the transfer provisions of this Agreement.

1.2. Store Development Area Protection.

1.2.1. This Agreement grants you development rights within the “Store Development Area” identified in Attachment B. During the Term of this Agreement, Mango will not own or operate, or grant anyone else the right to own or operate a RED MANGO Store in the Store Development Area, except (a) for sales in “Closed Markets” (which are carved out from territorial protection, as described in Attachment B), and (b) if Mango purchases, merges, acquires, or affiliates with another business, Mango may continue to operate, franchise, or license the acquired business anywhere, including

in the Store Development Area, under the Marks or a different trademark, pursuant to Section 8.1. Mango reserves to itself all other rights not expressly granted to you under this Agreement.

1.2.2. Except for the restrictions described in Section 1.2.1., there is no restriction on Mango's right to use and to license use of the Marks. Mango may own and operate and grant others the right to own and operate RED MANGO Stores, and may sell and license others the right to sell, soft-serve frozen yogurt and other products identified by the Marks anywhere outside the Store Development Area, regardless of proximity to the Store Development Area. Mango also may own and operate, and grant others the right to own and operate, RED MANGO Stores, and may sell and license others the right to sell soft-serve frozen yogurt and other products identified by the Marks in "Closed Markets" within the Store Development Area. Mango also may distribute products and services identified by the Marks, such as pre-packaged product, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, restaurants, virtual kitchens, ghost kitchens, and via mail order, catalog sales, third party delivery systems, and/or the Internet. The parties acknowledge and agree that Mango may operate, and/or license the right to third parties to operate, virtual kitchens, ghost kitchens, and/or virtual sales platforms on third party delivery services, including but not limited to Door Dash, Uber Eats, Grub Hub, and Postmates, using the RED MANGO trademarks or service marks, which may operate and deliver in your Store Development Area.

1.2.3. Nothing in this Agreement prohibits or restricts Mango from **(a)** owning, acquiring, establishing, owning, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e.*, a mark other than RED MANGO®), whether or not the business is the same as or competitive with RED MANGO Stores; or **(b)** owning, operating, or franchising one or more businesses offering products or services other than frozen yogurt under the name RED MANGO® or some derivative of the Marks.

## 2. TERM OF STORE DEVELOPMENT AGREEMENT

2.1 Term. Unless sooner terminated, the term (the "**Term**") of this Agreement begins on the Effective Date and, unless otherwise negotiated, terminated or extended as provided in this Agreement, expires on the earlier of: **(a)** the date on which you have completed your development obligations under this Agreement, or **(b)** 12:00 midnight CST on the last day of the last Development Period identified in Attachment B.

2.2 First Renewal Term. Notwithstanding the foregoing, you may renew your development rights for the Renewal Period (as set forth on the Summary Pages) if, upon the earlier to occur of satisfaction of your development obligations as set forth in Attachment B, each of the following conditions has been satisfied: **(a)** you have notified Mango, in writing, of your intent to renew your development rights, **(b)** you are not in default of any material provision of this Agreement or any other agreement (including, without limitation any franchise agreement) between you and Mango or its Affiliates, and you have complied with the materials terms and conditions of this Agreement and all other agreements between you and Mango of its Affiliates throughout the term of such agreement, **(c)** you have executed with Mango the minimum number of Franchise Agreements (as set forth on Attachment B) and have paid all amounts owed to Mango and its Affiliates and third party suppliers, **(d)** you have opened at least the minimum number of Stores as set forth on Attachment B, **(e)** you and Mango mutually agree on the Development Schedule and/or Development Plan with respect to the additional Stores in the Development Area, unless otherwise agreed in writing by Mango, (to be memorialized in an Attachment B-1), which must include the development of a minimum of at least the same number of Stores as required under the initial Development Plan during the First Renewal Term, **(f)** you meet Mango's then-current qualifications for new franchisees, which may be materially different than the current qualifications, **(g)** you and each person who has guaranteed your obligations under this Agreement signs Mango's standard form of a general release, you may exercise your renewal rights, and **(h)** you pay to Mango a Development Fee for the Renewal Term equal to \$15,000 for each Store to be developed during the Renewal Term. The Renewal Term, once effective, will be included in reference to the "Term" of this Agreement on the last day of the last Development Period identified in Attachment B.

2.3 Effect of Termination or Expiration. Upon termination or expiration of this Agreement, all territorial protection afforded under this Agreement shall end, and you shall have no further right to develop any RED MANGO Stores for which a Franchise Agreement has not been signed.

### 3. FEES

3.1 Development Fee. Upon execution of this Agreement, you shall pay to Mango a Development Fee in the amount set forth in the Summary Pages (the “**Development Fee**”). The Development Fee will be an amount equal 100% of the Initial Franchise Fee for each Store to be developed hereunder. When each Franchise Agreement is signed, Mango will credit a portion of the Development Fee payment (“**Development Credit**”) toward satisfaction of the applicable Initial Franchise Fee due thereunder. Development Credits will be calculated on the same basis as the Development Fee, and will be applied to Initial Franchise Fees only to the extent that the Development Fee has been paid. The Development Fee (including, without limitation, the Development Credit) is fully earned by Mango when paid and is not refundable, in whole or in part, under any circumstances.

3.2 Initial Franchise Fee. Upon execution of this Agreement, you shall pay Mango an Initial Franchise Fee in the amount specified in the Summary Pages. You acknowledge and agree that the Initial Franchise Fee is fully earned by Mango when paid and is not refundable.

3.3 Royalty Fee. Each Franchise Agreement signed under this Agreement shall provide that the Royalty Fee shall be equal to 6% of Gross Revenue.

### 4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1. Separate Franchise Agreements. The Franchise Agreement for the first Store to be developed under this Agreement is the form attached as Attachment E. The Franchise Agreement for the second and each additional Store will be in the form of Mango’s then-current Franchise Agreement, the terms of which may be materially different from the terms of Attachment E.

4.2. Development Schedule. Recognizing that time is of the essence, you agree to satisfy the Development Schedule set forth in Attachment B. Your failure to meet the Development Schedule is a default under this Agreement, as provided in Section 9.2. Without Mango’s prior written consent, you may not develop more than the total number of RED MANGO Stores reflected on the Development Schedule.

4.3. Manner for Exercising Development Rights.

4.3.1. Before exercising any development right granted hereunder, you shall apply to Mango for a franchise to operate a Store. If Mango, in its sole discretion, determines that you have met each of the following operational, financial, and legal conditions, then Mango will grant you a franchise for a Store:

(a) Operational Conditions: You are in compliance with the Development Schedule and this Agreement, and you and your Affiliates are in compliance with any other agreement between them and Mango or its Affiliates. You are conducting the operation of your existing Stores, if any, and are capable of conducting the operation of the proposed Store in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement).

(b) Financial Conditions: You and the Owners satisfy Mango’s then-current financial criteria for developers and Owners of RED MANGO Stores. You and the Owners have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Mango. You are not in default, and have not been in default during the rolling twelve (12) months preceding your request for financial approval, of any monetary obligations owed to Mango or its Affiliates under any Franchise Agreement or any other agreement between you or your Affiliates and Mango or its Affiliates. You acknowledge and agree that it is vital to Mango’s interest that each of its franchisees must be financially sound to avoid failure of a Store and that such failure would adversely affect the reputation and good name of RED MANGO and the System.

(c) Legal Conditions: You have submitted to Mango, in a timely manner, all information and documents requested by Mango as a basis for the issuance of individual franchises or pursuant to any right granted to you by this Agreement or by any Franchise Agreement.

#### 4.4. Development Schedule.

4.4.1. Acknowledging that time is of the essence, you agree to exercise your development rights according to Section 4.3., and the Development Schedule reflected in Attachment B. You may, subject to the terms and conditions of this Agreement and with Mango's prior written consent, which may be withheld in its sole discretion, develop more than the total minimum number of Stores, which you are required to develop during any Development Period. Any Stores in excess of the minimum number of Stores required to be developed shall be applied to satisfy your development obligation during the next succeeding Development Period, if any. Notwithstanding the above, you shall not open or operate more than the cumulative total number of Stores you are obligated to develop under the Development Schedule without Mango's prior written consent.

4.4.2. If during the Term of this Agreement, you cease to operate any Store developed under this Agreement for any reason, you shall develop a replacement Store. The replacement Store shall be developed within a reasonable time (not to exceed one hundred twenty (120) days) after you cease to operate the original Store. If, during the Term of this Agreement, you transfer your interest in a Store in accordance with the terms of the applicable Franchise Agreement for the Store, the transferred Store shall continue to be counted in determining whether you have complied with the Development Schedule so long as it continues to be operated as a RED MANGO Store. If the transferred Store ceases to be operated as a RED MANGO Store during the Term of this Agreement, you shall develop a replacement Store within a reasonable time (not to exceed one hundred twenty (120) days) thereafter.

4.4.3. Your failure to adhere to the Development Schedule (including any extensions thereof, approved by Mango in writing) or to any time period for the development of replacement Stores is a material breach of this Agreement.

4.5. Projected Opening Dates. You acknowledge that the Projected Opening Date for each Store to be developed hereunder is reasonable. Subject to your compliance with Section 4.3., hereof, you must execute a Franchise Agreement for each Store on or before the applicable Execution Date identified in the Development Schedule, which date shall be no later than twelve (12) months prior to the Projected Opening Date for the applicable Store. No later than thirteen (13) months prior to expiration of a Development Period expiration date, you shall request to sign a Franchise Agreement for each Store to be developed during the Development Period. Upon receiving your request, Mango shall deliver to you its then-current form of Franchise Disclosure Document, and execution copies of its then-current form of franchise agreement. No later than the Franchise Agreement Execution Date (but no sooner than as permitted by law), you shall sign and return a signed copy of the Franchise Agreement. Mango will approve and countersign the Franchise Agreement if: **(a)** you are in compliance with this Agreement and all other agreements between you or your Affiliates and Mango including, without limitation, all Franchise Agreements signed under this Agreement. If this condition is not met, Mango shall have the right to require you to cure any deficiencies before it approves and countersigns the Franchise Agreement; **(b)** you have demonstrated to Mango, in Mango's discretion, your financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement; and **(c)** you, and each of your Affiliates who then has a then-currently effective Franchise Agreement or Store Development Agreement with Mango, has signed a general release, in a form prescribed by Mango, of any and all claims that the party has, had, or claims to have against Mango, its parent company and/or its Affiliates and their respective officers, directors, members, shareholders, agents, employees, successors and assigns, whether the claims are known or unknown, arising out of or relating to this Agreement, any Franchise Agreement, the relationship created by this Agreement or any Franchise Agreement, and the offer and sale of the RED MANGO franchise opportunity.

### 5. **DEVELOPER'S OBLIGATIONS**

5.1. Satisfaction of Development Schedule. You shall execute a Franchise Agreement for each Store contemplated under this Agreement in accordance with Section 4.1. and the Development Schedule, and shall establish and operate each Store in accordance with the terms and conditions of the respective Franchise Agreement.

5.2. Compliance with Laws. You shall fully comply with all federal, state and local laws, rules, and regulations when exercising your rights and fulfilling its obligations under this Agreement.

5.3. Developer May Not Exceed The Development Obligation. Unless Mango otherwise authorizes in writing, you may not construct, equip, open and operate more than the total number of RED MANGO Stores reflected on the Development Schedule.

5.4. Public Relations. Developer shall not make any public statements (including giving interviews or issuing press releases) regarding Mango, this Agreement or any particular incident or occurrence related to Mango, without Mango's prior written approval.

5.5. Association with Causes. Developer shall not in the name of Mango **(i)** donate money, products, or services to any charitable, political, religious or other organization, or **(ii)** act in support of any such organization, without Mango's prior written approval.

## 6. CONFIDENTIALITY

6.1. Nondisclosure of Confidential Information. You shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the development and operation of the Stores, and you shall divulge Confidential Information only to your employees, and only on a need to know basis. This obligation shall survive expiration or termination of this Agreement.

## 7. INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

7.1 Independent Contractor. The parties acknowledge and agree that you are operating the business contemplated under this Agreement as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party shall have fiduciary or any similar special obligations to the other, or be liable for the debts or obligations of the other, you acknowledge that the relationship created by this Agreement is solely an arm's length business relationship. Neither party shall have the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing by the parties. You shall conspicuously identify yourself and the business contemplated under this Agreement in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Mango, and shall place a conspicuous notice, in the form and at such place as Mango prescribes, notifying the public of such independent ownership.

### 7.2. Insurance Obligations.

7.2.1. You shall maintain in full force and effect at all times during the Term of this Agreement, at your expense, an insurance policy or policies protecting you, Mango, its parent company and its Affiliates, and their respective partners, shareholders, members, directors, regional directors, managers, agents, employees, successors and assigns, (collectively, the "**Mango Insureds**"), against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the business contemplated under this Agreement.

7.2.2. Such policy or policies shall: **(a)** be written by insurer(s) licensed and admitted to write coverage in the state in which the Franchised Business (as defined in the Franchise Agreement) is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; **(b)** name Mango and the Mango Insureds on a primary non-contributory basis; **(c)** the additional insured coverage must be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to Mango); and **(d)** comply with Mango's written requirements at the time such policies are obtained, and provide at least the types and minimum amounts of coverage that Mango requires from time to time. Mango may unilaterally modify these insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change.

7.2.3. In connection with any and all insurance that you are required to maintain under Section 7.2., you and your insurers shall agree to waive their rights of subrogation against Mango, and you shall provide evidence of such waiver in accordance with this Section 7.2.

7.2.4. Your obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance that may be maintained by Mango, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 7.3. of this Agreement.

7.2.5. All public liability and property damage policies shall contain a provision that Mango and its Affiliates, although named as additional insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to Mango, or any of the Mango Insureds by reason of your negligence.

7.2.6. At least ten (10) days prior to the time you are first required to carry insurance, and thereafter at least thirty (30) days prior to the expiration of any policy, you shall deliver to Mango certificate of insurance evidencing your compliance with this Article 7. Each certificate of insurance shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Mango in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

7.2.7. If you fail to procure or maintain these minimum insurance requirements, Mango or its designee shall have the right and authority (but not the obligation) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Mango. If this occurs, you shall reimburse Mango the cost of the premium upon demand.

7.3. Indemnification. You shall indemnify and defend to the fullest extent by law, Mango, its parent company, its Affiliates and their respective officers, directors, regional directors, managers, employees, shareholders, members, agents, successors and assigns, (collectively the "**Indemnitees**") from any and all "**losses and expenses**" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with your operation of the business contemplated under this Agreement (an "**event**"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 7.3., the term "**losses and expenses**" shall be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; and all other costs associated with any of the foregoing losses and expenses. Under no circumstances shall Mango be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim under this provision, and Mango's failure to seek such recovery or mitigate its loss will in no way reduce the amounts recoverable by Mango under this provision. You shall give Mango prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, Mango may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Mango will seek your advice and counsel. Any assumption by Mango shall not modify your indemnification obligation. Mango may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Mango's sole and absolute discretion, necessary for the protection of the Indemnitees or the System. This provision survives termination or expiration of this Agreement.

## 8. TRANSFER OF INTEREST

8.1 Transfer by Mango. Mango may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Mango's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Mango's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that Mango and/or its Affiliates may sell their assets, the Proprietary Products, Marks, Copyrighted Works or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and



specifically waive any claims, demands or damages arising from or related to the loss of Mango's name, the Proprietary Products, Copyrighted Works, Marks (or any variation thereof) and System and/or the loss of association with or identification of Red Mango FC, LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. You agree that Mango has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as RED MANGO Stores operating under the Marks or any other marks following Mango's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to any RED MANGO Store developed under this Agreement and/or within the Store Development Area).

8.2. Transfer by Individual Developer to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first twelve (12) months of this Agreement by signing Mango's standard form of assignment and assumption agreement if **(a)** the Business Entity is formed solely for purposes of continuing your development rights and obligations, **(b)** you provide to Mango a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed, and **(c)** you pay to Mango a \$1,500 administrative fee.

8.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if **(a)** you have provided to Mango advance notice of the transfer, **(b)** Attachment C to this Agreement has been amended to reflect the new ownership, **(c)** each new Owner has signed a Guaranty and Personal Undertaking in the form of Attachment D, and **(d)** you pay to Mango a \$2,500 administrative fee.

8.4. Transfer of Agreement; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially of the assets of any Store developed hereunder, and the sale of a Controlling Interest in you if you are a Business Entity) require Mango's prior written consent. For the purpose of determining whether you are transferring and/or selling a Controlling Interest or a Non-Controlling Interest, "**Control**" shall mean the ability to direct the business decisions of a business entity or to exercise the voting rights of fifty percent (50%) or more of the voting shares of a business entity, or ownership of fifty percent (50%) or more of the shares of a business entity, or the ability to appoint half or a majority of the directors (or equivalent officers) of a business entity. Mango will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

8.4.1. Your written request for consent and delivery to Mango of a copy of the proposed transfer agreements, including sale terms, at least thirty (30) days prior to the proposed transfer, and Mango has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of any Franchised Business in operation at the time of transfer;

8.4.2. The transferee has demonstrated to Mango's satisfaction that the transferee meets Mango's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate each Franchised Business; and has sufficient equity capital to operate each Franchised Business;

8.4.3. All of your accrued monetary obligations and all other outstanding obligations to Mango, its Affiliates, and third party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Mango, its Affiliates and your suppliers;

8.4.4. You or the transferee shall have agreed to refurbish each Store premises identified by Mango so that it meets Mango's image requirements for new RED MANGO Stores;

8.4.5. You and each Owner shall have executed a general release, in a form satisfactory to Mango, of any and all claims against Mango and its Affiliates and their respective officers, directors, managers, shareholders, members, agents, employees, successors and assigns, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

8.4.6. You or the transferee shall have paid the applicable Transfer Fee in the amount set forth in the Summary Pages (i.e., \$15,000) and has reimbursed Mango for all reasonable costs and expenses it incurred (including attorneys' fees) in facilitating the transfer;

8.4.7. The transferee shall have executed Mango's then-current form of Store Development Agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different percentage royalty fee and different advertising obligations. The term of such Store Development Agreement shall be the remaining term of this Agreement at the time of transfer;

8.4.8. If the transferee is a Business Entity, then the transferee's Owners each shall sign Mango's standard form of Guaranty and Personal Undertaking. If any person required to sign a Guaranty and Personal Undertaking is a corporation or other business entity (an entity other than a natural person), then its owners and parents also shall execute the Guaranty and Personal Undertaking; it being the intent of the parties that each entity in the chain of ownership, and each natural person holding a beneficial interest in the franchise, either directly or indirectly through business entities, will also execute the Guaranty and Personal Undertaking;

8.4.9. The transferee shall have complied with Mango's then-current initial training requirements for the operation of each then-existing Store; and

8.4.10. If Mango introduced the buyer to you, you have paid all fees due Mango under its then-current franchise resale policy or program.

8.5 Transfer of Franchise Agreements. Notwithstanding Section 8.4. of this Agreement, you may, with Mango's prior written consent, execute and contemporaneously assign your right to enter into a Franchise Agreement pursuant to this Agreement to a Business Entity under common control with you if **(a)** such Business Entity executes and complies with the terms and conditions of the Franchise Agreement; and **(b)** you pay Mango a Franchise Assignment Fee in the amount of \$2,500.

8.6. Transfers Void. Any purported transfer, by operation of law or otherwise, made without Mango's prior written consent will be considered null and void and will be considered a material breach of this Agreement.

8.7. Security Interest. You may grant a security interest in this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in this Agreement or the franchise without Mango's consent.

8.8. Private or Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a private or public offering, you shall first obtain Mango's written consent, which consent shall not be unreasonably withheld. You must provide to Mango for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least sixty (60) days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Marks or otherwise) that Mango is participating in an underwriting, issuance or offering of your securities, and Mango's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Mango may condition its approval on satisfaction of any or all of the conditions set forth in Section 8.4. and on execution of an indemnity agreement, in a form prescribed by Mango, by you and any other participants in the offering. For each proposed offering, you shall pay to Mango a retainer in an amount determined by Mango, which Mango shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

8.9. Right of First Refusal. If you receive a bona fide offer to purchase your interest in this Agreement, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to Mango written notification of the offer and, except as otherwise provided herein, Mango shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Mango as in the case of an initial offer. If Mango elects to purchase the seller's interest, closing on such purchase must occur by the later of: **(a)** the closing date specified in the third party offer; or **(b)** within sixty (60) days from the date of notice to the seller of Mango's election to purchase. Mango's failure to exercise the option described in this Section 8.9. shall not constitute a waiver of any of the transfer conditions set forth in this Article 8.

8.10. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of any person with an interest in this Agreement or you, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Mango within six (6) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 8.10., the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Mango within six (6) months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Mango may, at its option, terminate this Agreement, pursuant to Section 9.5.

8.11. Non-Waiver of Claims. Mango's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Mango's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Mango's and the transferee are parties, by the transferee.

8.12. Disclosure to Transferee. Mango may communicate directly with any prospective transferee. You expressly consent to Mango, its Affiliates, contractors, suppliers, or vendors disclosing to the prospective transferee any information Mango deems appropriate. You release Mango, its Affiliates, contractors, suppliers, and vendors, and their respective directors, officers, employees, and agents from any claims, losses, or liability of yours resulting from any disclosure made by Mango in good faith. Nothing in this provision is intended to obligate Mango to provide any information to a prospective transferee.

## 9. DEFAULT AND TERMINATION

9.1 Termination In the Event of Bankruptcy or Insolvency. You shall be deemed to be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, **(a)** if you become insolvent or make a general assignment for the benefit of creditors; **(b)** if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; **(c)** if you are adjudicated as bankrupt or insolvent; **(d)** if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; **(e)** if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; **(f)** if proceedings for a composition with creditors under any state or federal law is instituted by or against you; **(g)** if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); **(h)** if you are dissolved; or **(i)** if execution is levied against your business or property.

9.2. Termination with Notice and Without Opportunity to Cure. Mango has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: **(a)** you fail to meet the Development Schedule; **(b)** you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Mango believes is reasonably likely to have an adverse effect on the

System; **(c)** there is any transfer or attempted transfer in violation of Article 8 of this Agreement; **(d)** you or any Owner fails to comply with the confidentiality or non-compete covenants in Article 6 and Article 10 of this Agreement; or **(e)** you or any Owner has made any material misrepresentations in connection with your application for franchise development rights; or **(f)** Mango delivers to you three (3) or more written notices of default pursuant to this Article 9 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

9.3. Termination with 10-Day Cure Period. Mango has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within ten (10) days after delivery of written notice: **(a)** failure to obtain or maintain required insurance coverage; **(b)** failure to pay any amounts due to Mango; **(c)** failure to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); or **(d)** failure to pay any amounts for which Mango has advanced funds for or on your behalf, or upon which Mango is acting as guarantor of your obligations.

9.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 9, Mango has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within thirty (30) days after delivery of written notice.

9.5. Termination Related to Death or Permanent Incapacity. Mango has the right to terminate this Agreement if an approved transfer as required by Section 8.10, is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

9.6. Cross-Default. Any default under any agreement between you and Mango or its Affiliates (including any Franchise Agreement), which you fail to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement.

9.7. Additional Remedies. If you are in default of this Agreement, Mango may, in its sole discretion, elect to exercise any one or more of the following remedies in lieu of terminating this Agreement: **(a)** terminate or modify any territorial protections granted to you in each Franchise Agreement identified by Mango; **(b)** reduce the size of the Store Development Area; or **(c)** reduce the number of Stores which you may establish pursuant to the Development Schedule. If Mango elects to exercise one or more of the additional remedies set forth above, you agree to continue to develop Stores in accordance with your rights and obligations under this Agreement, as modified. To the extent such rights are modified pursuant to this Section 9.7, you acknowledge that Mango will be entitled to establish, and to license others to establish, RED MANGO Stores in some or all of the Store Development Area, except as otherwise provided under any Franchise Agreement which is then in effect between Mango and you or your Affiliates. Mango's exercise of any of its remedies under this Section 9.7, shall not constitute a waiver by Mango to exercise Mango's option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

## 10. COVENANTS

10.1. Non-Competition During Term of Agreement. You and each Owner acknowledge that you and each Owner will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of Mango and the System. You and each Owner covenant and agree that during the Term of this Agreement, except as otherwise approved in writing by Mango, you and, if applicable, such Owner, shall not, either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

10.1.1. Divert or attempt to divert any present or prospective customer of any RED MANGO Store to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

10.1.2. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business at any location within the United States, its territories or commonwealths, or any other country, province,

state or geographic area in which Mango or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

10.2 Non-Competition After Expiration or Termination of Agreement. For a continuous, uninterrupted two (2) year period commencing upon a transfer permitted under Article 8 of this Agreement, expiration of this Agreement, or termination of this Agreement (regardless of the cause for termination), you shall not either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with a Competitive Business **(i)** that is within the former Store Development Area; or **(ii)** is within a one-mile radius of any other RED MANGO Store operating under the System and Marks in existence or under development at the time of such termination or transfer. If any Owner ceases to be an Owner of the franchisee for any reason during the Term of this Agreement, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The two (2) year restrictive period described in this Section 10.2. shall be tolled during any period of noncompliance.

10.3 Additional Provisions. The parties acknowledge and agree that Mango shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 10.1. and 10.2., or any portion thereof, without your consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and you and each Owner agree that such person shall comply forthwith with any covenant as so modified, which shall be fully enforceable. You and each Owner expressly agree that the existence of any claims you may have against Mango, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Mango of the covenants in this Article 10. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Mango in connection with the enforcement of this Article 10.

10.4. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 10 would result in irreparable injury to Mango for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Mango in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

10.5. Exception for Publicly Held Companies. The foregoing restrictions shall not apply to your ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

## 11. REPRESENTATIONS

11.1. Representations of Mango. Mango represents and warrants that: **(a)** Mango is duly organized and validly existing under the law of the state of its formation; **(b)** Mango is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and **(c)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Mango's corporate power and have been duly authorized.

### 11.2. Representations of Developer.

11.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Mango in writing within ten (10) days of any change in the information set forth in Attachment C. You further represent to Mango that: **(a)** you are duly organized and validly existing under the law of the state of your formation; **(b)** you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; **(c)** your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the development and operation of the Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to a RED MANGO Store; and **(d)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power,

or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized.

11.2.2. You acknowledge and agree that you have conducted an independent investigation of the business contemplated under this Agreement, that you fully understand your obligations under this Agreement, and that you recognize and assume all associated risks. In addition, you acknowledge that Franchisor makes no representation: **(i)** that your Store Development Area contains a sufficient number of acceptable locations to meet the number of Stores to be developed under the Development Schedule; nor **(ii)** that your Store Development Area is sufficient to economically support the number of Stores to be developed under the Development Schedule. You acknowledge that you have performed all related and necessary due diligence before your execution of this Agreement and that, accordingly, you assume the risk of identifying a sufficient number of acceptable locations within the Store Development Area, and the economic risk of developing the agreed-upon number of Stores within the Store Development Area.

11.2.3. Except for representations contained in Mango's Franchise Disclosure Document provided to you in conjunction with this franchise offering, you represent that neither Mango nor its Affiliates and/or their agents or representations have made any representations, and you have not relied on representations made by Mango, its Affiliates or their agents or representatives, concerning actual or potential gross revenues, expenses or profit of a RED MANGO Store.

11.2.4. You acknowledge that you have received a complete copy of Mango's Franchise Disclosure Document at least fourteen (14) calendar days before you signed this Agreement or paid any consideration to Mango for your franchise rights.

11.2.5. You acknowledge that you have read and that you understand the terms of this Agreement and its attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

11.2.6. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, officers, directors, managers, partners, agents or employees, or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to Mango that you will not accept money from or employ any Blocked Person.

## 12. NOTICES

12.1. Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; or by or by facsimile or other electronic system. Service shall be deemed conclusively made **(a)** at the time of service, if personally served; **(b)** twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; **(c)** upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; **(d)** twenty-four (24) hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and **(e)** at the time of transmission by telecopier, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within twenty-four (24) hours after the transmission. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

## 13. CONSTRUCTION

13.1. Entire Agreement. This Agreement and its Attachments represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that Mango made in the Franchise Disclosure Document (including its exhibits and amendments) that

Mango delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by Mango hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

13.2. No Waiver. Except for those changes permitted to be made unilaterally by Mango hereunder, no waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

13.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement; provided, however, that the portions of this Agreement relating to the payment of fees to Mango and the portion relating to the protection and preservation of the Marks and the Confidential Information are critical to this Agreement. If any portion of this Agreement relating to those matters is declared invalid or unenforceable for any reason, Mango may terminate this Agreement immediately on written notice to you.

13.4. Survival of Terms. Any provision or covenant of this Agreement that expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

13.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms shall have the meaning ascribed to them in Attachment A ("**Glossary of Additional Terms**"). All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

13.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. As applicable, each Owner shall execute the Guaranty and Personal Undertaking attached as Attachment D. If any person required to sign a Guaranty and Personal Undertaking is a corporation or other business entity (an entity other than a natural person), then its owners and parents also shall execute the Guaranty and Personal Undertaking; it being the intent of the parties that each entity in the chain of ownership, and each natural person holding a beneficial interest in the franchise, either directly or indirectly through business entities, will also execute the Guaranty and Personal Undertaking. Failure or refusal to do so shall constitute a material breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the applicable Guaranty and Personal Undertaking.

13.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

13.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed twelve (12) months.

13.9. Business Judgment. Notwithstanding any contrary provisions contained in this Agreement, the parties hereto acknowledge and agree that **(a)** this Agreement (and the relationship of the parties which arises from this Agreement) grants Mango the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests; **(b)** Mango will use its business judgment in exercising such discretion based on Mango's assessment of its own interests and balancing those interests against the interests, promotion and benefit of the System and Stores generally (including Mango, and its Affiliates and other franchisees), and specifically without considering your individual interests or the individual interests of any other particular franchisee (examples of items that will promote or benefit the System and Stores

generally include, without limitation, enhancing the value of the Marks and/or the RED MANGO brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); **(c)** Mango will have no liability to you for the exercise of its discretion in this manner; and **(d)** even if Mango has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Mango's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF MANGO TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT MANGO'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR MANGO'S DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

13.10 Developer's Acknowledgment. You acknowledge that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by you, after having had a reasonable opportunity to retain and confer with counsel. You further acknowledge and represent to Mango that you are entering into this Agreement after a full investigation, and that, in entering into this Agreement, you are not relying upon any statements or representations not embodied in this Agreement including any amendments or exhibits attached hereto.

#### **14. APPLICABLE LAW; DISPUTE RESOLUTION**

14.1 Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby shall be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

##### **14.2. Mediation.**

14.2.1. The parties acknowledge that during the Term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Mango, you, and each Owner agree to submit any claim, controversy or dispute between Mango or its Affiliates (and Mango's and its Affiliate's respective owners, officers, directors, managers, agents, representatives and/or employees) and you or your Affiliates (and your Owners, agents, representatives and/or employees) arising out of or related to **(a)** this Agreement or any other agreement between Mango and you, **(b)** Mango's relationship with you, or **(c)** the validity of this Agreement or any other agreement between Mango and you, to mediation before bringing such claim, controversy or dispute in a court or before any other tribunal.

14.2.2. The mediation shall be conducted by a mediator agreed upon by Mango and you and, failing such agreement within not more than fifteen (15) days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("**AAA**") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Mango maintains its principal business address at the time of the mediation. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

14.2.3. If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 14.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

14.2.4. Notwithstanding the foregoing provisions of this Section 14.2, the parties' agreement to mediate shall not apply to controversies, disputes or claims related to or based on amounts owed to Mango pursuant to this Agreement, the Marks or Mango's Confidential Information. Moreover, regardless of this mediation agreement, Mango and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.



14.2.5 Neither illness, Covid, inconvenience, weather, or any other reason shall serve to excuse your personal appearance for mediation.

14.3 Venue. With respect to any controversies, disputes or claims which are not finally resolved through mediation as provided in Section 14.2, the parties agree that any action brought by either party against the other shall be brought and maintained exclusively within the state or federal court serving the judicial district in which Mango maintains its principal business address at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Notwithstanding the foregoing, nothing in this Agreement shall bar Mango's right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and reasonable attorneys' fees incurred by Mango in obtaining such relief.

14.4 Nonexclusivity of Remedy. No right or remedy conferred upon or reserved to Mango or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

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

14.6. WAIVER OF PUNITIVE AND CONSEQUENTIAL DAMAGES. WITH THE EXCEPTION OF YOUR INDEMNIFICATION OBLIGATIONS SET FORTH IN THIS AGREEMENT, THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY LOSS OF REVENUES, LOSS OF PROFITS, LOSS OF TIME, INCONVENIENCE, LOSS OF USE, OR ANY OTHER INCIDENTAL, SPECIAL, INDIRECT, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL LOSS AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

14.7. Contractual Limitations Period. No legal action or proceeding may be brought against Mango or its officers, directors, agents, or employees, for any claim or cause of action (whether sounding in contract, tort, or otherwise) unless such action or proceeding is instituted within two (2) years and one day from the date the claim or cause of action accrued. This provision is intended to shorten any applicable statute of limitations to the extent permitted by law.

14.8. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

14.9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

14.10 Disavowal of Oral Representations. You and we acknowledge that we want all terms of our business relationship to be defined in this written agreement, and that neither of us wants to enter into a business relationship with the other in which any terms or obligations are subject to any oral statements in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between us. We each agree that we placed, and will place, no reliance on any such discussions. You agree that no representations have been made to you concerning this Agreement or any of the RED MANGO franchise other than as contained in this Agreement and the Franchise Disclosure Document you received before you signed this Agreement (the "FDD"). You agree that no claims, representations, warranties or guarantees, express or implied, regarding actual or potential earnings, sales, profits or success of your RED MANGO Store have been made to you other than as set forth in Item 19 of the FDD.

14.11 No Affiliate Liability. No past, present or future director, officer, employee, incorporator, member, partners, stockholder, subsidiary, Affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Mango or of any of our Affiliates, will have any liability for (i) any obligations or liabilities Mango has relating to or arising from this Agreement, or (ii) any claim against Mango based on,

in respect of, or by reason of, the transactions contemplated by this Agreement. This provision will not, however, affect any right, duty or obligation of Mango or yours, or of any guarantor of your obligations.

**IN WITNESS WHEREOF**, the parties have executed this Agreement on the dates noted below, but effective for all purposes as of the Effective Date.

**FRANCHISOR**

Red Mango FC, LLC  
a Texas limited liability company

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

Name: Sherif Mityas

Title: CEO

Date: \_\_\_\_\_

**DEVELOPER**

\_\_\_\_\_  
\_\_\_\_\_

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**RED MANGO FC, LLC  
STORE DEVELOPMENT AGREEMENT**

**ATTACHMENT A  
GLOSSARY OF ADDITIONAL TERMS**

**“Affiliate”** means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

**“Business Day”** means each day other than a Saturday, Sunday, U.S. holiday or any other day on which the Federal Reserve is not open for business in the United States.

**“Business Entity”** means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

**“Competitive Business”** means either (i) any business (whether operated by a natural person or Business Entity) that sells café items (e.g. flatbreads, salads, soups and sandwiches), alone or in combination, comprising more than 49% of total sales, measured on a weekly basis, OR (ii) any business (whether operated by a natural person or Business Entity) that sells smoothies, frozen yogurt, and/or fresh squeezed juices.

**“Confidential Information”** means all trade secrets, and other elements of the System; all customer information; all information contained in the Manuals; Mango’s proprietary recipes and standards and specifications for product preparation, packaging and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, and all other information that Mango designates.

**“Copyrighted Works”** means works of authorship which are owned by Mango and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, Mango’s product packaging and advertising and promotional materials, and the content and design of Mango’s web site and advertising and promotional materials.

**“Development Period”** means each of the time periods indicated on Attachment B during which you shall have the right and obligation to construct, equip, open and thereafter continue to operate RED MANGO Stores.

**“Franchise Agreement”** means the form of agreement prescribed by Mango and used to grant to you the right to own and operate a single Store in the Store Development Area, including all attachments, exhibits, riders, guarantees or other related instruments, all as amended from time to time.

**“Force Majeure”** means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which you could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with you by any lender, landlord, or other person shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Your financial inability to perform or your insolvency shall not be an event of Force Majeure under this Agreement.

**“Owner”** means each individual or entity holding a beneficial ownership in Developer. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any person required to sign a Guaranty and Personal Undertaking is a corporation or other business entity (an entity other than a natural person), then its owners and parents also shall execute the Guaranty and Personal Undertaking; it being the intent of the parties that each entity in the chain of ownership, and each natural person holding a beneficial interest in the franchise, either directly or indirectly through business entities, will be considered an “Owner” under this Agreement.

**“Transfer”** as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) any interest in this Agreement, the Franchised Business, any Store, substantially all the assets of any the Stores, or in the ownership of the franchisee (if you are an Entity). “Transfer” as a noun means any such sale, assignment, gift, transfer, pledge, mortgage or encumbrance.

**“You”** means the individual(s) or entity(ies) identified as the developer in the Summary Pages. If more than one individual or entity is identified as the “developer,” the developer will be considered a general partnership comprised of the individual(s) and/or entity(ies) and the term “you” will refer to the general partnership.

**RED MANGO FC, LLC  
STORE DEVELOPMENT AGREEMENT**

**ATTACHMENT B  
STORE DEVELOPMENT AREA AND SCHEDULE**

The "Store Development Area" is defined as the territory within the boundaries described below. The description may consist of both a map and a written description, and in the event of any conflict between the two, the written description shall prevail.

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but excludes all Closed Markets located within such area. A "**Closed Market**" is any facility serving a captive market, including department stores, supermarkets, shopping malls, amusement parks, airports, train stations, travel plazas, casinos, nightclubs, restaurants, public facilities, college and school campuses, arenas, stadiums, ballparks, hospitals, office buildings, convention centers, airlines (in-flight service), military bases, and any other mass gathering events or locations, and facilities of any kind for which food and/or beverage service rights are contracted to a third party or parties (including, but not limited to, designated road ways and facilities adjacent thereto), whether inside or outside of the Store Development Area. As used herein, the term "shopping malls" includes any retail center (enclosed or open), including "outlet malls," with an aggregate gross leasable area in excess of 350,000 square feet.

If the Store Development Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Store Development Area extends to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

The "Development Schedule" is as follows:

<b>Development Period Ending</b>	<b>Franchise Agreement Execution Date</b>	<b>Store Opening Date (on or before)</b>	<b>Number of Stores to be Opened During Development Period</b>	<b>Cumulative Number of Stores to be in Operation at End of Development Period</b>

**To Qualify for Renewal:**

On or before \_\_\_\_\_, Developer must have signed at least \_\_\_\_\_ Franchise Agreements and must have opened for business at least \_\_\_\_\_ Stores.

***[Rest of Page Intentionally Left Blank; Signature Page Immediately Following]***

**IN WITNESS WHEREOF**, the parties hereof have executed this Attachment B as of the dates shown below but effective for all purposes as of the Effective Date.

**FRANCHISOR**

Red Mango FC, LLC  
a Texas limited liability company

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

Name: Sherif Mityas

Title: CEO

Date: \_\_\_\_\_

**DEVELOPER**

\_\_\_\_\_  
\_\_\_\_\_

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**RED MANGO FC, LLC  
STORE DEVELOPMENT AGREEMENT**

**ATTACHMENT C  
ENTITY INFORMATION**

If the developer is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of \_\_\_\_\_.

- (1) Developer is a \_\_\_\_\_, formed under the laws of the state of \_\_\_\_\_.
- (2) You shall provide to Mango concurrently with the execution hereof true and accurate copies of the Developer's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.
- (3) You promptly shall provide such additional information as Mango may from time to time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.
- (4) The name and address of each of Owner:

Name	Address	Number Of Shares Or Percentage Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____

(5) The address where the Developer's Financial Records, and other records (e.g. Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

\_\_\_\_\_

**FRANCHISOR**

Red Mango FC, LLC  
a Texas limited liability company

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

Name: Sherif Mityas

Title: CEO

Date: \_\_\_\_\_

**DEVELOPER**

\_\_\_\_\_  
\_\_\_\_\_

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**RED MANGO FC, LLC  
STORE DEVELOPMENT AGREEMENT**

**ATTACHMENT D  
GUARANTY AND PERSONAL UNDERTAKING**

1. I have read the Store Development Agreement between Red Mango FC, LLC, a Texas limited liability company (“Mango” or “Franchisor”) and \_\_\_\_\_ (the “Developer”).
2. I own a beneficial interest in the Developer, and would be considered an “Owner” within the definition contained in Store Development Agreement.
3. I understand that, were it not for this Guaranty and Personal Undertaking (this “Guaranty”), Mango would not have agreed to enter into the Store Development Agreement with the Developer.
4. I will comply with all of the provisions contained in Article 6 of the Store Development Agreement concerning the use of the Confidential Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Store Development Agreement. I further agree not to disclose any of the Confidential Information, except (a) to the Developer’s employees on a need to know basis, (b) to the Developer’s and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and (c) as otherwise may be required by law.
5. I will comply with all of the provisions contained in Article 8 of the Store Development Agreement concerning the assignment of my Store Development Agreement.
6. While I am an “Owner” of the Developer and, for a two-year period after I cease to be an Owner (or two (2) years after termination or expiration of the Store Development Agreement, whichever occurs first), I will not:
  - (a) Divert or attempt to divert any present or prospective customer of any RED MANGO Store to any competitor or do anything to harm the goodwill associated with the Marks and the System;
  - (b) Employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Mango or an Affiliate of Mango as a salaried managerial employee, or induce such person to leave his or her employment; or
  - (c) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business in which the sale of smoothies, frozen yogurt, fresh squeezed juices and café items (e.g. flatbreads, salads, soups and sandwiches), alone or in combination, comprise more than 20% of total sales, measured on a weekly basis, other than a RED MANGO Store operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Mango or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. It will apply for two (2) years after I cease to be an Owner (or two (2) years after termination or expiration of the Store Development Agreement, whichever occurs first) to any location that is, or is intended to be, located in the Store Development Area identified in the Store Development Agreement. This time period will be tolled during any period of my noncompliance.
7. I agree that the provisions contained in Article 14 of the Store Development Agreement will apply to any dispute arising out of or relating to this Guaranty. If Mango brings any legal action to enforce its rights under this Guaranty, I will reimburse Mango its reasonable attorneys’ fees and costs.
8. I hereby guarantee the prompt and full payment of all amounts owed by the Developer under the Store Development Agreement.



9. I will pay all amounts due under this Guaranty within fourteen (14) days after receiving notice from Mango that the Developer has failed to make the required payment. I understand and agree that Mango need not exhaust its remedies against the Developer before seeking recovery from me under this Guaranty.

10. No modification, change, impairment, or suspension of any of Mango's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Developer has pledged other security or if one or more other persons have personally guaranteed performance of the Developer's obligations, I agree that Mango's release of such security will not affect my liability under this Guaranty.

11. I hereby waive (a) all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and (b) California Civil Code Sections 2899 and 3433.

12. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING MANGO, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE STORE DEVELOPMENT AGREEMENT AND/OR THE PERFORMANCE OF ANY PARTY UNDER THE STORE DEVELOPMENT AGREEMENT.**

13. I understand that Mango's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Mango under applicable law.

14. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one (1) Business Day after electronically confirmed transmission by facsimile or other electronic system; one (1) Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three (3) Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Mango written notice of the change.

Executed on the date set forth below:

**GUARANTOR**

Dated: \_\_\_\_\_

\_\_\_\_\_

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

Address: \_\_\_\_\_

\_\_\_\_\_  
Fax: \_\_\_\_\_

**RED MANGO FC, LLC  
STORE DEVELOPMENT AGREEMENT**

**ATTACHMENT E  
FORM OF FRANCHISE AGREEMENT**

**(REFER TO EXHIBIT A TO THIS DISCLOSURE DOCUMENT)**

**RED MANGO FC, LLC  
STORE DEVELOPMENT AGREEMENT**

**ATTACHMENT F**

**EARLY FRANCHISE INCENTIVE ROYALTY FEE REDUCTION AMENDMENT**

This Early Franchise Incentive Royalty Fee Reduction Amendment to Red Mango FC, LLC Store Development Agreement (this “**EFI Royalty Fee Reduction Amendment**”) is entered into on \_\_\_\_\_ (the “**Effective Date of this Amendment**”) by and between Red Mango FC, LLC, a Texas limited liability company (“**Mango**” or “**Franchisor**”) and \_\_\_\_\_ (“**Developer**” or “**You**”).

**RECITALS**

A. This Store Development Agreement is being signed in connection with the development of new RED MANGO Stores, RED MANGO Non-Traditional Stores or RED MANGO-SMOOTHIE FACTORY Co-Branded Traditional Stores that qualifies for the Early Franchise Incentive Program (collectively, “**Stores**”).

B. Accordingly, the parties desire to modify this Store Development Agreement to reflect the incentives offered under Mango’s Early Franchise Incentive Program.

NOW THEREFORE, in consideration of the mutual promises contained in this EFI Royalty Fee Reduction Amendment and the Franchise Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms shall have the meanings ascribed to them in the Store Development Agreement unless otherwise defined herein.

2. Royalty Fee. The following provision replaces Section 3.3, in its entirety:

Each Franchise Agreement signed under this Store Development Agreement shall provide that the Royalty Fee shall be equal to 5% of Gross Revenue.

Notwithstanding the foregoing, each Franchise Agreement signed under this Store Development Agreement shall be amended to provide that, so long as you remain in full compliance with the terms of this Store Development Agreement (including your development obligations) and each Franchise Agreement signed under the Store Development Agreement (referred to collectively as your (collectively, your “**Contractual Obligations**”), and for each Store that you open within twelve (12) months of the Effective Date of your Franchise Agreement, the Royalty Fee for the first six (6) Accounting Periods of operation will be 0% and the Royalty Fee for the next seven (7) Accounting Periods will be 3% of Gross Revenue; the first year of operation of the Store will hereafter be referred to as the “**Royalty Reduction Period**”). If, during the Royalty Reduction Period, you fail to comply with your Contractual Obligations, Mango may declare this provision null and void, in which event the Royalty Reduction Period will end and the Royalty Fee will automatically revert to 6% of Gross Revenue.

3. Affirmation. All other terms of the Store Development Agreement are ratified and affirmed.

IN WITNESS WHEREOF, the parties have executed this EFI Royalty Fee Reduction Amendment.

**FRANCHISOR**

Red Mango FC, LLC  
a Texas limited liability company

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

Name: Sherif Mityas

Title: CEO

Date: \_\_\_\_\_

**DEVELOPER**

\_\_\_\_\_  
\_\_\_\_\_

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**RED MANGO FC, LLC  
ILLINOIS AMENDMENT TO STORE DEVELOPMENT AGREEMENT**

THIS AMENDMENT TO STORE DEVELOPMENT AGREEMENT (this “**Amendment**”) dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Store Development Agreement (the “**Store Development Agreement**”) dated \_\_\_\_\_, by and between Red Mango FC, LLC, a Texas limited liability company (“**Mango**” or “**Franchisor**”), with its principal office in Dallas, Texas, as the franchisor, and \_\_\_\_\_ (“**you**”), as the developer. Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Store Development Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Store Development Agreement shall have the identical meanings in this Amendment.

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/1-44, (the “**Illinois Franchise Disclosure Act**”). To the extent that this Store Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Illinois law governs the Store Development Agreement.

b. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

c. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

**IN WITNESS WHEREOF**, the parties have executed this Amendment on the date first shown above.

**FRANCHISOR**

**DEVELOPER**

Red Mango FC, LLC  
a Texas limited liability company

\_\_\_\_\_  
\_\_\_\_\_

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

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

Name: Sherif Mityas

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

Title: CEO

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**RED MANGO FC, LLC**  
**VIRGINIA AMENDMENT TO STORE DEVELOPMENT AGREEMENT**

THIS AMENDMENT TO STORE DEVELOPMENT AGREEMENT (this “**Amendment**”) dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Store Development Agreement (the “**Store Development Agreement**”) dated \_\_\_\_\_, by and between Red Mango FC, LLC, a Texas limited liability company (“**Mango**” or “**Franchisor**”), with its principal office in Dallas, Texas, as the franchisor, and \_\_\_\_\_ (“**you**”), as the developer. Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Store Development Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Store Development Agreement shall have the identical meanings in this Amendment.

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, (the “**Act**”), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause”, as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. As a condition to becoming registered to offer and sell franchises in the State of Virginia, Mango has agreed to defer your obligation to pay the Development Fee until Mango has met its pre-opening obligations under the franchise agreement for the first developed Store (the “**Fee Deferral Requirement**”). Therefore, notwithstanding the payment provisions in Section 3.1., the Development Fee is due (a) at such time as when Mango has met all of its pre-opening obligations to you under the franchise agreement for the first developed Store, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.

3. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

**IN WITNESS WHEREOF**, the parties have executed this Amendment on the date first shown above.

**FRANCHISOR**

**DEVELOPER**

Red Mango FC, LLC  
a Texas limited liability company

\_\_\_\_\_  
\_\_\_\_\_

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

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

Name: Sherif Mityas

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

Title: CEO

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C**  
**GENERAL RELEASE**  
**(SAMPLE FORM ONLY)**

**GENERAL RELEASE (this "Release Agreement")**

The undersigned ("**Releasor**") and my heirs, administrators, executors, ancestors, and assigns, (collectively "**Releasor Agent(s)**"), for good and valuable consideration, the receipt of which is hereby acknowledged, hereby remise, release, and forever discharge Red Mango FC, LLC, a Texas limited liability company ("**Mango**"), with its principal business offices located at 14860 Montfort Drive, Suite 150 PMB 34, Dallas, TX 75254 and its parent company, Affiliates, and their respective owners, officers, directors, regional directors, managers, shareholders, members, employees, agents, successors and assigns, (collectively, the "**Mango Released Parties**") from any and all claims, whether at law or in equity, and all contracts, controversies, claims, and demands whatsoever, at law or in equity, that Releasor and/or any Releasor Agent ever had, now have, or that any of their respective heirs, administrators, ancestors, executors, and/or assigns may have against the Mango Released Parties including, without limitation, (i) any and all claims arising out of or related to that certain Franchise Agreement between Mango and \_\_\_\_\_ dated \_\_\_\_\_, \_\_\_\_\_, (ii) the offer and sale of the RED MANGO® franchise opportunity, (iii) any and all claims arising under federal, state, and local laws, rules, and ordinances.

[If Releasor is domiciled or has his or her principal place of business in the State of California]

**Waiver of Section 1542 of the California Civil Code.**

\_\_\_\_\_ ("**Releasor**") for myself and on behalf of all persons acting by or through me, acknowledge that I am familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

With respect to those claims being released, I acknowledge, for myself and on behalf of all persons acting by or through me, which I am releasing unknown claims and waive all rights I have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect. For purposes of this paragraph, I shall be considered to be creditors of Mango Released Parties, and each of them.

I acknowledge that this general release extends to claims which I do not know or suspect to exist in my favor at the time of executing this Release Agreement, which if were known to me may have materially affected my decision to enter into this Release Agreement. I understand that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. I expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

**IN WITNESS WHEREOF**, the parties hereto have executed this Release Agreement as of the date set forth below.

Signature: \_\_\_\_\_

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

Date: \_\_\_\_\_

[This Release Agreement will be modified as necessary for consistency with any state law regulating franchising.]



**EXHIBIT D**  
**TABLE OF CONTENTS**  
**OF CONFIDENTIAL OPERATIONS MANUAL**

# Store Operations & Training Manual

## Table of Contents

### Welcome to Red Mango and General Guidelines Module

- Chapter 1: Welcome to Red Mango..... 2
- Chapter 2: Dress and Appearance Guidelines ..... 4
- Chapter Review and Certification..... 6

### Food Preparation and Rotation Module

- Chapter 1: Food Preparation ..... 2
- Chapter 2: Dry and Cold Storage ..... 15
- Chapter Review and Certification..... 18

### Creating and Serving Products Module

- Chapter 1: Product Information, Creation & Serving Standards..... 2
- Chapter 2: Team Member Positions and Responsibilities ..... 11
- Chapter Review and Certification..... 14

### POS Module

- Chapter 1: Basic POS Functions ..... 3
- Chapter 2: Processing Orders ..... 7
- Chapter 3: Processing Club Mango and Gift Cards..... 13
- Chapter 2: Closing a Till..... 20
- Chapter Review and Certification..... 24

Appendix:

- Micros Technical Support Quick Reference Guide
- Micros Print Receipt Setup Reference Guide
- Club Mango and Gift Card Quick Reference Guide (Micros)

### POS Manager’s Guide Module

- Chapter 1: POS Management Functions ..... 3
- Chapter 2: Manager Reports..... 11
- Chapter 3: Human Resources Component..... 13
- Chapter 4: Reporting..... 22

**Customer Service and Sampling Module**

Chapter 1: Red Mango’s Service Expectations ..... 2  
Chapter 2: Sampling ..... 7  
Chapter Review and Certification..... 10

**Club Mango Module**

Chapter 1: The Club Mango Program ..... 2  
Chapter 2: Gift Cards ..... 10  
Chapter Review and Certification..... 12

**Club Mango Manager’s Guide Module**

Chapter 1: Club Mango Reporting..... 2  
Chapter 2: Club Mango E-Blasts ..... 14

Appendix:

E-Blast Form

**Taylor Machine Operations Module**

Chapter 1: Taylor Machine Overview ..... 2  
Chapter 2: Freezing Cylinder Assembly ..... 6  
Chapter 3: Sanitizing the Taylor Machine..... 10  
Chapter 4: Priming the Taylor Machine ..... 12  
Chapter 5: Closing the Taylor Machine..... 14  
Chapter Review and Certification..... 18

Appendix:

Model C713 Instructions

**Cleaning and Maintenance Module**

Chapter 1: Lobby Sweeps..... 2  
Chapter 2: The Cleaning System..... 4  
Chapter Review and Certification..... 10

**EXHIBIT E**  
**FINANCIAL STATEMENTS**

# **Red Mango FC, LLC**

## **Financial Statements**

*As of January 1, 2023 and January 2, 2022  
and for the years ended January 1, 2023,  
January 2, 2022 and December 27, 2020*

Red Mango FC, LLC

Financial Statements

As of January 1, 2023 and January 2, 2022  
and for the years ended January 1, 2023, January 2, 2022 and December 27, 2020

Table of Contents

Independent Auditor's Report.....	3
Financial Statements	
Balance Sheets.....	5
Statements of Operations.....	6
Statements of Changes in Member's Equity (Deficit).....	7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9



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## **Independent Auditor's Report**

To the Member  
Red Mango FC, LLC  
Dallas, Texas

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Red Mango FC, LLC (a Texas limited liability company), which comprise the balance sheets as of January 1, 2023 and January 2, 2022, and the related statements of operations, changes in member's equity (deficit) and cash flows for the years ended January 1, 2023, January 2, 2022, and December 27, 2020, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Red Mango FC, LLC as of January 1, 2023 and January 2, 2022 and the results of its operations, changes in member's equity (deficit) and cash flows for the years ended January 1, 2023, January 2, 2022, and December 27, 2020 in conformity 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 Red Mango FC, LLC 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 Red Mango FC, LLC ability to continue as a going concern within one year from the date the financial statements are issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness Red Mango FC, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of, significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Red Mango FC, LLC's ability to continue as a going concern for a reasonable period of time.

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

**A+G LLP**

A&G LLP  
Dallas, Texas  
April 21, 2023



**Balance Sheets**

As of,	January 1, 2023	January 2, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 157,894	\$ 210,421
Accounts receivable, net	34,227	65,243
Unbilled revenue	-	9,750
Due from parent	-	6,866,386
Deferred costs	1,891	3,922
Total current assets	194,012	7,155,722
Deferred costs, net	6,923	17,625
<b>Total assets</b>	<b>\$ 200,935</b>	<b>\$ 7,173,347</b>
<b>Liabilities and Member's Equity (Deficit)</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 7,567	\$ 17,397
Gift card liability	-	1,720,056
Deferred revenue	52,289	102,668
Total current liabilities	59,856	1,840,121
Long-term liabilities:		
Deferred revenue, net	208,850	451,542
Member's equity (deficit)	(67,771)	4,881,684
<b>Total liabilities and member's equity (deficit)</b>	<b>\$ 200,935</b>	<b>\$ 7,173,347</b>

---

**Statements of Operations**

For the years ended	January 1, <b>2023</b>	January 2, 2022	December 27, 2020
Revenues:			
Franchise fees revenue	\$ 325,041	\$ 211,799	\$ 427,741
Royalties	856,411	827,292	658,780
Brand development fund revenue	234,849	262,591	218,007
Other revenue	69,178	29,335	62,583
Total revenues	<u>1,485,479</u>	<u>1,331,017</u>	<u>1,367,111</u>
General and administrative expenses:			
Advertising and marketing	1,130	8,274	9,641
Brand development fund expense	478,291	235,080	262,215
Commissions	12,733	8,605	17,952
Personnel costs	246,664	448,234	414,218
Professional fees	38,707	31,917	28,971
Other general and administrative expenses	280,075	251,336	94,552
Total general and administrative expenses	<u>1,057,600</u>	<u>983,446</u>	<u>827,549</u>
<b>Net income</b>	<u>\$ 427,879</u>	<u>\$ 347,571</u>	<u>\$ 539,562</u>

**Statements of Changes in Member's Equity (Deficit)**

---

Balance at December 29, 2019	\$ 3,994,551
Net income	539,562
Balance at December 27, 2020	<hr/> 4,534,113
Net income	347,571
Balance at January 2, 2022	<hr/> 4,881,684
Net income	427,879
Distributions to member	(5,377,334)
<b>Balance at January 1, 2023</b>	<b><hr/><hr/>\$ (67,771)</b>

## Statements of Cash Flows

For the years ended	January 1, 2023	January 2, 2022	December 27, 2020
<b>Operating Activities</b>			
Net income	\$ 427,879	\$ 347,571	\$ 539,562
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for doubtful accounts	39,061	-	(3,686)
Changes in operating assets and liabilities:			
Accounts receivable	(8,045)	(12,032)	(5,585)
Deferred costs	12,733	8,604	17,952
Prepaid expenses and other current assets	-	-	474
Deposits	-	3,200	-
Accounts payable and accrued expenses	(9,830)	(586)	(6,129)
Gift card liability	1,690	42,531	1,682
Deferred revenue	(283,321)	(184,299)	(413,741)
Net cash provided by operating activities	<u>180,167</u>	<u>204,989</u>	<u>130,529</u>
<b>Investing Activities</b>			
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financing Activities</b>			
Net advances to parent	(232,694)	(8,802)	(194,920)
Net cash used by financing activities	<u>(232,694)</u>	<u>(8,802)</u>	<u>(194,920)</u>
Net increase (decrease) in cash and cash equivalents	(52,527)	196,187	(64,391)
Cash and cash equivalents, beginning	<u>210,421</u>	<u>14,234</u>	<u>78,625</u>
Cash and cash equivalents, ending	<u>\$ 157,894</u>	<u>\$ 210,421</u>	<u>\$ 14,234</u>
<b>Supplemental Disclosure of Cash Flow Information</b>			
<i>Non-cash Financing Activity</i>			
Distribution to member	\$ 5,377,334	\$ -	\$ -

## NOTES TO FINANCIAL STATEMENTS

**1. Organization and Operations**

Red Mango FC, LLC was originally formed on August 3, 2006 as Red Mango Franchising Company (a California corporation). References in these financial statement footnotes to “Company”, “RMFC”, “we”, “us” and “our” refer to the business of Red Mango FC, LLC. In July 2010, Red Mango Franchising Company converted to a Texas Limited Liability Company and changed its name to Red Mango FC, LLC. As part of the Company’s plan of conversion, all shares of the Company were converted to membership interests in the Limited Liability Company.

RMFC is a wholly owned subsidiary of Red Mango, LLC (“Parent” or “RM”). On December 30, 2013, the Company’s Parent converted to a single member limited liability company and changed its name from of Red Mango, Inc. to Red Mango, LLC. As part of this conversion, the members of RM contributed their interest to Brix Holdings, LLC (“BRIX” or the “Ultimate Parent”) through a deemed asset sale for federal tax purposes.

The Company is in the business of granting franchises for the establishment and operation of retail stores offering primarily authentic frozen yogurt, yogurt and non-yogurt based smoothie beverages, fruit-based “smoothie” beverages, fresh-squeezed fruit and vegetable juices, health foods, café items under the service mark “RED MANGO”.

RM licensed the trademarks and other intellectual property relating to the RED MANGO franchise system to the Company under a perpetual license agreement (the “License”). The License grants the Company the right to use this trademark and other intellectual property for licensing them to franchisees of the Company in the United States.

The table below reflects the status and changes in franchised outlets and licensed outlets for the years ended January 1, 2023, January 2, 2022 and December 27, 2020:

<b>Franchised Outlets</b>				
<u>Year</u>	<u>Start of Year</u>	<u>Opened</u>	Closed or Ceased Operations – <u>Other reasons</u>	<u>End of Year</u>
2020	77	6	8	75
2021	75	3	13	65
2022	65	1	9	57

<b>Licensed Outlets</b>				
<u>Year</u>	<u>Start of Year</u>	<u>Opened</u>	Closed or Ceased Operations – <u>Other reasons</u>	<u>End of Year</u>
2020	35	0	9	26
2021	26	0	6	20
2022	20	0	4	16

**Going Concern**

Management has evaluated our ability to continue as a going concern as of January 1, 2023. Due to the positive earnings and positive cash flows from our operations, we have concluded that there is not significant doubt about our ability to continue as a going concern.

## NOTES TO FINANCIAL STATEMENTS

**1. Organization and Operations (continued)****COVID-19**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption. While the disruption is expected to be temporary, there is considerable uncertainty around the duration. Though some of the restrictions were lifted in some states in March 2021, the extent to which the pandemic will impact our business remains highly uncertain if it continues for an extended period. Accordingly, the Company cannot reasonably determine the ultimate impact the COVID-19 pandemic will have on its future results of operations due to the continuing uncertainty surrounding the pandemic's magnitude and duration.

**2. Significant Accounting Policies****Basis of Accounting**

The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

**Accounting Period**

The Company maintains its records on a 52/53 week accounting cycle which ends on the Sunday closest to December 31. Fiscal years ended January 1, 2023 ("fiscal 2022"), January 2, 2022 ("fiscal 2021") and December 27, 2020 ("fiscal 2020") were comprised of 52, 53, and 52 weeks, respectively.

**Comparative Financial Statements**

Certain prior period amounts have been reclassified to conform to current year presentation.

**Use of Estimates**

The preparation of the financial statements and accompanying notes conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates are used for the following, among others: revenue recognition, allowance for doubtful accounts, and deferred costs. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

**Accounts Receivable, net**

The balance in accounts receivable consists of royalties and other fees due from franchisees, less an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts aged longer than thirty days are considered past due. No interest is charged on outstanding receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts.

**Gift Card Liability**

The Company authorizes the franchisees to sell gift cards. All proceeds from the sale of gift cards belong exclusively to the Company. The proceeds of such sale are remitted to the Company and a liability is established for the cash value of the gift card. The Company reimburses the franchisees the redeemed value of the gift cards accepted as payment for products sold at the franchise units and the Company's liability is reduced. Beginning January 1, 2023 the Company's ultimate parent, BRIX, assumed the management and processing of gift cards for the Company and its franchisees. The Company has not recognized any gift card breakage for the years ended January 1, 2023, January 2, 2022 and December 27, 2020.

## NOTES TO FINANCIAL STATEMENTS

**2. Significant Accounting Policies (continued)****Fair Value of Financial Instruments**

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables and trade payables. The carrying values of cash and cash equivalents, trade receivables and trade payables are considered to be representative of their respective fair values due to the short-term nature of these instruments.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

**Level 1:** Quoted market prices in active markets for identical assets and liabilities.

**Level 2:** Observable market-based inputs or unobservable inputs that are corroborated by market data.

**Level 3:** Unobservable inputs that are not corroborated by market data.

**Revenue Recognition**

The Company recognizes revenue in accordance with FASB ASC 606-10-25, *Revenue from Contracts with Customers*, which requires the entity to recognize revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a weekly basis based upon a percentage of franchisees gross sales. A franchise agreement establishes a store developed in one or multiple defined geographic area and provides for a 10-year initial term for traditional stores and 5-year initial term for non-traditional stores with the option to renew for two additional 5-year terms. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise to a new or existing franchisee, at which point a transfer fee is typically paid by either existing or new franchisee, and the existing franchise agreement is terminated. A new franchise agreement is signed with the new franchisee with no franchise fee required. The term of the new franchise agreement is typically the longer of the remaining existing term or 5 years. If a franchise agreement is terminated prior to its term without the consent of franchisor, it is a breach of contract and a penalty is assessed based on a formula reviewed and approved by management. Revenue generated from a contract breach is included in other revenues in the statements of operations.

The Company also entered into store development agreements with certain franchisees. A store development agreement establishes the number of multiple stores that must be developed in a defined geographic area and the deadlines by which these stores must open. The store development agreement can be terminated by the Company if, among other reasons, the store developer fails to open stores on schedule. The Company's franchisees execute a separate franchise agreement for each store opened.

Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as site selections, operational materials and functional training courses, and ongoing services, such as management of the brand development fund. These performance obligations are highly interrelated and we do not consider them to be individually distinct, and therefore account for them under Topic ASC 606 as a single performance obligation. Revenue related to franchise fees is recognized on a straight line basis over the contractual term of the franchise agreement. In the event a franchise agreement is terminated, any remaining deferred fees are recognized in the period of termination.

Royalties are charges to existing franchised stores based on a percentage of a franchised store's gross revenue. These fees are currently charged at 6% of stores gross revenue. The fees are recognized as earned.

## NOTES TO FINANCIAL STATEMENTS

**2. Significant Accounting Policies (continued)****Revenue Recognition (continued)**

Although brand development fund revenue is not a separate performance obligations distinct from the underlying franchise right, the Company acts as the principal as it is primarily responsible for the fulfillment and control of the marketing services. As a result, the Company records brand development fund contributions in revenue and related marketing fund expenditures in expenses in the statements of operations. Brand development fund revenue is contributed by franchisees based on up to three percent of traditional stores' gross revenue and up to one percent of non-traditional stores' gross revenue. This revenue is recognized as earned.

Other revenue includes technical services fees to cover the Company's IT costs, termination fee, and other fee revenue and is recognized as earned.

**Advertising Costs**

All costs associated with advertising and marketing are expensed in the period incurred. Company advertising costs are included in "Advertising and marketing." The Company's advertising expenses for the years ended January 1, 2023, January 2, 2022, and December 27, 2020 were \$1,130, \$8,274, and \$9,641, respectively. Advertising costs associated with the franchise stores are included in "Brand development fund expense" in the statements of operations.

**Income Taxes**

The Company is a single member LLC and, as such, is treated as a division of its ultimate parent, BRIX, for federal income tax purposes. Because of its status, the Company is disregarded as a separate entity for income tax purposes, therefore the Company itself does not file an income tax return separate and apart from its ultimate parent, BRIX. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

**Recent Accounting Pronouncements**

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company is currently evaluating the impact of adopting ASU No. 2016-13 on its financial statements.

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

**3. Certain Significant Risks and Uncertainties**

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The Company maintains its deposits with one financial institution.



## NOTES TO FINANCIAL STATEMENTS

**4. Revenue Recognition****Disaggregation of Revenue**

The following table disaggregates revenue by source for the year ended January 1, 2023:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Net Revenues</u>
Franchise fee revenue	\$ -	\$ 325,041	\$ 325,041
Royalties	-	856,411	856,411
Brand development fund revenue	-	234,849	234,849
Other revenue	69,178	-	69,178
Total revenues	<u>\$ 69,178</u>	<u>\$ 1,416,301</u>	<u>\$ 1,485,479</u>

The following table disaggregates revenue by source for the year ended January 2, 2022:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Net Revenues</u>
Franchise fees revenue	\$ -	\$ 211,799	\$ 211,799
Royalties	-	827,292	827,292
Brand development fund revenue	-	262,591	262,591
Other revenue	29,335	-	29,335
Total revenues	<u>\$ 29,335</u>	<u>\$ 1,301,682</u>	<u>\$ 1,331,017</u>

The following table disaggregates revenue by source for the year ended December 27, 2020:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Net Revenues</u>
Franchise fees revenue	\$ -	\$ 427,741	\$ 427,741
Royalties	-	658,780	658,780
Brand development fund revenue	-	218,007	218,007
Other revenue	62,583	-	62,583
Total revenues	<u>\$ 62,583</u>	<u>\$ 1,304,528</u>	<u>\$ 1,367,111</u>

**Contract Assets**

Contract assets consist of unbilled revenue. Unbilled revenue consists of initial franchise fees earned from its customers for which a billing has not occurred.

**Contract Costs**

Contract costs consist of deferred costs resulting from commissions incurred when the franchise rights are sold to franchisees. The Company classifies the contract assets as deferred costs on the balance sheets. The following table reflects the change in contract assets from December 27, 2020 through January 1, 2023:

	<u>Contract Costs</u>
Balance at December 27, 2020	\$ 30,151
Expense recognized during the year	(8,605)
New deferrals	-
Balance at January 2, 2022	<u>\$ 21,547</u>
Expense recognized during the year	(12,733)
New deferrals	-
Balance at January 1, 2023	<u>\$ 8,814</u>

## NOTES TO FINANCIAL STATEMENTS

**4. Revenue Recognition (continued)****Contract Costs (continued)**

The following table illustrates estimated expenses expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of January 1, 2023:

Fiscal 2023	\$	1,891
Fiscal 2024		1,385
Fiscal 2025		1,077
Fiscal 2026		1,086
Fiscal 2027		1,298
Thereafter		2,077
Total	<u>\$</u>	<u>8,814</u>

**Contract Liabilities**

Contract liabilities consist of deferred revenue resulting from initial franchise fees and transfer fees paid by franchisees, which are recognized on a straight-line basis over the term of the franchise agreements. The Company classifies the contract liabilities as deferred revenue on the balance sheets. The following table reflects the change in contract liabilities from December 27, 2020 through January 1, 2023:

	<u>Contract Liabilities</u>
Balance at December 27, 2020	\$ 728,759
Revenue recognized during the year	(211,799)
New deferrals	37,250
Balance at January 2, 2022	<u>\$ 554,210</u>
Revenue recognized during the year	(325,041)
New deferrals	31,970
Balance at January 1, 2023	<u>\$ 261,139</u>

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of January 1, 2023:

Fiscal 2023	\$	52,289
Fiscal 2024		43,249
Fiscal 2025		36,848
Fiscal 2026		32,248
Fiscal 2027		29,264
Thereafter		67,241
Total	<u>\$</u>	<u>261,139</u>

**5. Accounts Receivable**

Accounts receivable consisted of the following:

	<u>January 1, 2023</u>	<u>January 2, 2022</u>
Accounts receivable	\$ 71,956	\$ 143,615
Less: allowance for doubtful accounts	(37,729)	(78,372)
Accounts receivable, net	<u>\$ 34,227</u>	<u>\$ 65,243</u>

For the fiscal years 2022, 2021 and 2020, bad debt expense related to accounts receivable was \$39,061, \$0, and \$(3,686), respectively.

## NOTES TO FINANCIAL STATEMENTS

**5. Accounts Receivable (continued)**

The allowance for doubtful accounts activity was as follows:

	<b>Fiscal 2022</b>	Fiscal 2021
Balance at beginning of year	\$ 78,372	\$ 78,372
Provision for doubtful accounts	39,061	-
Write-offs, net of recoveries	(79,704)	-
Balance at end of year	<u>\$ 37,729</u>	<u>\$ 78,372</u>

**6. Income Taxes**

The Company is a single member LLC and, as such, is treated as a division of its ultimate parent, BRIX, for federal income tax purposes. Because of its status, the Company is disregarded as a separate entity for income tax purposes, therefore the Company itself does not file an income tax return separate and apart from its ultimate parent, BRIX.

The Company's ultimate parent, BRIX files income tax returns in the U.S. federal jurisdiction and the states in which it operates. The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2019.

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at January 1, 2023 and January 2, 2022.

**7. Related Party Transactions****Transactions with Ultimate Parent**

For the fiscal years 2022, 2021, and 2020, BRIX, allocated a portion of its monthly expense for personnel and other general and administrative costs to the Company, these costs are included in personnel costs and other general and administrative expenses, respectively, in the statements of operations.

**Transactions with Parent**

The Company and its Parent frequently advance funds and pay expenses on behalf of one another for payment of general and administrative expenses. On January 1, 2023, the Company converted \$5,377,334 of its outstanding balance due from Parent to a distribution to member. As of January 1, 2023 and January 2, 2022, the Company had an amount due from its Parent of \$0 and \$6,829,964, respectively.

**8. Commitments and Contingencies****Litigation**

The Company is party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of the management, all matters are of such nature, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTES TO FINANCIAL STATEMENTS

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**9. Subsequent Events**

The Company has evaluated subsequent events through April 21, 2023 the date the financial statements were available to be issued.

**EXHIBIT F**  
**LIST OF CURRENT AND FORMER FRANCHISEES**

**LIST OF FRANCHISED STORES OPEN  
AS OF JANUARY 1, 2023**

Store #	Franchisee	Franchise Contact	Street Address	City	ST	Zip	Phone
0366	Fresh Dining Concepts LLC*	Luis Miguel	845 N. Michigan Ave., Space 8000	Chicago	IL	60611	786.369.0471
0642	YOGESH Inc.	Sweetie Sureshkumar Patel	Millennium Park, 151 E Randolph Street, Unit C- 48	Chicago	IL	60601	312.448.8084
0600	Chicago Dreamers LLC	Khalid Syed	6170 West Grand Ave.	Gurnee	IL	60031	773.990.0310
0303	HEERPAL, Inc.	Sweetie Patel	81 South La Grange Road	La Grange	IL	60525	312.860.5502
0116	Healthy Yogurt Naperville Inc.	Rahat Bari & Iqbal Anwar	111 West Jackson Avenue	Naperville	IL	60540	630.263.1553
0291	Fresh Dining Concepts LLC*	Luis Miguel	2171 Northbrook Court, Space 1286	Northbrook	IL	60062	786.369.0471
0742 (formerly 0361)	Brooks Retail LLC	Malav K. Patel, Shivani M. Salwani, Vraj B. Patel	233 Town Square	Wheaton	IL	60189	224.633.6664
0686	Mustafa Musleh	Mustafa Musleh	Beacon Hill 19, 10647 Broadway	Crown Point	IN	46307	219.844.2860
0358	Miranda Yogurt, LLC	Edgar Miranda	10351 Indianapolis Blvd., Ste. A	Highland	IN	46322	219.513.8017
0155	Purdue Mango, LLC	Dal Kwon	102 N. Chauncy Avenue, Ste. B	West Lafayette	IN	47906	765.743.3300
0290	Chong Yun	Chong Yun	2030 North Dixie Hwy.	Elizabethtown	KY	42701	270.737.0010
0625	Bull City Mango, LLC*	Steven Mosh	Wilson Recreation Center, 330 Towerview Road	Durham	NC	27708	336.554.1842
0725	RM Craving LLC	Rameshbhai Prahadbhai Patel	American Dream Mall, Tenant Space No. A-188, 300 Paterson Plank Road East	East Rutherford	NJ	07073	917.363.6421 516.777.0767
0466	Sebastian Gurbuz	Sebastian Gurbuz	725 River Rd., Unit 11	Edgewater	NJ	07020	917.574.8091
0732	Bolla Operating Corp.*	Michael Lewis	60 Riverview Drive	Wayne	NJ	07470	516.240.8671
0567	Vicki Richardson	Vicki Richardson	5757 Wayne Newton Blvd	Las Vegas	NV	89119	702.324.8901
0197	Fresh Dining Concepts LLC*	Luis Miguel	3667 Las Vegas Boulevard South, Space #1-H-094	Las Vegas	NV	89109	786.369.0471
0704	KEO, LLC	Kathleen Ochs	Inside Harrah's Casino, 2900 S. Casino Drive	Laughlin	NV	89029	702.208.7289

Store #	Franchisee	Franchise Contact	Street Address	City	ST	Zip	Phone
0722	O.N.E. Holdings, LLC	Kathleen Ochs	Riverside Casino & Resort, 1650 S. Casino Dr.	Laughlin	NV	89029	702.208.7289
0701	Bhelle Daily Scoops Corp.	Belinda Poblete	300 So. Main Street	New City	NY	10956	845.712.5330
0713	Bolla Operating Corp.*	Michael Lewis	1200 Rt 109	Lindenhurst	NY	11757	516.240.8671
0183	Triple Z Brothers LLC	Lei Zhu, Kongmeng Zhou, Dong Zhang	61-47 188 <sup>th</sup> Street	Fresh Meadows	NY	11365	347.257.0893
0714	Bolla Operating Corp.*	Michael Lewis	620 Old Country Road	Hicksville	NY	11801	516.240.8671
0715	Bolla Operating Corp.*	Michael Lewis	2816 Atlantic Avenue	Brooklyn	NY	11207	516.240.8671
0718	Bolla Operating Corp.*	Michael Lewis	1680 Richmond Ave	Staten Island	NY	10314-1529	516.240.8671
0719	Bolla Operating Corp.*	Michael Lewis	2115 Linden Blvd	Elmont	NY	11207	516.240.8671
0720	Bolla Operating Corp.*	Michael Lewis	2771 Rt 112	Medford	NY	11763	516.240.8671
0721	Bolla Operating Corp.*	Michael Lewis	260-01 Horace Harding Expressway	Little Neck	NY	11362	516.240.8671
0724	Bolla Operating Corp.*	Michael Lewis	1340 Motor Parkway	Islandia	NY	11749	516.240.8671
0723	Bolla Operating Corp.*	Michael Lewis	791 Stewart Avenue	Garden City	NY	11530	516.240.8671
0726	Bolla Operating Corp.*	Michael Lewis	1201 Sunrise Highway	Copiague	NY	11726	516.240.8671
0729	Bolla Operating Corp.*	Michael Lewis	3003 Coney Island Ave.	Brooklyn	NY	11235	516.240.8671
0728	Bolla Operating Corp.*	Michael Lewis	2 Montauk Highway	Lindenhurst	NY	11757	516.240.8671
0734	Bolla Operating Corp.*	Michael Lewis	101 Hempstead Turnpike	West Hempstead	NY	11552	516.240.8671
0323	J&C Yogurt, Inc.	Jian Jin Yang	42-23 Bell Blvd.	Bayside	NY	11361	718.352.5000
0459	Mangolicious, LTD*	Meir Babaev	107-40 Queens Blvd.	Forest Hills	NY	11375	347.644.5289
0539	Christopher Cianciulli	Christopher Cianciulli	721 Franklin Ave.	Franklin Square	NY	11010	516.792.6246
0336	Bhavya Patel	Bhavya Patel	630 Old Country Rd.	Garden City	NY	11530	516.877.5009
0311	Sebastian Hifzi Gurbuz	Sebastian Hifzi Gurbuz	111 Fulton St.	Manhattan	NY	10038	212.321.3210
0740 (formerly)	Atlas Premier Inc.	Sebastian Gurbuz	1526 Union Turnpike	New Hyde Park	NY	11040	917.574.8091

Store #	Franchisee	Franchise Contact	Street Address	City	ST	Zip	Phone
0343)							
0535	Randhawa & Sons, Inc.	Baldey Randhawa	New Rochelle Shell Gas Station 400 Pelham Rd.	New Rochelle	NY	10805	914.738.0020
0484	Anda Cafe USA, LLC	Alexander Lang Chih Chen	61-15 Springfield Blvd.	Oakland Gardens	NY	11364	646.525.1432
0736	Bolla Operating Corp.*	Michael Lewis	141-50 Union Turnpike	Flushing	NY	11367	516.240.8671
0737	Bolla Operating Corp.*	Michael Lewis	4030 Merrick Road	Seaford	NY	11783	516.240.8671
0733	Bolla Operating Corp.*	Michael Lewis	809 Stewart Ave	Garden City	NY	11530	516.240.8671
0793	Rego Man LLC	Yuriv Mava	61-01 Junction Blvd., Suite 113	Rego Park	NY	11374	917.528.3110
7152	Prisco LLC	Jesus Diaz, Carmen Martin	Plaza Carolina Mall, Space VC11, Avenida Jesus M. Fragoso	Carolina	PR	00983	787.620.0670
7147	Jose Antonio Perez Colon	Jose Antonio Perez Colon	Perez Herranos Plaza Carr, 1 Km 56.2 Ctr. Com Perez H.	Cayey	PR	00736	787.981.3030
7151	Prisco LLC	Jesus Diaz, Carmen Martin	1104 Avenida Magdalena, Local 1	Condado, Santurce	PR	00907	787.620.0670
7148	NAMM LLC	Norberto Gonzalez Perez	917 Ave Tito Castro	Ponce	PR	00716	787.391.8000
7119	Good For You, Inc.*	Mario Alveria Dominguez	Calle #1 Esquina San Francisco Sein	San Juan	PR	00926	787.460.8498
7155	CWC Development, Inc.	Jose Vazquez Barquet	Monte Real Shopping Center, Suite 8-B, State Road, PR2, km 45.6	Manati	PR	00674	787.717.6097
0670	4th Street Sweets, Inc.	Kim Tauch	124 East 4th Street	Fort Worth	TX	76102	214.641.1804
0741 (formerly 0668)	Lacy & Star LLC.	Chris Lacy	1201 State Street, Suite 400	Richardson	TX	75082	214.669.1333
0712	Ridley's Family Markets, Inc.	Mark Ridley	51 West Main St	Midway	UT	84049	208.324.4633
0708	WPC Investment LLC	Wayne Cumberbatch	2229 Diloreta Drive	Woodbridge	VA	22191	246.232.1317
0738	Ridley's Family Markets, Inc.	Mark Ridley	3112 Grand Avenue.	Laramie	WY	82070	208.308.4633

\*Area Developer

\*\*Store in process of being relocated



**LIST OF FRANCHISEES WITH SIGNED FRANCHISE AGREEMENT  
BUT STORE NOT OPEN AS OF JANUARY 1, 2023**

Store #	Franchisee	Franchise Contact	Street Address	City	ST	Zip	Phone
0687	Sweety Patel	Sweety Patel	333 E. Beton Place, Suite 107	Chicago	IL	60601	312.448.8084
0730	Bolla Operating Corp.*	Michael Lewis	809 Stewart Ave	Garden City	NY	11530	516.240.8671
0731	WPC Investments LLC	Wayne Cumberbatch	2229 Diloreta Dr	Woodbridge	VA	22191	246.232.1317
0735	Bolla Operating Corp.*	Michael Lewis	809 Stewart Ave	Garden City	NY	11530	516.240.8671

\*Area Developer

**LIST OF FRANCHISEES WHO LEFT THE SYSTEM  
AS OF JANUARY 1, 2023**

**Transferred:**

Store #	Franchisee	City	ST	Telephone or E-mail Address
0361 (new store number 0742)	Surella, LLC (Veronica White and Sierra White)	Wheaton	IL	773-908-4407
0343 (new store number 0793)**	Blue Ocean Trading Corporation (Tiffany Cheng and Samuel Cheng)	New Hyde Park	NY	516.216.5532
0668 (new store number 0741)	Goin Goodies, Inc. (Clint Goins)	Richardson	TX	817.939.2967

\*Franchisee continues to operate a Store in the System.

\*\*Franchisee had abandoned location in 2022 and existing Red Mango franchisee contracted with landlord and Red Mango to reopen in 2022.

**Terminated or Non-Renewal:**

Store #	Franchisee	City	ST	Telephone or E-mail Address
0216	Yeong Roh & Yun Roh	Emeryville	CA	415-812-1273
0518	Aries Management, LLC (Aman Dasson and Samir Shah)	Fort Wayne	IN	260-739-3384
0522	RM SP LLC (Scott McKenzie)	South Portland	ME	207-272-8371
0229	MYCORPER Inc. (Jose Antonio Correa Coronel)	Omaha	NE	402.889.9671
0472	Bolla Operating Corp. (Michael Lewis)*	Mahwah	NJ	516.240.8671
0727	Mahyan-Menlo LLC (Tushar Patel)	Edison	NJ	732.318.7034
0559	Bukhari Management LLC (Nafees Bukhari)	Brooklyn	NY	347.885.4287
7154	Andremer Co., Inc. (Jose Vazquez Barquet)*	San Juan	PR	787.717.6097
0698	Quarterbond Business Operation LLC (Jonathan Wang Fangquing Shi)	Frisco	TX	214.316.2256

\*Franchisee continues to operate a Store in the System.

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

**EXHIBIT G**  
**LIST OF STATE ADMINISTRATORS  
AND AGENTS FOR SERVICE OF PROCESS**

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

<b>State</b>	<b>State Administrator</b>	<b>Agent For Service Of Process</b>
<b>CALIFORNIA</b>	Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677	Commissioner of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, California 90013-2344
<b>HAWAII</b>	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	
<b>ILLINOIS</b>	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
<b>INDIANA</b>	Securities Commissioner Indiana Securities Division 302 West Washington St., Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204
<b>MARYLAND</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021
<b>MICHIGAN</b>	Michigan Department of Attorney General Consumer Protection Division, Franchise Unit 525 West Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor PO Box 30212 Lansing, Michigan 48909 (517) 335-7622	Michigan Department of Labor & Economic Growth Commercial Services & Corporations Bureau 611 West Ottawa Street Lansing, Michigan 48933
<b>MINNESOTA</b>	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198
<b>NEW YORK</b>	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Fl New York, New York 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231
<b>NORTH DAKOTA</b>	North Dakota Securities Department 600 East Blvd. Ave., Fifth Floor Dept. 414 Bismarck, North Dakota 58505 (701) 328-4712	
<b>RHODE ISLAND</b>	Securities Division Department of Business Regulation 1511 Pontiac Avenue, Building 68-2 Cranston, Rhode Island 02920 (401) 462-9527	

State	State Administrator	Agent For Service Of Process
<b>SOUTH DAKOTA</b>	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	
<b>VIRGINIA</b>	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, Virginia 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, Virginia 23219
<b>WASHINGTON</b>	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501
<b>WISCONSIN</b>	Franchise Administrator Division of Securities Department of Financial Institutions 345 West Washington Avenue Madison, Wisconsin 53703 (608) 266-8557	Administrator, Division of Securities Department of Financial Institutions 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703

**EXHIBIT H**  
**STATE EFFECTIVE DATES PAGE**

**RED MANGO FC LLC**  
**STATE EFFECTIVE DATES**

The following states have franchise laws that require that 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>
Illinois	Pending
Indiana	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Virginia	Pending
Wisconsin	Pending

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

**EXHIBIT I**  
**RECEIPTS**  
**Receipt**

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

If Red Mango FC, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 Business 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 and New York requires us to provide you the disclosure document at the earlier of the first personal meeting or 10 Business 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. If Red Mango FC, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit G to this Disclosure Document).

The franchisor is Red Mango FC, LLC, a Texas limited liability company, 14860 Montfort Drive, Suite 150 PMB 34, Dallas, TX 75254. Its telephone number is (214) 302-5910.

Issuance Date: April 28, 2023

The franchise seller for this offering is (please complete):

Check All that Applies	Name	Principal Business Address	Telephone Number
	Sherif Mityas	14860 Montfort Drive, Suite 150 PMB 34, Dallas, TX 75254	214-302-5932
	Robert DiBartolomeo	8107 Longmeadow Lane, Tallahassee, Florida 32312	850.668.1010

I received a disclosure document with an issuance date of April 28,2023, (or the date reflected on the State Effective Dates page) that included the following Exhibits:

State Specific Addenda

- |           |  |           |  |
|-----------|--|-----------|--|
| Exhibit A | Franchise Agreement and State-Specific Addenda         | Exhibit F | List of Current and Former Franchisees                         |
| Exhibit B | Store Development Agreement and State-Specific Addenda | Exhibit G | List of State Administrators and Agents for Service of Process |
| Exhibit C | General Release (Sample Form Only)                     | Exhibit H | State Effective Dates Page                                     |
| Exhibit D | Table of Contents of Confidential Operations Manual    | Exhibit I | Receipts   |
| Exhibit E | Financial Statements                                   |           |  |

**Dated:** \_\_\_\_\_

\_\_\_\_\_  
**PRINTED NAME**

\_\_\_\_\_  
**SIGNED, Individually and as an Officer OF**  
 \_\_\_\_\_(A CORPORATION)  
 \_\_\_\_\_(A PARTNERSHIP)  
 \_\_\_\_\_(A LIMITED LIABILITY COMPANY)

**[KEEP THIS PAGE FOR YOUR RECORDS]**

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| Exhibit E | Financial Statements                                   |           |  |

**Dated:** \_\_\_\_\_

\_\_\_\_\_  
**PRINTED NAME**

\_\_\_\_\_  
**SIGNED, Individually and as an Officer OF**  
\_\_\_\_\_  
**(A CORPORATION)**  
\_\_\_\_\_  
**(A PARTNERSHIP)**  
\_\_\_\_\_  
**(A LIMITED LIABILITY COMPANY)**

**[RETURN THIS COMPLETED FORM TO RED MANGO FC, LLC]**