

FRANCHISE DISCLOSURE DOCUMENT

Pandora Franchising, LLC
A Maryland Limited Liability Company
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www.pandora.net



We are not granting new Initial Terms in franchise agreements to any party within the continental United States at this time; however we reserve the right to resume granting new franchises at any time. If granted, the franchise offered is for the operation of a PANDORA® retail store that will have a dedicated front façade or dedicated entrance like a traditional retail store setting and include one or more display windows which will sell a collection of unique lines of PANDORA® custom jewelry (“Store”).

The total investment necessary to begin operation of a PANDORA Store is \$1,330,000 to \$2,116,000. This includes \$809,000 to \$1,026,000 that must be paid to the franchisor or an affiliate.

If we elect to grant you the right to a successor franchise upon expiration of your franchise agreement, you will be required to bring your Store up to our current standards. We currently have two standards for Stores; the “Evolution Standard” and the “Evoke 2.0 Standard.” The total investment necessary to bring a PANDORA Store up to the Evolution Standard is approximately \$219,000 to \$526,000. This includes \$71,000 to \$135,000 that must be paid to the franchisor or an affiliate. The total investment necessary to bring a PANDORA Store up to the Evoke 2.0 Standard is approximately \$879,000 to \$1,388,000. This includes \$459,000 to \$526,000 that must be paid to the franchisor or an affiliate. Whether you are required to update your Store to the Evolution Standard or the Evoke 2.0 Standard is in our sole discretion based upon a number of variables including, but not limited to, the age and location your Store.

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

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

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 Sabri Latrech, Vice President, Real Estate and Franchise, at salat@pandora.net or (410) 309-0200.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this Disclosure Document is available from the

Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information on franchising.

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

Issuance Date: May 30, 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
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Pandora business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Pandora franchisee?	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Maryland. 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 Maryland 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.

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from

exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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

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ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us,” or “our” means Pandora Franchising, LLC, the franchisor. “You” means the person who buys the franchise. If the franchisee is a corporation, partnership or other entity, “you” also may mean its owners. Certain provisions of the franchise agreement will apply to your owners and will be noted in this Disclosure Document.

The Franchisor

We are a Maryland limited liability company that was formed on October 2, 2009. Our business address is 250 West Pratt Street, 17th Floor, Baltimore, Maryland 21201; telephone (410) 309-0200; website: www.pandora.net. We do business under our corporate name and “PANDORA.” Our agents for service of process are disclosed in Exhibit A. We have not operated PANDORA stores, although an affiliate of ours operates PANDORA stores. We have offered PANDORA franchises since January 2010. We do not have other business activities and we have not offered franchises in other lines of business.

Parents, Predecessors and Affiliates

We have no predecessors. Except as noted below, we have no parents or affiliates.

We have three parent companies, PJ, PJI and PJA, as described below. We are wholly-owned by Pandora Jewelry, LLC (“PJ”). PJ is a Maryland limited liability company with the same principal business address as ours. PJ is wholly-owned by Pandora Jewelry, Inc. (“PJI”), a Maryland corporation formed in June 2008, an entity that, in turn, is wholly-owned by Pandora A/S (DK), a Denmark corporation (“PJA”). PJA’s principal business address is 17-19 Havneholmen, Copenhagen, Capital Region, 1561, Denmark.

None of our parent companies have offered franchises in any line of business. However, from 2007 through 2009, PJ offered licenses allowing retailers—some of whom operated as PANDORA-branded retailers—the right to carry all or a portion of the PANDORA product line. PJ distributes Pandora jewelry and merchandise through other non-franchise business models such as multi-brand stores and department stores. In 2010, PJ ceased offering license agreements and assigned its license agreements to us. All of these licenses have expired or were converted to franchise agreements.

We have five affiliates. The first is Pandora Ventures, LLC (“Pandora Ventures”), a Maryland limited liability company with the same principal address as ours. It was formed on September 9, 2011 to own and operate Pandora stores. Pandora Ventures is wholly-owned by PJ. As of December 31, 2022, Pandora Ventures operated 270 Pandora stores in the U.S.

The second affiliate is Pandora Franchise Canada Limited (“Pandora Canada”), a Canadian corporation formed under the federal laws of the Canada Business Corporations Act on February 4, 2014. Its principal business address is Suite 6000, 1 First Canadian Place, 100 King St. W, Toronto, ON M5X 1E2 Canada. Pandora Canada is a wholly-owned subsidiary of Pandora Jewelry, Ltd. (“Pandora Ltd.”), a Canadian corporation formed on January 19, 2007. Pandora

Ltd., in turn, is a wholly-owned subsidiary of our parent, PJA. Pandora Canada began offering and selling in Canada franchises of the type described in this Disclosure Document in approximately February 2011. Pandora Canada has not operated PANDORA stores and has not offered franchises in other lines of business.

The third affiliate is Pandora Retail Canada, Ltd. (“**PRC**”), a Canadian corporation. It is a wholly-owned subsidiary of Pandora Jewelry Ltd. and its principal business address is Suite 6000, 1 First Canadian Place, 100 King St. W, Toronto, ON M5X 1E2 Canada and opened its first Pandora store in Canada in May of 2014. It does not offer franchises in any line of business.

The fourth affiliate is Pandora Ecomm, LLC (“**Pandora Ecomm**”), a Maryland limited liability company formed on August 21, 2014. Its principal business address is the same as ours. Pandora Ecomm was formed to sell PANDORA jewelry online directly to consumers. It does not offer franchises in any line of business.

The fifth affiliate is Pandora Jewelry LATAM, LLC, a Maryland limited liability company formed on October 21, 2020. Its principal business address is the same as ours. It does not offer franchises in any line of business.

Our Business

The franchise being offered in this FDD is to franchisees who have one or more Stores that are currently open and operating pursuant to valid Franchise Agreements that include conditional options to Successor Terms and who meet the criteria to Pandora's satisfaction as set forth in the Franchise Agreements. Not all Franchise Agreements include conditional options to a Successor Term. We are not granting franchises to anyone who is not currently a franchisee; however we reserve the right to resume granting franchises to franchisees who are not currently Pandora franchisees at any time. We have not operated businesses of the type being franchised, or in any other line of business.

The franchise granted to you is the right to own and operate a retail PANDORA Store under the terms of the standard PANDORA Franchise Agreement (“**Franchise Agreement**”). A copy of the Franchise Agreement is included in this Disclosure Document as Exhibit C.

All of the jewelry and other merchandise that you offer for sale in your PANDORA Store must be purchased from us.

The Market and Competition

The target market for PANDORA Store customers are consumers who purchase jewelry, particularly women aged 18 and over. With PANDORA jewelry currently sold in 2,700 retail locations in North America, there is consumer awareness of the PANDORA brand. We believe that the market for PANDORA jewelry and, specifically, modifiable charm bracelets, is still developing.

You will compete with large and small jewelry stores, boutique and department stores, including non-franchised stores that offer PANDORA jewelry. You will also compete with full price and outlet Pandora stores owned and operated by our affiliate, Pandora Ventures. In addition, in 2015, our affiliate, Pandora Ecomm, began selling PANDORA jewelry online directly to consumers,

which may compete with your Store. You will compete with a variety of stores and manufacturers that offer and sell modifiable charm bracelets similar to PANDORA jewelry offered from your Store. The market and competition generally are competitive and may vary from one geographic area to another.

Regulations

There are regulations that govern the advertisement of certain types of metal jewelry and precious stones. Your PANDORA Store will be subject to these laws and regulations affecting advertising that you might promote that are not part of our system-wide promotions. You should be aware of these laws to ensure compliance. Other laws that apply are related to businesses generally. These laws include tax regulations, labor laws, business licensing requirements, and laws relating to building construction, such as the Americans With Disabilities Act. It is solely your responsibility to obtain and keep in force all necessary licenses and permits required by public authorities. You will be required to comply with all local, state and federal laws that apply to the operation of your Store. We urge you to make further inquiries about all of these laws. You must also comply with payment card industry (PCI) data security standards.

ITEM 2 BUSINESS EXPERIENCE

General Manager – Luciano Rodembusch

Mr. Rodembusch has served as the General Manager for North America since July 2021. Mr. Rodembusch has had an extensive career in sales and retail. Prior to joining Pandora, he spent over ten years at Tiffany & Co. in various Vice President and Senior Vice President roles in North America, South America and Asia. Mr. Rodembusch has also served in key roles for Diageo, Bristol-Myers Squibb, and Proctor & Gamble.

General Counsel – Matthew Scott

Mr. Scott has served as our General Counsel since July 2011.

Vice President of Sales, United States – Detria Courtalis

Ms. Courtalis has served as PJ's Vice President of Sales since January 6, 2020. Prior to that, she was PJ's Director of Sales (East) since January 2015.

Vice President, Real Estate and Franchise – Sabri Latrech

Mr. Latrech has served as Vice President of Real Estate and Franchise since July 2021. Prior to joining Pandora, Mr. Latrech worked for H&M department stores for over 23 years. In his last role at H&M, he served as Vice President of Real Estate for various regions in North America.

ITEM 3 LITIGATION

Pending Actions

Mohinani Group, S.A., MA Group, S.A., Mulzek Investment, S.A., and Mohinani Group Guatemala, S.A., v. Pandora Franchising, LLC and Pandora Jewelry LATAM, LLC, Case No. 1:22-cv-01758-CCB (US District Court for District of Maryland, filed July 18, 2022). Mohinani Group, S.A., MA Group, S.A., Mulzek Investment, S.A., and Mohinani Group Guatemala, S.A. (collectively “Mohinani Group”) each entered into franchise agreements with us or our Affiliate to open and operate PANDORA Stores located in Panama, Guatemala, and Uruguay. Following Mohinani Group’s various breaches of each of the franchise agreements, including breaches resulting from Mohinani Group’s principal’s misconduct, and failure to cure such breaches, our Affiliate Pandora Jewelry LATAM, LLC (“PJ LATAM”) terminated all of Mohinani Group’s franchise agreements. Mohinani Group filed an action against us and PJ LATAM for breach of contract (covenant of good faith and fair dealing), intentional interference with prospective economic advantage, intentional interference with contract relations, unjust enrichment, and unfair competition based on PJ LATAM’s termination of all of Mohinani Group’s franchise agreements Mohinani Group has sought: (i) damages in an amount of \$42,000,000, (ii) injunctive relief to enjoin alleged unfair business acts and practices and unfair competition, (iii) disgorgement of unjust enrichment and restitution amounts, (iv) attorney’s fees and costs, (v) declaratory judgment that the franchise agreements have not been terminated, (vi) declaratory judgment that PJ LATAM’s notices of default were not proper notice and notice of termination was ineffective, (vii) declaratory judgment that Mohinani Group’s failure to open a PANDORA Stores located in Panama was not a default of the applicable franchise agreement, (viii) declaratory judgment relating to Pandora’s expending the marketing fund, and (ix) punitive damages. We deny all of Mohinani Group’s allegations. On September 9, 2022, we filed a motion to compel arbitration with respect to all of the claims filed by the Mohinani Group in the litigation. We also sought an order requiring the Mohinani Group to reimburse us and PJ LATAM for attorneys’ fees and costs based on their failure to follow the contractual dispute resolution procedures set forth in the various franchise agreements. As of the date of this disclosure document, the motion to compel is under advisement. On February 10, 2023, a court in Panama found one of Mohinani Group’s principals guilty of domestic violence and sentenced him to 5 years in prison.

Concluded Actions

Kingdom Retail Group, LLLP v. Pandora Franchising, LLC, Case No. 14-CV-0694 (Thomas County Superior Court, Georgia, filed July 15, 2014). Kingdom Retail Group, LLLP (“Kingdom”) was negotiating with a Pandora franchisee to purchase 27 of its Pandora jewelry stores. We maintained that we did not consent to the transfer. Our affiliate, Pandora Ventures, entered into a purchase agreement to buy the 27 Pandora jewelry stores, and the purchase was finalized on September 22, 2014. Kingdom claimed tortious interference, fraud, negligent misrepresentation, defamation, promissory estoppel and equitable estoppel. It sought damages in an amount no less than \$30,000,000, punitive damages and costs and attorneys’ fees. We denied the allegations. On September 28, 2017, the parties entered into a Settlement and Release Agreement under which PFL agreed to pay Kingdom \$1,850,000 in exchange for a full release of claims and dismissal of the suit.

Maurice's Jeweler's II, Inc. v. Pandora Jewelry, LLC ("PJL") and Pandora Franchising, LLC ("PFL") Case. No. 16-027640 (Circuit Court, Eleventh Judicial Circuit, Miami-Dade County, Florida, filed October 25, 2016, removed on December 7, 2016, to the United States District Court for the Southern District of Florida, Case No. 1:16-cv-25079-FAM). Plaintiff Maurice's Jewelers II, Inc. ("Maurice's") distributed Pandora-branded merchandise at a non-Pandora branded store at Dolphin Mall in Miami, Florida. Maurice's and PJL had entered into a "Master Purchase Authorization" Agreement ("MPA") which was terminated by PJL on October 3, 2016. Maurice's filed suit alleging that (a) PFL and PJL violated the Florida Deceptive and Unfair Trade Practices Act by failing to provide Maurice's with a Franchise Disclosure Document at least ten (10) days prior to the execution of the MPA; (b) promissory estoppel against PJ based on certain promises Maurice's claims PJ made regarding the sale of Pandora-branded products at its Dolphin Mall store and its reliance on those promises; (c) PFL and PJ violated the Florida Franchise Act ("FFA") by making certain representations to Maurice's regarding future profitability of the Dolphin Mall Store; and (d) PJL breached a contract by refusing to sell certain Pandora product lines to Maurice's. Maurice's seeks unspecified damages. PJL filed a motion to dismiss Maurice's complaint. Maurice's Jeweler's II, Inc. has no relationship with PFL. On December 22, 2017, the parties entered into a settlement agreement to resolve the litigation. Under the settlement agreement, PJL rescinded its termination of Maurice's right to distribute PANDORA products at the Dolphin Mall store, upgraded the account to a Gold level dealer, extended the term of the MPA for the remaining term of the Dolphin Mall store lease and provided \$125,000 in merchandise credits. In exchange, Maurice agreed to purchase agreed to amounts of product from PJL during the term, provide to PJL electronic data relating to its sales of Pandora product, and to alter the naming of its store so as not to combine the names "Pandora" and "Maurice's Jewelers" and to dismiss the case.

Except for the actions disclosed above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

You do not currently pay us any initial franchise fee. However, you must purchase your entire inventory of jewelry from us. The initial inventory will cost between \$350,000 and \$500,000, depending on both assortment and anticipated sales volume of the Store. In very limited situations, we may finance the initial inventory up to 12 months (generally 30 to 90 days). Subject to applicable law, upon termination or expiration of the Franchise Agreement, we have the option to repurchase from you, but are not contractually required to do so, all unsold inventory items at a price equal to the dollar amount paid by you to acquire such items. If we elect not to repurchase your unsold inventory items upon termination or expiration of your franchise, we may permit you to sell such inventory to an existing Pandora franchisee.

In addition, you must purchase all of the fixtures for your Store from us, at a cost of \$72,000 to \$144,000. You also must pay to us an amount of \$18,000 to \$20,000 for display accessories necessary for the Store.

If we elect to grant you the right to a successor franchise upon expiration of your franchise agreement, you will be required to bring your Store up to our current standards. To bring your Store up to the Evoke 2.0 Standard, you must purchase all of the fixtures for your Store from us, at a cost of \$72,000 to \$144,000, and you must pay us an amount of \$18,000 to \$20,000 for display accessories necessary for the Store to conform to the Evoke 2.0 Standard.

Except as noted above, payments for the items described in this Item 5 are non-refundable. There are currently no initial development fees or similar fees payable under the Multi-Unit Development Agreement.

ITEM 6 OTHER FEES

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Local Advertising Expenditures	4% of Gross Sales annually, although we may increase this fee to a maximum of 6% of Gross Sales on 90 days' prior notice to you. See Notes 2 and 3.	As arranged	
Marketing Fund Fee	An amount not to exceed 3% of monthly Gross Sales	As we specify in the Manual	You must currently contribute 3% of your monthly Gross Sales to our Marketing Fund.
Transfer Fee	\$5,000	At time of transfer	
Interest Expenses; Late Fee	Interest may not exceed 18% per annum; \$50 late fee	Upon billing	See Note 4.
Indemnification	Variable	Upon demand	You pay us for third party claims arising out of the operation of your Store.
Costs and Attorneys' Fees	Variable	Upon demand	Payable under the franchise agreement only if you and we become involved in an action or proceeding, and we prevail. Payable under the promissory note if we must undertake collection efforts if the note is not paid when due.

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Successor Fee	Our then-current successor fee, not to exceed \$5,000	Before the date of renewal	Upon expiration of the Initial Term, you will have no right to any one or more Successor Terms. If we decide to provide you with a Successor Term, you will pay the Successor Fee.
Supplier Review Fee	Our actual costs and expenses, not to exceed \$300 per day	Upon demand	Payable if, after receipt of your written request, we review an alternate supplier or product for use in your Store.
Refresh/Remodeling Costs	\$30,000 to \$700,000	Every 5 years from the date of opening the Store	This estimate includes costs of fixtures, flooring, lighting, signage, construction and related costs necessary to bring your store up to our then-current standards for new stores. Some stores may be eligible to refresh appearance, while some may require a full-scale remodel. The low end of the range is indicative of minimum refresh costs and the maximum of the range is an estimate of full remodel costs. We may require you to remodel your PANDORA Store more frequently if your PANDORA Store qualifies as a high-volume store, has excessive wear and tear, is a high profile store or otherwise. You acknowledge that the costs and expenses of such remodeling or upgrading are not capped or limited in any way.
Reimbursement for Insurance Premiums (Note 5)	Variable	Upon demand	Payable if you fail to obtain required insurance and we choose to obtain it on your behalf.

Notes:

- (1) Except where otherwise noted, all fees are uniformly imposed, payable to us and are not refundable.
- (2) “**Gross Sales**” means all revenues and income from any source derived or received by you from, through, by or on account of the operation of your Store whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually

received) or otherwise less the amount of any documented refunds given in good faith to customers by you and sales tax actually paid to the appropriate taxing authority.

- (3) All local advertising must be approved by us. You will pay local advertising costs as arranged with vendors. We reserve the right to designate local or regional advertising cooperatives and require you to participate and contribute. Your contributions to cooperative advertising or promotional programs will be credited toward the minimum local advertising expenditures. We will establish and notify you of an amount of advertising which is your "Co-op Eligibility Amount." When spent by you on eligible advertising and promotional expenses, you will receive a merchandise credit equal to one-half of the amount you spend, up to your Co-op Eligibility Amount. You are required to spend on advertising and other promotions an amount equal to 100% of your Co-op Eligibility Amount. All amounts spent towards your Co-op Eligibility Amount will count towards your local marketing requirement.
- (4) All amounts owed to us will bear interest at the highest legal rate for open account business credit in the state in which your Territory is located, which may not exceed 18% per annum. In addition to interest charges, you must pay us a service charge of \$50 for each delinquent report or payment.
- (5) You must maintain in force at all times during the term of your Franchise Agreement all insurance types and limit amounts as we specify from time to time with an insurance carrier that we designate. Currently, we have designated Jeweler's Mutual Insurance Co. as the carrier from whom you must purchase your insurance, unless we approve otherwise in writing. Currently, we require you to carry comprehensive general liability insurance, the limits of which may not be less than \$1,000,000 single limit for bodily injury, personal injury, and property damage combined, or any other amount we may specify if we deem it necessary, casualty insurance, and other insurance we designate. In addition, you must procure and maintain a \$2,000,000 umbrella policy covering your Store and business operations. We may require you to carry business interruption insurance and cyber security insurance. We must be named as an additional named insured on all policies of insurance, and such policies must provide that we be notified in writing at least 30 days prior to the cancellation or other material change of such policies. You must furnish to us, immediately upon receipt, duly executed copies of all insurance policies and renewal notices and notices of changes in coverage, and must be solely responsible for the entire cost of such insurance. If you fail to obtain the specified insurance, we may obtain such insurance and charge the premiums and any other related expenses to you, which you must promptly pay. The cost of insurance varies depending on your locale and accident record. The estimated cost of insurance for our franchisees for the first year, however, ranges from \$5,000 to \$10,000. For subsequent years, the cost may vary depending on your insurance carrier, Gross Sales and workers' salaries. You must also carry Worker's Compensation insurance at statutory limits. Worker's Compensation insurance is calculated as a percentage of workers' salaries or gross sales, depending on the insurance carrier and it varies significantly from state to state. You must also carry Jeweler's Block insurance and any other insurance that may be required by law or by your lease.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (See Note 1)	Method of Payment	When Due	To Whom Payment is to Be Made
Leasehold Improvements	\$340,000 to \$717,000 See Note 2.	Varies under the circumstances	Varies under the circumstances	Third-party supplier
Design Fees See Note 3.	\$13,000 to \$36,000	As Agreed	Varied under the circumstances	Third-party suppliers
Fixtures	\$72,000 to \$144,000 See Note 4.	Lump sum	Varies under the circumstances	Us
Lighting and Flooring	\$33,000 to \$51,000	Varies under the circumstances	Varies under the circumstances	Third-party suppliers
Display Accessories	\$18,000 to \$20,000 See Note 5.	Varies under the circumstances	Varies under the circumstances	Us
Fixture Installation and Shipping Costs	\$12,000 to \$25,000	Varies under the circumstances	Varies under the circumstances	Third-party suppliers
Custom Signage	\$22,000 to \$33,000	Varies under the circumstances	Varies under the circumstances	Third-party suppliers
Training Attendance Costs and Expenses	\$5,000 to \$15,000 See Note 6.	Varies under the circumstances	Varies under the circumstances	Hotels, transportation carriers, and restaurants
Initial Inventory	\$350,000 to \$500,000 See Note 7.	Lump sum	Upon Receipt	Us
Computer System, Network Infrastructure and POS	\$36,000 to \$40,000 See Note 8.	As agreed	Varies under the circumstances	Third-party Suppliers
Pre/Grand Opening Marketing	\$10,000 to \$25,000 See Note 9.	As agreed	Varies under the circumstances	Third-party Suppliers
Professional Fees	\$5,000 to \$10,000 See Note 10.	Lump sum	Varies under the circumstances	Attorney and/or accountant
Lease Payments – 3 Months	\$15,000 to \$75,000 See Note 11.	Varies under the circumstances	Varies under the circumstances	Third-party supplier

Type of Expenditure	Amount (See Note 1)	Method of Payment	When Due	To Whom Payment is to Be Made
Insurance Premiums	\$5,000-\$10,000 See Note 12.	Varies under the circumstances	Varies under the circumstances	Third-party insurance carrier designated by us; Third-party supplier for worker's compensation
Additional Funds - 3 Months	\$25,000 to \$50,000 See Note 13.	As incurred	Before opening and as incurred	Employees, third-party suppliers and others.
TOTAL See Note 14.	\$1,330,000 to \$2,116,000			

Notes:

- (1) The chart above describes the *estimated minimum* requirements for beginning operations for a PANDORA Store. The estimated minimum requirements may vary depending on factors such as your financial condition, your financing arrangements and the business decisions you make. Except where otherwise noted, all fees that you pay to us are uniformly imposed and nonrefundable. Third-party lessors and suppliers will decide if payments to them are refundable.
- (2) The cost of leasehold improvements will vary depending upon the size and type of location, condition of the premises, the terms of your lease, and whether your landlord pays a portion of the leasehold improvements (and, if so, whether your landlord charges those amounts back to you in your lease payment).
- (3) As noted in Item 8, you will purchase an initial design pack for your Store from either Little Diversified Architectural Consulting or Architectural Group International (as we will specify) for approximately \$5,000 to \$10,000. The initial design pack is not a registered architectural set from which your Store can be built. You will need to hire your own architect to fit the initial design pack drawings to your space and to create registered architectural sets from which any necessary build out can be built, at an additional estimated cost of \$8,000 to \$26,000. The estimate in the above chart includes both costs.
- (4) This is the estimate for your fixtures such as all displays, flooring and non-custom signage. The invoice amount for the fixtures ranges from \$72,000 to \$144,000, however, you will receive a discount and pay only 50% of the invoice amount.
- (5) This estimate for display accessories includes merchandising materials such as trays, earring trees, ribbon pillows, product holders and wall graphics, among others.
- (6) We do not charge you a fee for the Training Program described in Item 11. However, you must bear all travel costs and expenses associated with training delivered at conferences

and training events. The estimated expenses assume you incur reasonable travel costs and expenses (e.g., transportation, hotel, meals) for two persons for 2-4 days of training.

- (7) You will purchase your entire initial and ongoing inventory from us. The amount of inventory will depend, in part on the size of your Store. In very limited circumstances, we may extend credit terms. Payment for all subsequent inventory purchases is due upon order.
- (8) This estimate is for IT infrastructure, computer system, point-of-sale system, all related software, and installation services.
- (9) The pre/grand opening marketing expense is for your required advertising and marketing needed to promote the opening of your PANDORA Store. You must incur these amounts between one month before you open the Store for business and one month after that date. In addition to public relations costs and direct mail costs, it will include brochures, business cards and miscellaneous items.
- (10) This amount is an estimate for attorneys and accounting fees in connection with your purchase of the franchise and related matters.
- (11) Your PANDORA Store will need to have 600 to 1,100 square feet of retail space and rent typically varies by market.
- (12) You must purchase your insurance through our designated insurance carrier, Jeweler's Mutual Insurance Co., unless we otherwise approve in writing. Insurance premium estimates are for comprehensive liability insurance for your Store and related business operations only. You will also need to obtain Worker's Compensation insurance in such amounts as required by statutory limits in the state where your Store is located, Jeweler's Block insurance and any other insurance required by law or by your lease.
- (13) This amount of working capital is estimated to be sufficient to cover initial operating expenses not covered by initial sales during the first three months of operation and includes wages and miscellaneous expenses. The amounts are estimates based on our estimate of costs and market conditions prevailing as of the date of this Disclosure Document and our experience in opening PANDORA Stores in the United States. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, your business skills, local economic conditions, the local market and acceptance of the PANDORA Business, the prevailing wage rate, competition and the sales level reached during the initial three-month period.
- (14) This total is an estimate of your initial investment and is based upon our estimate of costs and market conditions prevailing as of the date of this Disclosure Document. You should review this amount carefully with a business advisor before making any decision to purchase the franchise. You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. You must bear any deviation or escalation in costs from

the estimates in this Item 7 or estimates that we give during any phase of the development process.

**ESTIMATED COSTS UPON RENEWAL
TO BRING STORE UP TO CURRENT STANDARDS**

If we elect to grant you the right to a successor franchise upon expiration of your franchise agreement, you will be required to bring your Store up to our current standards. We currently have two standards for Stores; the “**Evolution Standard**” and the “**Evoke 2.0 Standard.**” At our discretion, we may require you to bring your Store up to either the Evolution Standard or Evoke 2.0 Standard as a condition of granting you a successor franchise. Our determination of which standard applies to any particular franchisee will depend upon a number of factors, including, but not limited to, the commencement date of the successor franchise and the location of the Store. Stores may be required to close and be relocated to temporary spaces while remodeling occurs. We anticipate remodeling required to achieve the Evoke 2.0 Standard to take approximately 60 to 90 days to complete. We will require most franchisees remodeling Pandora Stores in 2023 or later to bring their Store up to the Evoke 2.0 Standard.

**YOUR ESTIMATED REMODEL COSTS
UNDER EVOLUTION STANDARD**

Type of Expenditure	Amount (See Note 1)	Method of Payment	When Due	To Whom Payment is to Be Made
Leasehold Improvements	\$100,000 to \$300,000 See Note 2.	Varies under the circumstances	Varies under the circumstances	Third-party supplier
Design Fees	\$11,000 to \$24,000 See Note 3.	As Agreed	Varied under the circumstances	Third-party suppliers
Fixtures	\$53,000 to \$115,000 See Note 4.	Lump sum	Varies under the circumstances	Us
Lighting and Flooring	\$20,000 to \$30,000	Varies under the circumstances	Varies under the circumstances	Third-party suppliers
Display Accessories	\$18,000 to \$20,000 See Note 5.	Varies under the circumstances	Varies under the circumstances	Us
Fixture Installation and Shipping Costs	\$12,000 to \$25,000	Varies under the circumstances	Varies under the circumstances	Third-party suppliers
Custom Signage	\$5,000 to \$12,000	Varies under the circumstances	Varies under the circumstances	Third-party suppliers
TOTAL See Note 6.	\$219,000 to \$526,000			

Notes:

- (1) The chart above describes the *estimated minimum* requirements for bringing a PANDORA Store up to our Evolution Standard. The estimated minimum requirements may vary depending on factors such as your financial condition, your financing arrangements and the business decisions you make. Except where otherwise noted, all fees that you pay to us are uniformly imposed and nonrefundable. Third-party lessors and suppliers will decide if payments to them are refundable.
- (2) The cost of leasehold improvements will vary depending upon the type of location, condition of the premises, the terms of your lease, and whether your landlord pays a portion of the leasehold improvements (and, if so, whether your landlord charges those amounts back to you in your lease payment).
- (3) You will purchase a design pack for your Store from either Little Diversified Architectural Consulting or Architectural Group International (as we will specify) for approximately \$5,000 to \$10,000. The design pack is not a registered architectural set from which your Store can be updated. You will need to hire your own architect to fit the design pack drawings to your space and to create registered architectural sets from which any necessary build out can be built, at an additional estimated cost of \$8,000 to \$26,000. The estimate in the above chart includes both costs.
- (4) This is the estimate for your fixtures such as all displays, flooring and non-custom signage that conforms to the Evolution Standard.
- (5) This estimate for display accessories that meet the Evolution Standard includes merchandising materials such as trays, earring trees, ribbon pillows, product holders and wall graphics, among others.
- (6) This total is an estimate of your costs to bring your Store up to the Evolution Standard as a condition of granting you a successor franchise and is based upon our estimate of costs and market conditions prevailing as of the date of this Disclosure Document. You should review this amount carefully with a business advisor before making any decision to accept a successor franchise. You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process.

**YOUR ESTIMATED REMODEL COSTS
UNDER EVOKE 2.0 STANDARD**

Type of Expenditure	Amount (See Note 1)	Method of Payment	When Due	To Whom Payment is to Be Made
Leasehold Improvements	\$340,000 to \$717,000 See Note 2.	Varies under the circumstances	Varies under the circumstances	Third-party supplier
Design Fees	\$13,000 to \$36,000 See Note 3.	As Agreed	Varied under the circumstances	Third-party suppliers
Fixtures	\$441,000 to \$506,000 See Note 4.	Lump sum	Varies under the circumstances	Us
Lighting and Flooring	\$33,000 to \$51,000	Varies under the circumstances	Varies under the circumstances	Third-party suppliers
Display Accessories	\$18,000 to \$20,000 See Note 5.	Varies under the circumstances	Varies under the circumstances	Us
Fixture Installation and Shipping Costs	\$12,000 to \$25,000	Varies under the circumstances	Varies under the circumstances	Third-party suppliers
Custom Signage	\$22,000 to \$33,000	Varies under the circumstances	Varies under the circumstances	Third-party suppliers
TOTAL See Note 6.	\$879,000 to \$1,388,000			

Notes:

- (1) The chart above describes the *estimated minimum* requirements for bringing a PANDORA Store up to our Evoke 2.0 Standard. The estimated minimum requirements may vary depending on factors such as your financial condition, your financing arrangements and the business decisions you make. Except where otherwise noted, all fees that you pay to us are uniformly imposed and nonrefundable. Third-party lessors and suppliers will decide if payments to them are refundable.
- (2) The cost of leasehold improvements will vary depending upon the type of location, condition of the premises, the terms of your lease, and whether your landlord pays a portion of the leasehold improvements (and, if so, whether your landlord charges those amounts back to you in your lease payment).
- (3) You will purchase a design pack for your Store from either Little Diversified Architectural Consulting or Architectural Group International (as we will specify) for approximately \$5,000 to \$10,000. The design pack is not a registered architectural set from which your Store can be updated. You will need to hire your own architect to fit the design pack drawings to your space and to create registered architectural sets from which any necessary

build out can be built, at an additional estimated cost of \$8,000 to \$26,000. The estimate in the above chart includes both costs.

- (4) This is the estimate for your fixtures such as all displays, flooring and non-custom signage that conforms to the Evoke 2.0 Standard.
- (5) This estimate for display accessories that meet the Evoke 2.0 Standard includes merchandising materials such as trays, earring trees, ribbon pillows, product holders and wall graphics, among others.
- (6) This total is an estimate of your costs to bring your Store up to the Evoke 2.0 Standard as a condition of granting you a successor franchise and is based upon our estimate of costs and market conditions prevailing as of the date of this Disclosure Document. The estimates include in this table were also based on the actual costs of Stores remodeling to the Evoke 2.0 Standard as of the date of this Disclosure Document. We anticipate that the costs associated with remodels to achieve the Evoke 2.0 Standard will decrease in the future. You should review this amount carefully with a business advisor before making any decision to accept a successor franchise. You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help ensure a uniform image and uniform quality of products, supplies and services in all PANDORA Stores, you must maintain and comply with our quality standards. You must improve and equip your retail space according to our current specifications and standards. In addition, it is your responsibility to ensure that you comply with the Americans with Disabilities Act and all other federal, state and local laws. You also must use equipment (including computer hardware and software), signage, packaging, supplies, display materials, advertising and sales promotion materials that meet our specifications and standards.

You will purchase from us initial inventory (consisting of our patented and copyrighted jewelry and other merchandise), fixtures and other similar pre-opening items. You also must purchase ongoing inventory, fixtures, lighting, flooring, supplies, uniforms, and other products and services from us or approved suppliers, as noted in this Item 8. We may designate a single source of supply for any products or services and we or an affiliate may be that single source. For example, as of the date of this Disclosure Document, (1) iDX (based in Washington) is our only approved source for fixture purchase and installation services, (2) Klinger-Weiss Infosystems or “**KWI**” (based in Port Washington, NY) is the only approved supplier of the required POS system; (3) Shopper Trak (based in Chicago, Illinois) is the only approved supplier for traffic counters; and (4) Little Diversified Architectural Consulting (based in Charlotte, NC) and Architectural Group International (based in Covington, KY) are the only approved architects for franchisees’ initial design packs; (4) Jeweler’s Mutual Insurance Co. is the only approved carrier for your

insurance (other than Worker's Compensation Insurance); and (5) Comm-Works (based in Minneapolis, MN) is the only approved supplier of IT support, including installation, monitoring, and maintenance of Store computer equipment, computing and network infrastructure. We are not affiliated with iDX, KWI, Shopper Trak, Little Diversified Architectural Consulting, Architectural Group International, Jeweler's Mutual Insurance Co., or Comm-Works. Further, as of the date of this Disclosure Document, we currently are the sole supplier for all jewelry and merchandise sold in your PANDORA Store, as well as all fixtures for your Store, and you must purchase from us all such products. You will pay the then-current price in effect for all purchases you make from us and any affiliate. We will derive income from the sale of the jewelry, other merchandise and fixtures that you purchase from us, by charging more than our cost. We believe the amount charged for the patented and copyrighted jewelry and other merchandise, as well as fixtures, that you must purchase from us is equal to or lower than the prevailing market price you would pay if you purchased the products through a third-party source authorized by us to distribute such products. Likewise, we believe that the amounts charged to you by iDX, KWI, Shopper Trak., Little Diversified Architectural Consulting, Architectural Group International, Jeweler's Mutual Insurance Co., and Comm-Works for fixture shipping/installation services, the POS system, traffic counters, insurance, architectural initial design pack, insurance other than worker's compensation insurance, and IT support services, respectively, are approximately equal to the amounts you would pay to obtain such goods and services from an alternate supplier given each supplier's demonstrated experience in the specialty retail market and knowledge of the PANDORA system. If we are no longer able to provide you with jewelry, merchandise and fixtures, or if iDX, KWI, Shopper Trak, Little Diversified Architectural Consulting, Architectural Group International, Jeweler's Mutual Insurance Co., and/or Comm-Works are unable to provide you with fixture shipping/installation services, the POS system, traffic counters, insurance, the initial design pack, and insurance (respectively), we will endeavor to provide such products and services through one or more alternate suppliers at comparable cost.

During our fiscal year ending December 31, 2022, we received an amount of \$377,293,414 as a result of franchisee required purchases, or approximately 99% of our total 2022 fiscal year revenues of \$282,789,399, as shown on our audited financial statements included as Exhibit B to this Disclosure Document. Revenues include sales made to certain customers that own both franchised and non-franchised locations that purchase product centrally, which may subsequently be distributed to franchised or non-franchised stores.

We may periodically provide you with a list of approved vendors, manufacturers, service providers and suppliers ("**Approved Vendors List**") and approved inventory, fixtures, furniture, equipment, signs, trademarked items, supplies and other items or services necessary to operate the Store. The Approved Vendors List may specify the specific manufacturer of a specific product or piece of equipment and, unless we specify in writing to the contrary, you may purchase the specific product from any approved source that carries the specific approved products. As mentioned above, from time to time we, an affiliate or third-party vendor or supplier may be the only approved supplier for certain products. The lists also may include other specific products without reference to a particular manufacturer, or they may set forth the specifications and standards for other approved products. From time to time, our officers may have an ownership interest in any affiliate that is an approved supplier. As of the date of this Disclosure Document, no officer of the franchisor owns an interest in any approved supplier.

Except for products and services that you must purchase from a single, designated source, you may make a written request for approval of a specific product of an additional qualified vendor or supplier, except for jewelry, merchandise and items that contain the PANDORA trademark that you must purchase from us. In addition, each vendor/supplier of a product must meet the following requirements: its product must comply with the applicable specifications and standards; the supplier's facilities must be adequate to meet the needs of franchisees; and the supplier and its facilities must be accessible to our periodic evaluation. We may charge you an amount equal to our actual cost of evaluating a proposed new supplier and/or its product to you, not to exceed \$500 per day. We do not make these specifications and standards generally available to franchisees or suppliers.

You must initiate the formal approval process to have specific products or supplies of an additional supplier approved. As part of this approval process, we may request that the supplier submit samples of its specific product to us. We then conduct an evaluation of the samples to determine whether the product conforms with the specifications and standards. We will notify the supplier of our evaluation results by mail usually within 30 days after our receipt of the sample.

As part of the approval process for a specific product, the supplier may be required to sign an applicable supplier agreement. We may revoke our appointment if the supplier is in violation of any of the terms of the applicable supplier agreement or if we determine in our good faith but exclusive judgment that the supplier is not meeting the standards and specifications that we have established for that product or service.

We may modify the standards and specifications for products, supplies and services from time to time and add or delete from the list of approved vendors and suppliers. Standards may include minimum standards for delivery, performance, warranties, appearance and other restrictions. We reserve the right to (i) limit the number of vendors and suppliers, and (ii) receive consideration from the vendors and suppliers, which consideration may or may not be related to services we perform. We also reserve the right to designate a primary source of supply for certain products. We or an affiliate may be that source. We also reserve the right to receive rebates and other payments from suppliers based on franchisee purchases.

In addition to approved products, the Franchise Agreement requires you to purchase and maintain liability and other types of insurance in an aggregate amount that we designate periodically and with a carrier that we reserve the right to designate. Currently, we have designated Jeweler's Mutual Insurance Co. as the carrier from whom you must purchase your insurance coverages (other than Worker's Compensation coverage) unless we otherwise approve another carrier. You also must purchase and maintain any other insurance required by any agreement related to the franchise business or by law, such as Worker's Compensation insurance. You must furnish to us copies of all insurance policies. You may use only marketing and promotional materials that meet our standards and are approved by us.

We estimate that your purchase of products, fixtures, displays, promotional items, supplies, and marketing materials from us or that meet our specifications and standards will represent approximately 70% to 85% or more of the cost to establish the franchise business and 50% to 55% or more of the cost to operate the franchise business on an ongoing basis.

We may negotiate purchase arrangements with suppliers for the benefit of franchisees, but not for the benefit of individual franchisees. We do not provide you with material benefits (for example, renewal or granting additional franchises) to you based on your purchase of particular products or services or use of particular suppliers.

We do not currently have any purchasing or distribution cooperatives in the PANDORA system that offer to you certain products used in the franchise business.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in Franchise Agreement (FA) and Promissory Note (PN)	Disclosure Document Item
a.	Site selection and acquisition/lease	FA: 4, 5	Items 1, 7, 11 and 12
b.	Pre-opening purchases/lease	FA: 4, 5 and 9	Items 5, 7, and 8
c.	Site development and other pre-opening requirements	FA: 4 and 5	Item 7 and 11
d.	Initial and ongoing training	FA: 7 and 9	Item 11
e.	Opening	FA: 2A-B	Items 5 and 11
f.	Fees	FA: 3 and G PN: 1 and 7	Items 5, 6 and 17
g.	Compliance with standards and policies/ Operating Manual	FA: 8 and 9	Items 11 and 16
h.	Trademarks and proprietary information	FA: 11	Items 13 and 14
	Restrictions on products/services offered	FA: 2 and 7	Items 8, 11 and 16
j.	Warranty and customer service requirements	FA: 9	Item 16
k.	Territorial development and sales quotas	FA: 2	Item 12
l.	Ongoing product/service purchases	FA: 5	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	FA: 9	Items 6 and 11
n.	Insurance	FA: 6	Items 6 and 8
o.	Advertising	FA: 10	Items 6, 7 and 11
p.	Indemnification	FA: 6	Item 6

Obligation		Section in Franchise Agreement (FA) and Promissory Note (PN)	Disclosure Document Item
q.	Owner's participation/ management/staffing	FA: 8	Items 11 and 15
r.	Records/reports	FA: 12	Item 6
s.	Inspections/audits	FA: 12	Item 6
t.	Transfer	FA: 2 and 13	Items 6 and 17
u.	Renewal	FA: 2	Item 17
v.	Post-termination obligations	FA: 16, 17 PN: 6	Item 17
w.	Non-competition covenants	FA: 16 and Appendix E	Item 17
x.	Dispute resolution	FA: 14	Item 17
y.	Other	Not Applicable	Not Applicable

*Unless otherwise noted, all section references in the above chart relate to the Franchise Agreement.

ITEM 10 FINANCING

Extended Payment Terms

PANDORA may offer extended payment terms for initial inventory orders and inventory orders associated with certain promotional programs to PANDORA franchisees. PANDORA is under no obligation to offer extended payment terms to any PANDORA franchisee. PANDORA's decision to offer, or not offer, extended payment terms for the franchisee's purchase of inventory will be made solely by PANDORA, based on its then-current criteria which may take into account factors like the financial strength of the franchisee, among others.

The following chart and notes summarize the extended payment terms offered by PANDORA. You should review with your advisors the complete terms of the PANDORA promissory note that you may be required to execute if you wish to take advantage of extended payment term for purchase of inventory (the "**Promissory Note**"). The Promissory Note, along with a personal guaranty which your individual owners may be required to sign, is attached as Exhibit D.

Item Financed	Amount Financed	Down Payment	Term	APR %	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Inventory purchases	Varies (Note 1)	None (Note 2)	Up to 90 days, depending on the purpose of the extended terms and the amount of credit extended.	0, unless the amount owed is not paid back by the due date, in which case the interest rate is the greater of 8% per annum or 5%+Prime Rate (Note 3)	None (Note 2)	None	Personal, unlimited, unqualified guaranty; (Note 4)	Accelerate obligation to repay loan advances; cross default with other agreements	None

Notes:

- (1) If you satisfy PANDORA’s requirements for the extension of credit, PANDORA or its affiliate may grant you extended payment terms of up to 90 days to purchase your opening jewelry order or a jewelry order associated with a promotional program. Before PANDORA grants you extended payment terms, you may be required to sign the Promissory Note and your owners may be required to sign a personal guaranty.
- (2) While you are not required to make monthly payments, you are required to pay the entire balance due no later than the due date, which will be up to 90 days from invoice date.
- (3) The prime rate is lesser of (i) the rate of interest referred to as the “U.S. Prime Rate” most recently reported in the *Money Rates* section of The Wall Street Journal or (ii) the “WSJ Prime Rate”, as quoted on bankrate.com, or, if The Wall Street Journal shall cease publication or if it shall cease publication of the “U.S. Prime Rate,” or if bankrate.com shall no longer quote a “WSJ Prime Rate,” the “Prime Rate” shall mean any reasonably equivalent successor rate designated by the Holder in its reasonable discretion.
- (4) To secure payments, your individual owners may also be required to personally guarantee payment of your obligations.
- (5) On an Event of Default PANDORA can demand immediate payment of the amount financed and proceed against the guarantors. Events of Default are: (i) failure to pay amounts financed when due and (ii) termination of the underlying franchise agreement between you and Pandora. A default under the Promissory Note will also

constitute a default under the Franchise Agreement or any other agreements between you and PANDORA or its affiliates.

Except as disclosed in this Item, neither we nor our affiliates offer, either directly or indirectly, any financing to you. Neither we nor our affiliates have any present practice or intent to sell, assign or discount to a third party all or part of the financing arrangement. Neither we nor our affiliates receive any consideration for placing financing on your behalf. We are unable to estimate whether you will be able to obtain financing for any or all of your investment and, if so, the terms of such financing. We do not guarantee your notes, leases or other obligations.

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

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

Pre-opening Assistance. Before you operate your Business, we will:

- (1) Grant to you a license to operate the PANDORA Store at a designated location (Section 2A of the Franchise Agreement);
- (2) Provide you access to either an on-line or hard copy Manual containing mandatory and suggested specifications, standards and operating procedures for the Store (Section 8B of the Franchise Agreement).
- (3) Sell to you initial inventory, fixtures and display accessories for your PANDORA Store (Section 5B of the Franchise Agreement).

Obligations After Opening Assistance. During the operation of your Store, we will:

- (1) Sell you all jewelry, merchandise, packaging, display, promotional materials and marketing materials to be sold or used in your PANDORA Store (Section 9C of the Franchise Agreement).
- (2) Update the on-line Manual from time to time (Section 8B of Franchise Agreement).
- (3) Identify you on our PANDORA website (Section 10F of the Franchise Agreement).
- (4) Evaluate your Store as we deem necessary (Section 12C of the Franchise Agreement).
- (5) Establish and conduct various marketing and sales promotion programs (Sections 10E of Franchise Agreement), as further described below.

Marketing Programs. You and other similarly situated franchisees and affiliate-owned Stores must pay 3% of your monthly Gross Sales (as defined in the footnotes to the Table in Item 6) into a marketing fund (“**Marketing Fund**”) on a quarterly basis. We will administer the Marketing Fund and will use these amounts to maximize public awareness of the PANDORA brand

as we determine from time to time. We are not required to spend any specific amount of the Marketing Fund in your geographic area. The Marketing Fund will not be audited. We will not maintain separate financial statements for the Marketing Fund.

During 2022, we used 100% of the amounts we collected. We will not hold the Marketing Fund in trust or as a fiduciary or similar capacity. In 2022, we collected Marketing Fund fees from franchisees in the amount of \$12,810,166. Of that, 9% (\$1,152,915) was used for media agency fees. The remaining amount of \$11,657,251 was spent on media.

You must conduct certain advertising and public relations in connection with the opening of your PANDORA Store as we specify in writing. The cost of the market introduction advertising and promotion is \$10,000 to \$25,000, which is your responsibility.

You also must spend annually a specified amount, currently at least 4% of Gross Sales, for local marketing, advertising and promotion and business development (“**Marketing Requirement**”). We can increase the amount of your local advertising expenditures up to a maximum of 6% of Gross Sales. Your Marketing Requirement may be spent by you on a variety of programs, which we will formulate and make available to you. You also may spend your Marketing Requirement on other local business development activities that you initiate, so long as they are first approved by us. You may not develop marketing materials or programs for your Store, as we or our affiliate develop all such marketing materials and programs and distribute them to you to implement, at your cost. Upon request, you must submit substantiation of your advertising expenditures. If you fail to spend the required minimum, we may collect the deficiency and spend it in your local market as we determine.

All advertising used by you must be prepared and/or approved by us. You may not independently advertise on the Internet or similar channels of distribution.

Although we currently do not do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged.

Information Technology Requirements and Recommendations

We will require you to, or recommend that you, (as specified) purchase, install and implement the following information technology (“**IT**”) hardware, software, and/or processes:

1. Payment Card Industry (“**PCI**”) Security Standards. Pandora requires that all franchisees maintain Payment Card Industry Data Security Standard (“**DSS**”) compliance as required. The process(es) in place for the Franchisee to accept payment will determine the necessary level of reporting per the DSS.

From time to time, but not less than annually, we will require you to provide an attestation that you retain a necessary level of PCI compliance. This shall serve to communicate to us that you are performing due diligence in protecting cardholder data (CHD), which serves to protect the business and our reputation, your reputation and the reputation of the System as a whole.

Additionally, you must provide us with a signed attestation, a template of which is attached to the that all necessary specific testing is taking place and being performed by an approved third-party

vendor. Such efforts may include (but are not limited to) external and internal penetration testing, ASV scans, and risk assessments, depending on the level of SAQ required of the franchisee.

2. Baseline Infrastructure Configuration

(a) Physical Configuration

(i) Cabling, Rack and Power

Network cables installed must be Cat5e certified. To accommodate any future technology needs, it is important to have extra network cables run to the cash wrap and island cash wrap. Having to run additional cables later causes disruption to the store operations.

An ‘uninterruptable power supply’ (UPS) is required to power all networking hardware. This will ensure that power spikes or blackouts do not damage network equipment and cause the store network to fail. It is recommended a ‘power distribution unit’ (PDU) is used for ensuring clean and properly distributed electrical power is used by the networking equipment. A lockable, wall mounted enclosure is required to secure networking equipment (due to PCI regulations), and to prevent accidental damage from occurring to the equipment.

(ii) Wireless Access Point Placement

To ensure optimal wireless internet coverage, PANDORA requires a wireless access point to be centrally mounted to the ceiling of the sales area. Depending on store size, additional wireless access points may need to be added throughout to ensure full coverage. The wireless access point being centrally located in the store facilitates use of the POS system, as well as other wirelessly connected devices in the store.

The estimated cost to acquire the baseline infrastructure configuration, consistent with the above requirements, ranges between approximately \$11,000 to \$14,000.

(b) Performance and Resiliency Configuration

(i) Internet Service

It is vitally important that PANDORA stores have adequate internet bandwidth to ensure store operations run as designed. PANDORA recommends a minimum internet bandwidth of 10Mbps download and 10Mbps upload speeds. We reserve the right to require greater minimum internet bandwidth speeds.

(ii) Backup Internet Service:

PANDORA stores must utilize a backup or failover internet service in case of primary internet outages. This will ensure the store stays online and can process transactions with minimal noticeable interruption. PANDORA recommends a

backup system that can utilize cellular networks, where acceptable service is available.

(iii) Network Usage

It is important that the PANDORA store network is used for store operations only. Personal devices should not be allowed to connect to the credit card processing network, as they will use up bandwidth required for POS and back office functionality.

3. IT Support Vendor Selection Requirements. We have selected Comm-Works as the exclusive IT Support provider to deliver, install, monitor, and maintain your store equipment, computing and network infrastructure. You are required to use Comm-Works for these services in your store. You may not contract with any other vendor to provide these services without prior written permission from us.

To ensure a consistent experience in-store, we require you to purchase and use the following IT equipment in your stores: Cisco Meraki full stack

MX64
MS120-24P
MR42
Cradlepoint cellular backup
TrippLite lockable enclosure and power protection

4. Point of Sale (“POS”) Requirements. Certain key performance information, which includes various financial and business records and information, must be provided to us according to prescribed reporting formats, methodologies and time schedules that we establish from time to time. You must use both a computer and POS bundled system in the operation of your PANDORA Store and you must secure the POS from Klinger Weiss, Inc. (“KWI”). The administrative computer system must have a minimum of Intel i3 processor (or equivalent) or higher, 4GB Ram minimum, Internet Explorer version 8 or higher, Windows 7 or higher and access to the internet. Only the Pandora authorized POS system can be used in the operation of your PANDORA Store (“**Pandora POS**”). The Pandora POS bundled store package is capable of generating sales reports, sales by category report, inventory control, and general reporting capability. This package also consists of Merchandise and Inventory Management module, a POS module, Traffic Counter, and Gift Card solution. The estimated cost to acquire both an administrative computer system and the Pandora POS bundled store package consistent with the above requirements ranges between approximately \$21,000 to \$26,000. There are no contractual limitations or restrictions on our independent access to the information and data that is electronically generated on your Pandora POS system. The estimated annual cost of any required or optional maintenance, updating, upgrading or support contracts totals approximately \$15,000. High speed Internet access, participation in the PANDORA web site and compliance with our Internet and Intranet policies and programs are required. We reserve the right to require any upgrades to the Pandora POS bundled package. Any such upgrade or update is part of the compliance of ensuring such system meets the requirements Pandora’s authorized POS bundled system.

Site Selection.

We do not select the site for your Store. If we do not accept the site that you propose for the Store, you must find an alternate site. If we do not accept a site, it may delay your opening. You are solely responsible for finding a location that meets our standards and criteria and that is acceptable to us. We may terminate the Franchise Agreement if you fail to open your Store for business within 180 days after the effective date of your Franchise Agreement. We generally will respond within 30 days of your request for approval of a proposed location.

When evaluating a location, we will consider local competition in the area and the general demographics and customer base of the proposed shopping center or mall.

Time and Opening.

The estimated length of time between the signing of the Franchise Agreement and the opening of your Business is six to ten months. Factors affecting this length of time usually include finding a location, arranging financing and other factors. You should not expend funds or make any other commitment in connection with the franchise and should not resign from existing employment, relocate or take any similar action until our approval of the franchise, which we will specifically communicate to you in writing.

Training.

To support franchisees in delivering an exceptional shopper experience and to maximize sales, Pandora offers a training program covering Pandora history, the consumer experience model, store leadership development, Pandora product, and other relevant topics. Our goal is to offer training that supports the Pandora brand, selling skills, retail operations, product training, visual merchandising, and skills to drive KPIs.

Prior to the opening of your Store, you must attend and complete the initial Franchise Operations and Development training to our satisfaction. Your failure to complete training to our satisfaction may result in termination of the Franchise Agreement. Training occurs virtually via online modules located in our learning management system, LINK. We offer the training program as we determine necessary. There is no fee for your store staff to complete the online training program.

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As of the date of this Disclosure Document, the initial training program includes, but is not limited to:

Training Program

Course	Hours of Classroom	Hours of On-the-Job Training	E-Learning
Welcome to Pandora*	0	0	2
Consumer Experience Model*	5	0	10
Product Training*	1	2	5
Customer Sales Lead*	1	1	2
Pandora Brand*	0	0	1
Visual Merchandising*	1	2	3
Additional Selling Skills	2	1	3
Retail Operations	1	0	2
Total Hours	11	6	28

*Portions of these courses must be completed before you can open your Pandora Store. The other courses must be completed within nine to twelve months of opening.

E-Learning: Pandora offers stores with access to Pandora LINK, a learning management system, that is home to all training materials and has a goal to educate, engage, and empower store staff. Self-directed modules are provided to review key topics needed to learn about the Pandora Brand, product, and processes. Programs such as the New Hire Associate Onboarding Program and the New Store Manager Onboarding Program outline the key learning paths for new hires.

On-the-Job Training: Training materials will be provided to complete in-store for continuous learning. Materials included but are not limited to: Monthly Training Communication Activities and Downloadable Resources to increase knowledge base and encourage application of learning.

Instructor-Led Training: Pandora offers instructor-led trainings virtually and/or training events and conferences (e.g., Store Manager Conference, Retailer Summit).

Individuals experienced with Pandora products and business systems have created the e-learning modules and will conduct the instructor-led trainings. Training materials include tools such as, e-learning modules, in-store activities, and other trainings written and electronic instructional materials. On-the-job training will be conducted by members of Pandora’s training team, territory managers, and/or regional sales managers with expertise in the applicable subject matter.

There is no fee charged by Pandora for E-Learning and On-the-Job Training, but you must pay for the salaries and benefits for individuals associated with you while they participate in E-Learning and On-the-job training in accordance with the labor and employment laws and rules

governing your Store's location. There is no fee for you to attend instructor-led trainings, but you will be responsible to pay for the salaries, benefits, travel costs and other related expenses for you and your staff to attend conferences and meetings where instructor-led training is delivered.

Operations Manual.

Attached as Exhibit G is the current Table of Contents of the Operations Manual showing the number of pages devoted to each subject. Currently, the total number of pages in the Operations Manual is 72.

ITEM 12 TERRITORY

We grant you the right to operate a PANDORA Store at a designated location which must be accepted by us. During the term of the Franchise Agreement, we will not operate or grant other franchisees the right to operate a franchised PANDORA Store within the same shopping center or mall (“**Mall**”), except as noted below. As used in this FDD, a “Mall” is defined as either an urban shopping area featuring a variety of shops with an open-air concourse reserved for pedestrian traffic, or a large suburban building containing various shops and associated passageways, all of which buildings or shops are operated by the same landlord; however excluding anchor tenants or a department stores.

We reserve the right, in our sole discretion, to (1) grant other franchises or develop and operate company or affiliate-owned PANDORA Stores at any location anywhere outside your Mall, (2) develop and operate company or affiliate-owned Stores using the Marks, but that are not PANDORA Stores, located inside a Mall, such as inside another retail store within a Mall, or that might be reduced in size from a PANDORA Store or that may offer a limited inventory of jewelry and merchandise, but that does not have a separate dedicated entrance or appear as a traditional inline retail location (“**Non-Traditional PANDORA Store**”), (3) grant other franchises or the company or affiliate-owned entity, rights to sell or distribute some or all of Pandora-branded products through department stores, other retail stores, or kiosks/pop up shops within the Mall regardless of proximity to your PANDORA Store, (4) develop and operate company or affiliate-owned Stores using the Marks, but that are not PANDORA Stores, that offer a limited inventory of jewelry and merchandise, such as our lab-created diamonds, and (5) sell any products or services anywhere, whether or not using the Marks (as defined below), through alternative channels of distribution (including Internet and mail order). You may face competition from other franchisees (not in your Mall), from outlets that we own, from other retailers (who may be in your Mall) or from other channels of distribution or competitive brands that we control. The Internet is a channel of distribution reserved exclusively to us and to some authorized retailers, and you may not independently market your PANDORA Store or your inventory on the Internet (including all current and future forms of social media networks or platforms except as we specifically allow) or otherwise conduct e-commerce except as we approve. We need not compensate you for soliciting or accepting orders from inside your territory (i.e., Mall). We also reserve the right to purchase, be purchased by, or merge or combine with, competing businesses, wherever located.

You can only relocate your Store with our prior written approval.

You are not restricted from soliciting or accepting orders from consumers outside of your territory. However, you may not independently advertise on the Internet or similar channels of distribution as noted above. All advertising must be prepared and/or approved by us, as we direct.







You do not have to achieve a certain sales volume, market penetration or other contingency to continue your protected rights.



You do not have any options, rights of first refusal or similar rights to acquire additional franchises within any particular territory.

We do not currently operate or have plans to operate or franchise a similar business under a different trademark, although we reserve the right to do so, both within and outside of your Territory.

ITEM 13 TRADEMARKS

The Franchise Agreement licenses to you the use of the mark, PANDORA, as well as other trademarks, service marks, trade names and commercial symbols we may designate from time to time (collectively, the “Marks”). We or our parent, PJ, also claim common law trademark rights for all of the Marks. We or our parent have filed or intend to file all required affidavits and renewals for the Marks listed below.

Principal Trademarks	Principal/Supplemental Register	Registration Number	Registration Date
	Principal	3,613,181	April 28, 2009, renewed June 4, 2019
	Principal	3,065,374	March 7, 2006, renewed March 7, 2017
	Principal	4,333,461	May 14, 2013
	Principal	4,118,900	March 27, 2012
	Principal	3,065,374	March 7, 2006, renewed March 7, 2017
	Principal	4,057,499	Nov. 15, 2011, renewed January 5, 2022

Principal Trademarks	Principal/Supplemental Register	Registration Number	Registration Date
	Principal	3,640,357	June 16, 2009
	Principal	3,951,129	April 26, 2011, renewed June 22, 2021

Your use of the Marks and any goodwill is to our or our parent’s exclusive benefit and you have no rights in the Marks. You also retain no rights in the Marks during the term of, or upon expiration or termination of, your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. You may not contest our rights in the Marks. You may not use any of the Marks as part of a corporate, company, partnership or trade name. We retain exclusive rights to use the Marks in Internet domain names, and you may not use the Marks in any way that jeopardizes our rights. In no event will you make use of or register an Internet domain name that is in any way similar to the Marks.

PJ has licensed us to use the Marks in connection with the sale of a unique line of precious or fine jewelry, and to sublicense the use of the Trademarks, copyrights and patents (“**Intellectual Property**”) in connection with the operation of Stores under a license agreement with effective date of November 15, 2009 (the “**Trademark License Agreement**”). The Trademark License Agreement provides for a 10-year term with unlimited automatic renewals. PJ may terminate the Trademark License Agreement as follows: (i) if we are dissolved, become insolvent, (ii) if we, except for our right to sublicense the Intellectual Property to franchisees, assign or sublicense our rights under the Trademark License Agreement without PJ’s consent, or (iii) upon our default and failure to cure after receiving 30 days’ written notice. The Trademark License Agreement has no other material limitations.

There are currently no effective material determinations by the United States Patent and Trademark Office (“**USPTO**”), the Trademark Trial and Appeal Board (“**T.T.A.B.**”), the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks.

Except for the Trademark License Agreement (described above) and the Settlement Agreement (described below), there are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the Marks.

Pursuant to a settlement agreement effective April 2010 (the “**Settlement Agreement**”), PJ and Milus International, S.A. agreed to amend the affected trademark application(s) consisting of the “O with Crown Device” (“**Mark**”) and withdraw opposition and/or cancellation proceedings where appropriate. The parties further agreed that the Mark cannot be used in close proximity to watches, watch charms, watch pendants and watch-related parts or any other device measuring and

showing time. The Settlement Agreement has no limitations on the use of the Mark used as part of the name Pandora.

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

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

We or PA or PJ, have the following U.S. patents:

Title	Patent Number	Type	Issuance Date	Expiration
Necklaces and Bracelets with Keepers	7,007,507	Utility	March 7, 2006	Jul. 21, 2023
Component with Gripping Element	8,950,214	Utility	February 10, 2015	Jan. 3, 2034
Ornamental Component with Gripping Element	9,839,266	Utility	December 12, 2017	December 28, 2034

U.S. Patent No. 7,007,507 is directed to a necklace or bracelet with provisions to prevent the bunching of baubles, bangles and beads which are strung on the necklace or bracelet. Bunching is prevented by keepers which are removably attached to one or more bands fixedly attached to the strands of the necklaces or bracelets. Two types of keepers are disclosed, one of which has internal threads which interact with threaded bands, and one which uses a hinged structure to secure the keeper on a band. The keepers may have a variety of shapes for decorative effects, such as cylindrical, spherical, cubical, or pyramid-shaped. The term of the patent continues until April 21, 2023. We are aware that there are similar modifiable charm bracelets used in the jewelry industry and by other manufacturers and retailers.

U.S. Patent No. 8,950,214 is directed to an ornamental component for use with jewelry such as a bracelet or necklace. The ornamental component has a through hole allowing the ornamental component to be strung on an elongated member of the jewelry. The ornamental component includes a self-supporting housing and an insert assembly. The housing has a through hole with first and second openings at first and second sides, respectively, of the housing. The insert assembly is inserted in the through hole of the housing, and the insert assembly is assembled from a first tubular element and a gripping element. The first tubular element has a through hole that forms at least a part of the ornamental component through hole. The gripping element is configured to frictionally grip a part of the jewelry item. The first tubular element is configured to secure the gripping element inside the through hole of the ornamental component.

U.S. Patent No. 9,839,266 is directed to an ornamental component for a bracelet and/or a necklace. The ornamental component has a through hole allowing the ornamental component to be strung on an elongated member of a bracelet and/or necklace, and the through hole defines a through hole axis. The ornamental component includes: (a) a self-supporting housing having a through hole comprising a first opening at a first side of the self-supporting housing and a second opening at a second side of the self-supporting housing; and (b) an insert assembly in the through hole of the self-supporting housing. The insert assembly is assembled from a first tubular element having a through hole that forms at least a part of the through hole of the ornamental component and a gripping element for frictionally gripping a part of the bracelet and/or necklace, and the first tubular element is configured to secure the gripping element inside the through hole of the ornamental component.

We or our parents also have a number of registered copyrights for various pieces of jewelry and jewelry components, none of which, standing alone, is material to the franchise. In addition, we or our parent claim copyright ownership and protection for our PANDORA Manual, web site, and for various training, sales, marketing and promotional materials, and other materials published from time to time.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights.

There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. Further, there are no infringing uses actually known to us that could materially affect your sale of the patented jewelry or use and sale of the copyrighted materials.

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

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the Manual. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the Manual and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the Manual at your cost.

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

Your Store must at all times be under your direct supervision or that of your Store Manager.

The following persons may be required to sign the Personal Guarantee which is attached to the Franchise Agreement as Appendix B: (i) all individuals who execute the Franchise Agreement; (ii) each individual who owns an interest in the franchisee entity (for example, owners, shareholders, members, and partners who own an interest in an entity which itself owns an interest in the franchise entity); (iii) individuals who are officers and directors of the franchise entity or of an entity which owns an interest in the franchise entity and (iv) anyone else that we may direct. These people agree to discharge all obligations of the franchisee under the Franchise Agreement and are bound by all its terms and conditions, including maintaining confidentiality of proprietary information and abiding by the non-compete covenants.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell those types of merchandise that are authorized by us. You must offer and sell only those types of merchandise that we prescribe or have otherwise approved. We may change the goods and services that you must offer upon notice to you. There is no limit on the number or type of changes that we may make. We may modify our franchised business specifications and authorized goods and services at any time and for any reason that we believe will benefit our franchise program. We will notify you of all these changes in writing. Any failure to comply with these standards may result in termination of your Franchise Agreement.

You may not use your Store premises for any business purpose other than the operation of a PANDORA Store. You may use only marketing and promotional materials that we have approved.

You may not maintain an independent presence on the Internet. You must comply with our social media policy as promulgated from time to time.

You may only sell approved products to end user customers.

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

This table lists important provisions of the Franchise Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

Provision		Section in Franchise Agreement (FA) or Promissory Note (PN)*	Summary
a.	Length of the franchise term	FA: 3A(i) PN: 1	FA: If granted, Initial Term is 5 years. PN: Up to 12 months, depending on creditworthiness
b.	Renewal or extension of the term	FA: 3A(ii)	You have no right to a successor franchise upon expiration of your franchise agreement unless we are required to grant you the right to a successor franchise under the laws of your state. If we are required to grant you the right to a successor franchise by the laws of your state, your right is subject to the following conditions: you have a valid lease; you inform us of your desire to renew not less than six months nor more than 12 months prior to the expiration of your term; you comply with certain performance metrics; you or any store under common control of you are not in breach of your franchise agreement; you bring your store up to our current standards; you agree to undergo any additional training we may require; you sign our current franchise agreement form; you and your owners sign a release; and you pay our current Successor Fee. The Successor Term shall commence on the expiration of the Initial Term or the immediately preceding Successor Term and will be coterminous with the remaining balance of the lease term for the Authorized Location or five (5) years, whichever is less.
c.	Requirements for franchisee to renew or extend	FA: 3B	You have no right to a successor franchise upon expiration of your franchise agreement unless we are required to grant you the right to a successor franchise under the laws of your state. If we are required to grant you the right to a successor franchise by the laws of your state, your right is subject to the following conditions: you are in good standing, have a valid lease or are able to extend your lease for the entire successor term; you inform us of your desire to renew not less than 12 months nor more than 18 months prior to the expiration of your term; you or any store under common control of you are not in breach of your franchise agreement; you bring your store up to our current standards; you agree to undergo any additional training we may require; you sign our current franchise agreement form; you and your owners sign a release; and you pay our current successor fee. If you are granted the right to a successor franchise, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d.	Termination by franchisee	FA: 16I	Subject to certain conditions, you may terminate the Franchise Agreement only if we breach a material provision of the Franchise Agreement after you have provided us with 30 days' notice and opportunity to cure.

Provision		Section in Franchise Agreement (FA) or Promissory Note (PN)*	Summary
e.	Termination by franchisor without cause	None	Not applicable.
f.	Termination by franchisor with cause	FA: 16A PN: 5 and 6	FA: We can terminate only if you default and we have to provide with prior notice PN: We can declare the note immediately due and payable if you default.
g.	“Cause” defined – curable defaults	FA: 16A,16C	FA: You have 10 days to cure non-submission of reports and non-payment of amounts due and owing. You have 30 days to cure failure to resolve disputes involving your principals, failure to abide by our standards and requirements for the franchised business, failure to meet our requirements and specifications regarding to goods and services, failure to remedy scorecard deficiencies within specified time frame; failure to obtain and main all necessary permits and licenses or failure to comply with applicable laws, failure to provide an individual acceptable to us to assume control of the franchised business in the event of your death or incapacity; you breach any other provision of the Franchise Agreement; and failure to cure default relating to any other agreement between you (or your affiliate) and us (or our affiliate), (subject to state law).
h.	“Cause” defined – non-curable defaults	FA: 16B PN: 5 and 6	FA: Non-curable defaults: material misrepresentation, omission or falsification of information in franchise application or reports submitted to us, abandonment, insolvency, the expiration or termination of your lease, failure to timely cure a default under the lease, loss of right of possession, assignment for the benefit of creditors, conviction of offenses, deception of customers regarding goods, willful falsification of reports, repeated audits because of underreporting, repeated defaults within 12-month period even if cured, any act by you or anyone affiliated with the Business which causes, or is likely to cause, an incurable tarnishing of our reputation, and failure to cure within 24 hours’ notice of default that materially impairs the goodwill associated with our Marks or violates any health or safety law or presents a safety hazard (subject to state law), failure to successfully complete all required training, any material judgment is obtained against you and remains unsatisfied for 30 days or longer or you create of subfranchise of any kind under applicable law. PN: Non-curable defaults include failure to pay amounts owed and termination of the franchise agreement.
i.	Franchisee’s obligations on termination/non-renewal	FA: 17 PN: 6 and 7	FA: Obligations include complete de-identification, payment of amounts due, assignment of lease to us (if we want it), discontinue or assign business phone number; payment of all outstanding sums; and return of Manual and proprietary information. PN: Pay all unpaid principal balance, interest accrued thereon, and any court costs and attorneys’ fees

Provision		Section in Franchise Agreement (FA) or Promissory Note (PN)*	Summary
j.	Assignment of contract by franchisor	FA: 17A	No restriction on our right to assign. Assignee must fulfill our obligations under the Franchise Agreement.
k.	“Transfer” by franchisee - defined	FA: Appendix A	Includes any transfer of your interest in the Franchise Agreement, Business or equity interest in you.
l.	Franchisor’s approval of transfer by franchisee	FA: 13C	We have the right to approve all transfers but will not unreasonably withhold approval, provided all transfer conditions are satisfied.
m.	Conditions for franchisor’s approval of transfer	FA: 13C	FA: Transfer available at our sole discretion. Conditions which we may apply: new franchisee qualifies, you agree to comply with all post-term obligations, you are not in default under the Franchise Agreement or any other agreement with us; if applicable, proposed transferee is in compliance with any other agreements with us; transfer fee of \$5,000 is paid, all amounts owed by you are paid; if the proposed transferee will have more than 2 stores as a result of the transfer, the proposed transferee can demonstrate that it has sufficient back office resources to support its stores; all assets being transferred; new franchisee agrees to perform maintenance or remodeling as we require; you provide documents we require, including financial and transaction documents and they are satisfactory to us, including meeting certain financial requirements for solvency and working capital; training completed, new franchise agreement signed, you and new franchisee supply information we request and you sign a general release (subject to state law).
n.	Franchisor’s right of first refusal to acquire franchisee’s business	FA: 13F	We can match any bona fide offer for your business including an offer to purchase any ownership interest in the franchisee entity.
o.	Franchisor’s option to purchase franchisee’s business	FA: 13F; 17C	FA: Upon termination or expiration of the Franchise Agreement we have the option (but not the obligation) to purchase the assets of the Store for the lesser of: i) market value, or ii) your cost less depreciation on a straight-line basis of 10% per year.
p.	Death or disability of franchisee	FA: 13E	Upon your death, disability or incapacity, franchise can be transferred to third party approved by us. Transfer conditions apply (see m, above).
q.	Non-competition covenants during the term of the franchise	FA: 18F & Appendix E	No direct or indirect involvement by you, your personal guarantors, shareholders, members, partners, officers and directors in the operation of business that sells bracelets and charms that compete, directly or indirectly, with the PANDORA charm bracelet product line.
r.	Non-competition covenants after the franchise is terminated or expires	FA: 18F & Appendix E	No competing business for one year within a 15-mile radius of the Store or any other PANDORA Store.
s.	Modification of the agreement	FA: 8B	No modifications generally, but we may change Manual and Marks.

Provision		Section in Franchise Agreement (FA) or Promissory Note (PN)*	Summary
t.	Integration/merger clause	FA: 20E	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	FA: 14C, 14D	Except for certain claims, all disputes must be arbitrated in the city where our headquarters are located at the time of the dispute, currently Baltimore City, Maryland.
v.	Choice of forum	FA: 13G	Litigation must be brought in the Federal District Court for the District of Maryland or in District Court in Baltimore City, Maryland, (subject to state law).
w.	Choice of law	FA: 14B PN: 8	FA: Except for claims under federal trademark law, and the parties' rights under the Federal Arbitration Act, Maryland law applies (subject to state law). PN: Maryland law

Unless otherwise noted, all section references in the above chart relate to the Franchise Agreement.

ITEM 18 PUBLIC FIGURES

We currently do not use any public figure to promote the franchise. No public figure is involved in our actual management or control.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Sabri Latrech, our Vice President, Real Estate and Franchise at 250 West Pratt Street, 17th Floor, Baltimore, Maryland 21201 and (410) 309-0200, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2020 to 2022*

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchise- Owned	2020	237	230	-7
	2021	230	200	-30
	2022	200	150	-50
Company- Owned	2020	157	157	+0
	2021	157	187	+30
	2022	187	270	+83
Total	2020	394	387	-7
	2021	387	387	+0
	2022	387	420	+33

*As of December 31, 2020, 2021, and 2022. This Table No. 1 does not include international franchised outlets or franchised outlets located in the U.S. Territories although references to franchised outlets opened in 2022 in our audited Financial Statements (Exhibit B) include international franchised outlets and outlets located in the U.S. Territories. See Exhibit H for a listing of our franchised outlets located internationally and in the U.S. Territories.

Table No. 2
Transfers of Outlets From Franchisees to New Owners
(Other than the Franchisor or an Affiliate)
For Years 2020 to 2022*

State	Year	Number of Transfers
Florida	2020	0
	2021	1
	2022	0
Missouri	2020	0
	2021	0
	2022	0
South Carolina	2020	0
	2021	1
	2022	0

State	Year	Number of Transfers
All State Total	2020	0
	2021	2
	2022	0

*As of December 31, 2020, 2021, and 2022.

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	2	0	2
	2022	2	0	0	0	1	0	1
Alaska	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Arizona	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	5	0	2
Arkansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	1	0	0
	2022	0	0	0	0	0	0	0
California	2020	25	0	3	0	0	0	22
	2021	22	0	0	0	0	0	22
	2022	22	0	0	0	20	0	2
Colorado	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	1	0	0
Connecticut	2020	5	0	1	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Florida	2020	36	2	0	0	0	0	38
	2021	38	1	0	0	0	0	39
	2022	39	0	0	0	2	0	37
Georgia	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	2	0	3
	2022	3	0	0	0	0	0	3
Hawaii	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	2	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Illinois	2020	14	1	0	0	0	0	15
	2021	15	1	0	0	3	0	13
	2022	13	0	0	0	0	0	13
Indiana	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	1	0	5
	2022	5	0	0	0	0	0	5
Iowa	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Kansas	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	1	0	0
	2022	0	0	0	0	0	0	0
Kentucky	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Louisiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	1	3
	2022	3	0	0	0	0	0	3
Massachusetts	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Michigan	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	1	0	3
	2022	3	0	0	0	0	0	3
Minnesota	2020	2	0	0	1	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	2	0	1
	2022	1	0	0	0	0	0	1
Nebraska	2020	2	0	0	1	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Nevada	2020	11	2	0	0	0	0	13
	2021	13	1	0	0	0	0	14
	2022	14	0	0	0	13	0	1
New Hampshire	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
New Jersey	2020	10	1	0	0	0	0	11
	2021	11	0	0	0	0	0	11
	2022	11	0	0	0	0	0	11
New Mexico	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New York	2020	16	0	1	0	0	0	15
	2021	15	0	0	0	8	1	6
	2022	6	0	0	0	0	0	6
North Carolina	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	1	0	3
	2022	3	0	0	0	0	0	3
Ohio	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
Oklahoma	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Oregon	2020	3	0	1	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	1	0	0
Pennsylvania	2020	9	1	1	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	0	0	0	0	0	9
South Carolina	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
South Dakota	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Tennessee	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	5	0	0
	2022	0	0	0	0	0	0	0
Texas	2020	23	0	1	0	0	0	22
	2021	22	0	0	0	0	0	22
	2022	22	0	0	0	0	0	22
Utah	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Virginia	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	1	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2022	5	0	0	0	0	0	5
Washington	2020	5	0	1	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	4	0	0
West Virginia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Wisconsin	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	2	0	0
	2022	0	0	0	0	0	0	0
U.S. Total	2020	237	7	12	2	0	0	230
	2021	230	3	0	0	30	3	200
	2022	200	0	1	0	49	0	150

*As of December 31, 2020, 2021, and 2022. This Table No. 3 does not include international franchised outlets or franchised outlets located in the U.S. Territories, although references to franchised outlets in our audited Financial Statements (Exhibit B) include international franchised outlets and outlets located in the U.S. Territories.

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

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Alaska	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Arizona	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	5	0	0	5
Alabama	2020	0	0	0	0	0	0
	2021	0	0	2	0	0	2
	2022	2	1	1	0	0	4
Arkansas	2020	1	0	0	0	0	1
	2021	1	0	1	0	0	2
	2022	2	0	0	0	0	2
California	2020	18	0	0	0	0	18
	2021	18	0	0	0	0	18
	2022	18	7	20	0	0	45
Colorado	2020	3	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2021	3	0	0	0	0	3
	2022	3	0	1	0	0	4
Delaware	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
District of Columbia	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Florida	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	3	2	0	0	8
Georgia	2020	10	0	0	0	0	10
	2021	10	0	2	0	0	12
	2022	12	0	0	0	0	12
Hawaii	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	2	0	0	2
Idaho	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	2	0	0	0	2
Illinois	2020	5	0	0	0	0	5
	2021	5	0	3	0	0	8
	2022	8	0	0	0	0	8
Indiana	2020	1	0	0	1	0	0
	2021	0	0	1	0	0	1
	2022	1	1	0	0	0	2
Iowa	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Kansas	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
	2022	1	1	0	0	0	2
Kentucky	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
Louisiana	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Maine	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Maryland	2020	6	0	0	0	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	0	0	6
Massachusetts	2020	10	0	0	0	0	10
	2021	10	1	0	0	0	11
	2022	11	1	0	0	0	12
Michigan	2020	7	0	0	0	0	7
	2021	7	1	1	0	0	9
	2022	9	0	0	0	0	9
Minnesota	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	1
	2022	1	1	0	0	0	1
Mississippi	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Missouri	2020	1	0	0	0	0	1
	2021	1	0	2	0	0	3
	2022	3	2	0	0	0	5
Nevada	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	13	0	0	14
North Carolina	2020	8	0	0	0	0	8
	2021	8	0	1	1	0	8
	2022	8	0	0	0	0	8
North Dakota	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
New Hampshire	2020	4	0	0	0	0	4
	2021	4	0	0	1	0	3
	2022	3	0	0	0	0	3
New Jersey	2020	9	0	0	0	0	9
	2021	9	0	0	0	0	9
	2022	9	1	0	0	0	10
New York	2020	17	0	0	0	0	17
	2021	17	0	8	0	0	25
	2022	25	3	0	1	0	27
Ohio	2020	6	0	0	0	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	0	0	6

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Oklahoma	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Oregon	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	1	0	0	2
Pennsylvania	2020	8	0	0	0	0	8
	2021	8	0	0	1	0	7
	2022	7	0	0	0	0	7
Rhode Island	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
South Carolina	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
South Dakota	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Tennessee	2020	3	0	0	0	0	3
	2021	3	0	5	0	0	8
	2022	8	0	0	0	0	8
Texas	2020	10	0	1	0	0	11
	2021	11	0	0	0	0	11
	2022	11	2	0	0	0	13
Utah	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	3	0	0	0	3
Virginia	2020	8	0	0	0	0	8
	2021	8	0	1	0	0	9
	2022	9	1	0	0	0	8
Washington	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	3	4	0	0	7
Wisconsin	2020	3	0	0	0	0	3
	2021	3	0	2	0	0	5
	2022	5	0	0	0	0	5
All State Total	2020	157	0	1	1	0	157
	2021	157	3	30	3	0	187
	2022	187	35	49	1	0	270

*As of December 31, 2020, 2021, and 2022.

**Table No. 5
Projected Openings
For Upcoming Fiscal Year
As of December 31, 2022**

State	Franchise Agreements Signed But Business Not Open	Projected Franchises In Next Fiscal Year	Projected Company Owned Businesses In Next Fiscal Year
Total	0	0	0

There are no current plans for any new U.S. Franchise Agreements for the upcoming Fiscal Year.

Exhibit H includes a list of current franchisees and any franchisees who have had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the fiscal year ended December 31, 2022 and any franchisee who has not communicated with us within ten weeks of the issuance date of this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last three fiscal years, we have not signed any provisions which would restrict current or former franchisees from speaking openly about their experience with us. We have a franchise advisory board, but it does not have a separate address, telephone number, email address or web address.

**ITEM 21
FINANCIAL STATEMENTS**

Our fiscal year end is December 31. Attached as Exhibit B are the audited balance sheets of Pandora Franchising, LLC as of December 31, 2022 and 2021; and the related statements of income, changes in retained earnings, and cash flows for the periods ending December 31, 2022, 2021 and 2020.

**ITEM 22
CONTRACTS**

Exhibit C to this Disclosure Document is a sample of the PANDORA Franchise Agreement with Appendices B (Personal Guarantee), C (Acknowledgement Addendum), E (Noncompetition Agreement), F (Nondisclosure Agreement), G (Franchisee Information) H (Authorized Location; Term; Fee), J (Franchisee Attestation – US State Privacy Compliance).

Exhibit D to this Disclosure Document is a sample of the Promissory Note for inventory purchases.

As a prospective franchisee, you should obtain such independent legal and financial advice concerning the PANDORA franchise offering as you deem appropriate before making any commitment.

**ITEM 23
RECEIPTS**

Exhibit I of this Disclosure Document contains two receipt pages by which you acknowledge your receipt of the Disclosure Document. One copy is for your records. The other one must be signed, dated and returned to us at least fourteen days before you sign the Franchise Agreement or pay any fee to us.

EXHIBIT A

List of State Authorities and Agents to Receive Service of Process

**LIST OF STATE ADMINISTRATORS,
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	California Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21 st FL New York, NY 10005 212-416-8222	Secretary of State of New York 99 Washington Avenue Albany, New York 12231
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 605-773-3563	Director of the South Dakota Division of Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT B
Financial Statements

FINANCIAL STATEMENTS

Pandora Franchising, LLC
Years Ended December 31, 2022, 2021, and 2020
With Report of Independent Auditors

Ernst & Young LLP



Pandora Franchising, LLC

Financial Statements

Years Ended December 31, 2022, 2021, and 2020

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Report of Independent Auditors

The Member
Pandora Franchising, LLC

Opinion

We have audited the financial statements of Pandora Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and changes in retained earnings and cash flows for the years ended December 31, 2022, 2021, and 2020, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022, 2021, and 2020 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Ernst + Young LLP

May 30, 2023

Pandora Franchising, LLC

Balance Sheets

	December 31	
	2022	2021
Assets		
Current assets:		
Accounts receivable, net	\$ 13,233,748	\$ 5,752,551
Other current assets	414,933	1,261,427
Total current assets	13,648,681	7,013,978
Receivable from related party, net	1,111,819	17,162,883
Deferred income taxes	426,793	715,494
Total assets	\$ 15,187,293	\$ 24,892,355
Liabilities and member's equity		
Current liabilities:		
Accounts payable	\$ 7,614	\$ 873,686
Accrued expenses	3,672,906	5,581,862
Reserve for sales returns	966,080	1,576,799
Total current liabilities	4,646,600	8,032,347
Total liabilities	4,646,600	8,032,347
Member's equity:		
Share capital	100,000	100,000
Retained earnings	10,440,693	16,760,008
Total member's equity	10,540,693	16,860,008
Total liabilities and member's equity	\$ 15,187,293	\$ 24,892,355

See accompanying notes.

Pandora Franchising, LLC

Statements of Income and Changes in Retained Earnings

	Year Ended December 31		
	2022	2021	2020
Net sales	\$ 282,789,399	\$ 382,490,725	\$ 223,984,179
Cost of sales	244,262,360	333,739,883	197,337,721
Gross profit	38,527,039	48,750,842	26,646,458
Operating expenses:			
Sales and distribution	12,812,243	14,613,789	9,789,373
Marketing	11,421,930	14,889,509	8,640,193
Administrative	836,103	843,116	956,398
Depreciation	–	–	2,061
Total operating expenses	25,070,276	30,346,414	19,388,025
Income before income taxes	13,456,763	18,404,428	7,258,433
Income tax expense	3,364,078	4,752,042	1,816,928
Net income	\$ 10,092,685	\$ 13,652,386	\$ 5,441,505
Changes in retained earnings:			
Beginning balance	\$ 16,760,008	\$ 69,397,803	\$ 63,956,298
Net income	10,092,685	13,652,386	5,441,505
Dividends paid	(16,412,000)	(66,290,181)	–
Ending balance	\$ 10,440,693	\$ 16,760,008	\$ 69,397,803

See accompanying notes.

Pandora Franchising, LLC

Statements of Cash Flows

	Year Ended December 31		
	2022	2021	2020
Operating activities			
Net income	\$ 10,092,685	\$ 13,652,386	\$ 5,441,505
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	–	–	2,061
Deferred income taxes	288,701	447,905	(21,331)
Changes in assets and liabilities:			
Accounts receivable	(7,481,197)	6,991,876	21,918,110
Other current assets	846,494	(226,341)	(72,211)
Receivable from related party	16,051,064	42,219,016	(23,557,100)
Accounts payable	(866,072)	387,879	426,752
Accrued expenses	(1,908,956)	2,997,021	(2,918,042)
Reserve for sales returns	(610,719)	(179,562)	(1,219,744)
Net cash provided by operating activities	16,412,000	66,290,180	–
Financing activities			
Dividends paid	(16,412,000)	(66,290,180)	–
Net cash used in financing activities	(16,412,000)	(66,290,180)	–
Net change in cash and cash equivalents	–	–	–
Cash and cash equivalents at beginning of year	–	–	–
Cash and cash equivalents at end of year	\$ –	\$ –	\$ –

See accompanying notes.

Pandora Franchising, LLC

Notes to Financial Statements

Years Ended December 31, 2022, 2021, and 2020

1. Organization and Basis of Presentation

Pandora Franchising, LLC (the Company) was formed on October 2, 2009, in the state of Maryland, and offers franchisees the right to operate as a unit franchised business, use the Pandora name, and sell Pandora-branded products. The Company also designs and sells to franchisees systems to sell Pandora-branded jewelry and other products at a specified retail location that is approved by the Company. The Company began operations on January 1, 2010. The latest date upon which the Company shall be dissolved is December 31, 2109.

The Pandora franchise system is characterized by certain patents, trademarks, copyrights, logos, operating systems, operating manuals, training, distinctive store design, and color schemes, and it includes materials and methods for marketing and selling Pandora-branded jewelry and related products.

The Company's sole member is Pandora Jewelry, LLC (PJLLC or Parent), a corporation formed on January 31, 2003, by Pandora A/S, a Danish corporation, to be a wholesaler of jewelry to retail customers throughout the United States, the Caribbean and Central America. The liability of PJLLC is limited to the capital contribution to the Company.

Pandora Jewelry LATAM, LLC (LATAM) was formed on October 21, 2020 by its sole member, Pandora A/S. LATAM was created for purposes of holding the Pandora franchisees located in South America (excluding Brazil) that were previously part of Pandora Franchising, LLC prior to Pandora Jewelry LATAM LLC's formation.

Pandora Jewelry, Inc. (PJI) was formed June 26, 2008, by Pandora Jewelry America ApS, for the purpose of holding the ownership interest in and providing administrative services to PJLLC. PJI wholly owns PJLLC, which wholly owns the Company. Effective December 31, 2008, Pandora Jewelry America ApS merged with its parent corporation, Pandora A/S.

The Company requires franchisees to sign a franchise agreement and to provide funding to cover the capital investment in opening a franchised store, including leasehold improvements, design fees, fixtures, inventory, and other related expenditures. The Company does not charge an initial or continuing franchise fee. The franchise agreement provides the franchisee with the right to operate the franchise at an authorized location for a period ranging from the lesser of ten years or the lease term of the authorized location. Upon expiration of the initial term, a new franchise agreement is required in order to continue operation of the retail store. The franchisee is required to operate the retail store in accordance with all of the Company's quality standards, purchase all

Pandora Franchising, LLC

Notes to Financial Statements (continued)

1. Organization and Basis of Presentation (continued)

jewelry inventory directly from the Company, purchase all fixtures from authorized suppliers or the Company, and participate in all advertising, promotion, and pricing campaigns. In return, the Company provides the right and license to establish and operate a retail store at an authorized location; provides training, marketing, and promotional support; and supplies all jewelry inventory. Franchisees are charged a marketing fee that is set by management and cannot exceed the maximum rate, as provided by the franchise agreement, for franchisees' participation in all national marketing campaigns. When the marketing fee is billed to franchisees, an offsetting marketing expense is allocated from PJLLC to the Company.

The following schedule illustrates the number of changes to the Company's franchisees under franchising and licensing contracts in the United States and the Caribbean:

	Year Ended December 31		
	2022	2021	2020
Franchisees and licensing contracts, beginning of year	229	363	366
Franchisees opened	1	4	7
Franchisees closed	(3)	(51)	(2)
Franchisees transferred to Pandora Jewelry LATAM LLC	–	(87)	–
Purchased from a franchisee by an affiliate	(49)	–	(8)
Franchisees and licensing contracts, end of year	178	229	363

From time to time, the Company's affiliate Pandora Ventures, LLC (PVLLC) purchases stores from franchisees. The Company does not include revenues or expenses related to PVLLC, as it purchases products and services directly from PJLLC.

The Company's accompanying financial statements are presented in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Pandora Franchising, LLC

Notes to Financial Statements (continued)

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The Company's most significant estimates include transfer pricing considerations, reserve for sales returns, and advertising programs.

Revenue Recognition

In accordance with Accounting Standards Codification (ASC) 606, *Revenue Recognition*, the Company recognizes revenue when it transfers control of promised goods or services to its customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. The Company has identified its contracts with customers, reviewed each contract and determined if the Company is the principal or agent under the contract. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Sales are recognized as the performance obligations to deliver products are satisfied and are recorded based on the amount of consideration the Company expects to receive in exchange for satisfying the performance obligations. Sales represent the amount of consideration the Company expects to receive from customers in exchange for transferring products.

Other costs to obtain and fulfill contracts are expensed as incurred due to the short-term nature of the Company's sales. The Company does not incur costs to obtain a contract or costs to fulfill a contract that would result in the capitalization of contract costs. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues. The Company considers any shipping and handling costs that are incurred before the customer has obtained control of the product as a cost to fulfill a promise and will account for them as an expense. A provision for estimated sales returns and discounts is recognized as a reduction of sales in the same period that the product sales are recognized. The Company's estimate of the provision for sales returns has been established based on contract terms with the customers and historical business practices.

Pandora Franchising, LLC

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

The Company's sales are recognized primarily when title to the product, ownership and risk of loss transfer to the customer, which are typically on the date of receipt by the customer.

The Company's payment terms vary by the type of customer. The timing between fulfillment of performance obligations and when payment is due is not significant and does not give rise to financing transactions. The Company did not have any contracts with significant financing components as of December 31, 2022 or 2021.

The Company's net sales are related to the sale of Pandora-branded jewelry and other products and there are no other material revenue streams. Therefore, there is no disaggregation of the Company's net sales to disclose.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash and cash equivalents held by the Company as of December 31, 2022 or 2021.

Accounts Receivable and Allowance for Doubtful Accounts

The Company extends trade credit to franchisees on an unsecured basis. These amounts are recorded at cost, which approximates market value. Accounts receivable, net of the allowance for doubtful accounts, represents the Company's estimate of the amount that will likely be collected.

Management reviews the adequacy of its allowance for doubtful accounts on an ongoing basis, using historical collection trends, aging of receivables, and a review of specific accounts, and makes adjustments to the allowance as necessary. Accounts receivable that are considered to be uncollectible are written off against the allowance for doubtful accounts. As of December 31, 2022 and 2021, the Company recorded an allowance for doubtful accounts of \$700,511 and \$885,642 respectively.

Reserve for Sales Returns

A provision for estimated sales returns is recognized when there is historical experience or when a reasonably accurate estimate of expected future returns can otherwise be made. The reserve for sales returns is recognized at the gross margin of the expected returns since the Company's

Pandora Franchising, LLC

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

products are sold on a flash title basis and title of the inventory immediately transfers back to PJLLC once the inventory is returned. Changes to the reserve for sales returns are recognized gross in the income statement, i.e., as both revenue and cost of sales. Sales returns decreased net sales by \$7,426,247, \$21,025,860, and \$17,563,607 and represented 2.6%, 5.5%, and 7.8% of total net sales for the years ended December 31, 2022, 2021, and 2020, respectively. The part of estimated sales returns that is not expected to be sold is written down to remelt value.

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred and recorded within sales and distribution expenses on the statements of income and changes in retained earnings. In 2022, 2021, and 2020, shipping and handling costs were \$2,657,282, \$4,119,970, and \$2,509,207, respectively.

Contingencies

The Company is subject to litigation in the normal course of its business. The Company applies the provisions of Financial Accounting Standards Board (FASB) ASC 450, *Contingencies*, in determining the recognition and measurement of expense associated with legal claims against the Company. That guidance requires losses from contingencies to be recognized when it is probable a loss has been incurred and the amount can be reasonably estimated. Guidance from external counsel on the potential outcome of litigation is considered in determining the need to record liabilities for potential losses and the disclosure of pending litigation. In the opinion of management, the Company's liability, if any, under any pending litigation or administrative proceedings would not have a material effect on its financial position or results of operations.

Income Taxes

The Company's allocated share of the consolidated PJI federal tax provision is determined using the stand-alone method. Under the stand-alone method, tax expense or benefit is calculated as if the Company files its own tax returns. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company has agreed with PJI that PJI bears any financial obligation associated with respect to any of the Company's uncertain tax positions.

Pandora Franchising, LLC

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which changes the impairment model for most financial assets. The new model uses a forward-looking expected loss method, which will generally result in earlier recognition of allowances for credit losses. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. In March 2022, the FASB issued ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures*, with additional Topic 326 guidance and clarifications. The effective date of this standard was deferred to annual reporting periods beginning after December 15, 2022, including interim periods within those annual reporting periods, and early adoption is still permitted. Accordingly, the Company will now adopt this new standard effective January 1, 2023, and it is currently evaluating the potential impact that ASU 2016-13 and ASU 2022-02 may have on the financial statements.

3. Employee Benefit Plan

The Company participates in a 401(k) retirement plan sponsored by PJLLC under the provisions of the Internal Revenue Code (the Code). Eligible employees can elect to contribute 86% of eligible compensation into the plan, limited to an annual maximum amount as determined by the Internal Revenue Service. PJLLC currently matches employee contributions up to 6% of employees' eligible salary, up to an annual salary limitation as adjusted by the Code. Employees are immediately 100% vested in both employee and employer contributions. In 2022, 2021, and 2020, matching contributions by the Company were \$11,727, \$30,657, and \$17,215, respectively.

4. Related-Party Transactions

The Company buys all of its jewelry, fixtures, packaging, point-of-sale materials, and other items that it sells to its franchisees from its parent company, PJLLC. PJLLC buys the majority of its products from its parent, Pandora A/S. Those products are produced by Pandora A/S's wholly owned subsidiary, Pandora Production, Ltd., at its factories in Thailand.

PJLLC also provides customer service, marketing, sales management, merchandising, and distribution services to the Company, which are reimbursed to PJLLC through a markup on the cost of products purchased. Sold inventory is transferred to the Company by PJLLC on a flash title

Pandora Franchising, LLC

Notes to Financial Statements (continued)

4. Related-Party Transactions (continued)

basis as it is shipped to the Company's customers, and thus, PJLLC takes all inventory obsolescence and warranty risk, the cost of which is factored into the cost of the Company's product purchases. Therefore, no inventory balances are recorded on the Company's balance sheet.

The Company relies on PJLLC for the products and services it sells. If the Company were required to procure its products and services from an unrelated party, costs and expenses of the Company may be materially different from the costs and expenses that are presented in the accompanying financial statements.

All cash received from the payment of customer trade receivables is collected by PJLLC on behalf of the Company, resulting in no cash balance recorded on the Company's balance sheet. Cash received is utilized to offset intercompany balances due from the Company to PJLLC resulting in the Company recording a net receivable from parent or net payable due to parent as of year-end.

At December 31, 2022 and 2021, the Company had a net receivable from related party, which is the Parent, in the amount of \$1,111,818 and \$17,162,883, respectively. This receivable does not bear interest. Repayment of the amount owed is on demand; however, the Company has committed not to demand repayment prior to December 31, 2023, which is why this balance is not recorded as part of current assets in the accompanying balance sheets.

5. Income Taxes

Income tax expense consists of the following components:

	Year Ended December 31		
	2022	2021	2020
Current tax expense	\$ 3,075,377	\$ 4,304,138	\$ 1,838,259
Deferred tax expense (benefit)	288,701	447,904	(21,331)
	<u>\$ 3,364,078</u>	<u>\$ 4,752,042</u>	<u>\$ 1,816,928</u>

The primary difference between the effective tax rate and the federal statutory tax rate is state income taxes.

Pandora Franchising, LLC

Notes to Financial Statements (continued)

5. Income Taxes (continued)

The tax effects of temporary differences that give rise to the deferred tax assets consist of the following:

	December 31	
	2022	2021
Deferred tax assets:		
Allowance for doubtful accounts	\$ 175,694	\$ 217,830
Accrued expenses	8,924	100,767
Sales return reserve	242,175	387,825
Depreciation	–	9,072
Deferred tax assets	<u>\$ 426,793</u>	<u>\$ 715,494</u>

PJI files a consolidated federal income tax return that includes all of its subsidiaries, including the Company, in which the Company is allocated a share of income tax expense. There is no formal tax-sharing arrangement, but the parent allocates income tax expense as if the Company were preparing a separate return.

6. Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of accounts receivable.

The Company's receivables are derived from sales to franchisees. One customer accounted for 6.7% and 24.8% of the Company's accounts receivable, net as of December 31, 2022 and 2021, respectively. Another customer accounted for 5.6% and 12.5% of the Company's accounts receivable, net as of December 31, 2022 and 2021, respectively.

The Company has adopted credit policies and standards intended to accommodate industry growth and inherent risk. Management believes that credit risks are moderated by the financial stability of the Company's major customers. Management assesses credit risk through quantitative and qualitative analysis, and from this analysis, establishes credit limits and determines whether the Company will seek to use one or more credit support devices, such as obtaining a third-party guarantee or standby letter of credit, or obtaining credit insurance.

Pandora Franchising, LLC

Notes to Financial Statements (continued)

7. Dividends

The Board of Directors of PJI authorized the undersigned officer of PJI to execute and deliver \$16,412,000 and \$66,290,181 in upstream dividends from the Company to PJI as of December 31, 2022 and 2021, respectively.

8. Subsequent Events

Subsequent to December 31, 2022, the Company closed seven franchisee stores, which were acquired by the Company's affiliate PVLLC. Subsequent events have been evaluated through May 30, 2023, which is the date the accompanying financial statements were issued. The Company has concluded that no other events or transactions have occurred that require disclosure in the financial statements.

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EXHIBIT C

Franchise Agreement with Appendices

PANDORA

Franchise Agreement (US) #__

Authorized Location

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PANDORA®
FRANCHISE AGREEMENT

This franchise agreement (“**Agreement**”) is between PANDORA FRANCHISING, LLC, a Maryland limited liability company (“**we**”, “**us**”, “**our**”), and _____, a _____ (“**you**”, “**your**” or “**Franchisee**”).

INTENTION OF THE PARTIES

A. We and our Affiliates have invested considerable time, skill, effort and money in developing a unique system and format for the operation of PANDORA Stores that sell Products under the Marks.

B. You have applied to us to open a PANDORA Store at the Authorized Location utilizing the System and the Marks. You acknowledge that franchising is a method of operating stores and serving customers in a consistent manner and that consumers expect a common experience in a PANDORA store regardless of its location or its operator. You understand that signing this Agreement indicates your willingness to comply with the terms of this Agreement and of the System in order to provide a uniform experience for customers.

C. You recognize that franchising in general and the System in particular are not static and that we reserve the right to adapt the System to meet changes in the competitive landscape, technology, customer expectations and other variables that impact the business. These changes may require you to adopt new operating standards, marketing methods, and programs, install and use new technology and equipment, and change the appearance and functionality of the PANDORA Store.

D. Based upon these intentions and understanding of the parties, we are willing to grant you the right to operate a PANDORA Store, subject to the terms and conditions set forth in this Agreement.

You and we therefore agree as follows:

1. DEFINITIONS

Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings given to them in **Appendix A**.

2. GRANT OF LICENSE

A. **Grant**. Subject to the terms and conditions of this Agreement, we grant to you, during the applicable Term set out in **Section 3**, the non-exclusive right and license to use the System and Marks solely to establish and operate one PANDORA Store at the Authorized Location. You accept the license and the obligation to operate the PANDORA Store only at the Authorized Location using the Marks and the System in compliance with the terms and conditions of this Agreement.

B. Opening. You agree that you will open the PANDORA Store and operate it in accordance with the requirements of **Section 6.A** within 180 days from the Effective Date unless we authorize in writing an extension of time. If the PANDORA Store is not open or operating within 180 days from the Effective Date, we have the right to terminate this Agreement immediately upon written notice to you.

C. Territory. Subject to the terms and conditions in this Agreement, during the applicable Term, we will not operate or license anyone else the right to operate a Pandora Store within the Mall where your PANDORA Store is located. If your PANDORA Store is not located in a Mall, then you do not have any protected territory, and we may open or license others to open a PANDORA Store in our discretion.

D. Our Reservation of Rights. We and our Affiliates have the right, in our sole discretion, to: (1) grant other franchises or develop and operate company or affiliate-owned PANDORA Stores at any location any location anywhere outside of the Mall; (2) develop and operate company or affiliate-owned stores using the Marks, but that are not PANDORA Stores, located inside a Mall, such as inside another retail store within a Mall, or that might be reduced in size from a PANDORA Store or that may offer a limited inventory of jewelry and merchandise, but that does not have a separate dedicated entrance or appear as a traditional inline retail location (“**Non-Traditional PANDORA Store**”), (3) grant other franchises or the company or affiliate-owned entity, rights to sell or distribute some or all of Pandora-branded products through department stores, other retail stores, or kiosks/pop up shops within the Mall regardless of proximity to your PANDORA Store, (4) develop and operate company or affiliate-owned Stores using the Marks, but that are not PANDORA Stores, that offer a limited inventory of jewelry and merchandise, such as our lab-created diamonds, (5) sell any products or services anywhere, whether or not using the Marks (as defined below), through alternative channels of distribution (including Internet and mail order), (6) purchase or be purchased by, or merge or combine with, competing businesses wherever located as further described in **Section 12.A** of this Agreement; and (7) manufacture and sell certain items of jewelry and related products, or new product lines, to third parties that are not franchisees and other types of resellers without making them available to franchisees. You may face competition from other franchisees (not in your Mall), from outlets that we own, from other retailers (who may be in your Mall) or from other channels of distribution or competitive brands that we control. The Internet is a channel of distribution reserved exclusively to us and to some authorized retailers, and you may not independently market your PANDORA Store or your inventory on the Internet (including all current and future forms of social media networks or platforms except as we specifically allow) or otherwise conduct e-commerce except as we approve. We need not compensate you for soliciting or accepting orders from inside your territory (i.e., Mall).

E. Restrictions on Your Rights. The license granted to you in this Agreement does not provide you with the right to and you are expressly prohibited from (1) selling Products at any location other than the Authorized Location; (2) selling Products on the Internet, via mobile applications (e.g., WeChat and What’sApp) or through any other distribution method other than the PANDORA Store; (3) selling Products to any person or Entity for the purpose of resale or further distribution; and (4) excluding, controlling or imposing conditions on our development of future franchised, company or affiliate owned stores at any time or at any location outside the Mall (if applicable). By way of example, you may not agree to prohibitions or restrictions in any lease for

your Authorized Location that purport to limit our rights to develop and/or operate locations within a certain radius/distance from the relevant Authorized Location, including upon assignment of your lease to us or an affiliate.

3. TERM

A. Term.

i. Initial Term. If this is the initial term, this Agreement shall commence on the Effective Date and expire on that date that is the fifth anniversary of the day that your PANDORA Store opens for business in the Authorized Location, unless terminated sooner in accordance with this Agreement (“**Initial Term**”).

ii. Successor Term. If this is a successor term, this Agreement shall commence on the expiration of the Initial Term or the immediately preceding Successor Term and will be coterminous with the remaining balance of the lease term for the Authorized Location or three (3) years, whichever is less (“**Successor Term**”).

iii. Transfer Term. If this is a transfer term, the term, at our option, will be equal to the time period set out in Section 13.G (“**Transfer Term**”).

B. No Right to Successor Franchise. Upon the expiration of the applicable Term, you will have no right to renew this Agreement or sign a new franchise agreement for a Successor Franchise for your PANDORA Store unless we are required to grant you the right by the laws of the state of your Authorized Location. Any grant of a successor franchise to you is subject to the following terms and conditions being fully satisfied.

i. You must give us written notice (“**Notice**”) of your desire to renew not less than 12 months and not more than 18 months prior to the end of the applicable Term. If we do not receive written notice in the required time frame, we may elect not to renew you for a Successor Term for your PANDORA Store.

ii. We are still offering PANDORA Store franchises in the geographic area where your PANDORA Store is located at the time you give us notice of your desire to acquire the right to continue to operate a PANDORA Store franchise for a Successor Term.

iii. You have a lease for the Authorized Location for of the entire duration of the Successor Term. If the term of your lease is longer than the Successor Term, we will grant you a success franchise only for term of the Successor Term.

iv. You, and any Entity under common ownership or control with you, are not in breach of the terms and conditions of this Agreement and any Related Agreement at the time we receive the Notice.

v. You, and any Entity under common ownership or control with you, have substantially complied with the terms and conditions of this Agreement and any Related Agreement throughout the applicable Term. For purposes of this **Section 3B(v)** “**substantially complied**” means that you or any other Entity under common ownership or control with you have not breached the terms of this Agreement or any Related Agreements on (a) five or more occasions during the applicable Term; or (b) two or more occasions during the past 24 months prior to the expiration of this Agreement regardless of whether you cured any such breach.

vi. You have satisfied all monetary obligations that you owe to us and our Affiliates, to your landlord, and to all vendors and suppliers to the PANDORA Store, and you have timely met such obligations throughout the applicable Term.

vii. You agree, at your expense, to bring the PANDORA Store up to the then-current standards for a PANDORA Store and comply with any applicable updating or remodeling requirements we identify and on the schedule we require. There is no limitation on the amount we may require you to spend on refurbishing, remodeling and replacement.

viii. You agree to satisfactorily complete any additional training we may require. There may be a fee for training and you will be responsible for travel and lodging expenses for you and others in your organization who attend the training.

ix. You sign our then-current form of successor franchise agreement, including any accompanying Related Agreements, addenda and ancillary agreements (“**Successor Franchise Agreement**”). You will not be required to pay any initial franchise fee then being charged, and we will not be required to provide any of the initial training or other services contained in such Successor Franchise Agreement, which we provide to a new franchisee. The Term of the Successor Franchise Agreement may have a shorter term than the Term for this Agreement and contain provisions materially different from this Agreement. **IN OUR SOLE DETERMINATION, YOU MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO EXTEND YOUR RIGHTS TO OPERATE THE PANDORA STORE IF YOU FAIL TO EXECUTE AND RETURN TO US THE SUCCESSOR FRANCHISE AGREEMENT AND OTHER REQUIRED DOCUMENTS WITHIN 30 DAYS AFTER THEIR DELIVERY TO YOU OR FAIL TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 3.B.**

x. You and your owners, and any Entity in which they have any ownership interest or control, directly or indirectly, whose business relates in any way to the PANDORA Store or the System, sign a general release covering to the fullest extent permitted by law all existing PANDORA Stores in which such parties have an interest, in a form we prescribe, to release us and our Affiliates, officers, directors, agents and employees from any claims.

- xi. You pay our then-current successor fee, not to exceed \$5,000.00 concurrently with your execution of the Successor Franchise Agreement.
- xii. You, your owners and guarantors are in compliance with our then current qualifications and standards.
- xiii. You have all licenses, insurance, registrations and approvals required by us or applicable law to operate the PANDORA Store at the Authorized Location.

C. Interim Period. If you do not sign the Successor Franchise Agreement prior to the expiration of the applicable Term, and you continue to operate the PANDORA Store after this Agreement expires (“**Interim Period**”), then, at our option, we may treat this Agreement as either (1) expired as of the date of expiration with you then operating without a license to do so in violation of our rights; or (2) continued for the Interim Period until one party provides the other with written notice of such party’s intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice. In the latter case, all of your and our obligations will remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

4. AUTHORIZED LOCATION; APPROVAL; LEASING

A. Authorized Location Approval. You are solely responsible for leasing a site for your PANDORA Store that meets our site selection guidelines. You will provide to us the information we specify for the proposed site prior to executing a lease for the PANDORA Store. We must authorize the site in writing prior to the date you sign a lease for the site. We make no guarantees concerning the success of the PANDORA Store located on any site that we authorize. If we recommend a site for your PANDORA Store, it is your obligation to review and research such site to determine whether you believe it is an appropriate location for your PANDORA Store. We make no representation or warranty regarding the performance of any PANDORA Store at a location we may suggest to you. When an Authorized Location has been designated and approved by us, it will be identified on Appendix H and become part of this Agreement as if originally stated.

B. Leasing. Prior to executing a lease for the PANDORA Store, you must provide a copy of the lease to us and receive our prior written authorization of the lease. We have no responsibility for the lease, and our authorization of the lease is limited to confirming that its terms are sufficient to allow you to operate the PANDORA Store. We do not engage in a legal review of your lease and advise you to retain competent real estate counsel to do so for you. It is your sole responsibility to evaluate, negotiate and enter into the lease for the PANDORA Store premises. Your lease must contain the provisions specified on the attached Appendix D. You must provide us a signed copy of the lease within five days of full execution. We may require you to acknowledge, in writing, that your lease for the PANDORA Store premises satisfies the requirements of this Section. You shall not agree to prohibitions or restrictions in any lease for its Authorized Location that purport to limit our rights or your rights to develop and/or operate PANDORA store locations in any way, including within a specified radius of your PANDORA Store. If you must agree to

such a radius provision, you must ensure that the radius provision is not enforceable if the lease is assigned to us or one of our affiliates. You may not sublease the premises to any third party or modify the lease without our prior written consent, which we have the right to grant or deny for any reason or no reason. If we advise or assist you with commercial terms of your lease, you agree that such advice or assistance does not constitute approval of any of the terms of your lease or a guarantee of success of your PANDORA Store, does not substitute for commercial and legal review by a professional advisor, and, in the event the lease at issue would extend beyond the applicable Term of this Agreement, does not guarantee or imply that we will provide you with a Successor Franchise Agreement or extend the Initial Term, Successor Term or Transfer Term of this Agreement to coincide with your lease expiration date.

C. Relocation. You may not relocate the PANDORA Store from the Authorized Location without our prior written consent, which we have the right to grant or deny for any reason or no reason. If we permit you to change the location of your PANDORA Store during the applicable Term, it is subject to the following terms and conditions being fully satisfied.

i. You must conform such new PANDORA Store site to the then-current layout and specifications for new PANDORA Stores as we may specify in writing, and you will be solely responsible for all costs and expenses incurred therewith.

ii. You must sign our then-current form of franchise agreement, including any accompanying Related Agreements, addenda and ancillary agreements. The Term of the franchise agreement may have a shorter term than the Term for this Agreement and contain provisions materially different from this Agreement.

iii. You and your owners, and any Entity in which they have any ownership interest or control, directly or indirectly, whose business relates in any way to the PANDORA Store or the System, sign a general release covering to the fullest extent permitted by law all existing PANDORA Stores in which such parties have an interest, in a form we prescribe, to release us and our Affiliates, officers, directors, agents and employees from any claims.

5. CONSTRUCTION; REMODELING; MAINTENANCE OF YOUR PANDORA STORE; SIGNAGE

A. Layout and Design Plans; Approvals. You will complete the PANDORA Store site build-out at the Authorized Location in accordance with a layout and design provided by us or from a party we designate. You may not commence construction of the PANDORA Store until you have received our written consent to your plans. You agree that we do not review your plans for compliance with applicable laws, regulations or ordinances, including without limitation, the Americans with Disabilities Act or any state or local building codes, and that our granting consent to your plans does not mean that we are consenting to your failure to comply with applicable laws, regulations, or ordinances. You must resubmit to us and receive our written approval prior to making any changes to previously approved plans, including any replacement, reconstruction,

addition or modification in the building, interior or exterior decor or image, equipment or signage of the PANDORA Store. We reserve the right to charge you a fee to review your plans.

B. Our Specifications and Designated Suppliers. You must construct and equip the PANDORA Store in accordance with our approved specifications and standards for equipment, inventory, signage, fixtures, accessory features, design and layout at your sole cost and expense. We reserve the right to specify the architect you must use to create your architectural plans. You must use our designated supplier to install all fixtures at the PANDORA Store. We may require you to purchase fixtures, display cabinets, materials, initial design, layout and interior elevation plans and other items for the PANDORA Store from us or a designated or approved supplier. You may be required to purchase these and other items from a single source, and that source may be us or our Affiliates. You will pay the then-current price in effect for all purchases you make from us or our Affiliates.

C. Lien Releases. Before we consent to you opening the PANDORA Store, you must provide us with copies of lien waivers from the contractors used to construct the PANDORA Store site.

D. Maintenance. You must maintain the PANDORA Store in a clean and orderly condition and in good repair. You will maintain the equipment, fixtures, furnishings, signage, display cases, and trade dress including the interior and exterior appearance in your PANDORA Store in accordance with our requirements including periodic repainting, repairing, and replacing of damaged or obsolete signs, fixtures and furnishings as we require.

E. Remodeling and Modernization. You must at all times comply with our standards, specifications, processes, procedures, requirements and instructions regarding the PANDORA Store's Authorized Location site, including PANDORA Store layout, furnishings, fixtures and signage. You must remodel or upgrade the PANDORA Store, at your sole expense, in accordance with our then-current standards. You must complete a full remodel of the PANDORA Store to bring your PANDORA Store up to the then-current standards for a new PANDORA Store at our request, but no more often than once every five years from the fifth anniversary of the opening of your PANDORA Store. Notwithstanding the foregoing, we may require you to remodel your PANDORA Store more frequently if, in our Reasonable Business Judgment, your PANDORA Store qualifies as a high-volume store, has excessive wear and tear, is a high profile store or the like. You acknowledge that the costs and expenses of such remodeling or upgrading are not capped or limited in any way. You acknowledge and agree that the requirements of this **Section 5.E** are both reasonable and necessary to ensure continued public acceptance and patronage of PANDORA Stores and to avoid deterioration or obsolescence in connection with the operation of the PANDORA Store. If you fail to make any improvement as required by this **Section 5.E** or **Section 5.F** or perform the maintenance described in **Section 5.D**, we may, in addition to our other rights in this Agreement, effect such improvement or maintenance and you must reimburse us for the costs we incur.

F. Signage. You shall prominently display and maintain in first class appearance and condition, at your sole expense, advertising media and signs of such nature, form, color, number illuminations, size and location and containing such names, designs, legends, Marks, and symbols

as we designate in the Manuals or otherwise in writing, including approved plans as set out in **Section 5.A**. You must not display at the PANDORA Store or elsewhere any signs or advertising media that we have not approved in advance in writing. We reserve the right at any time during normal business hours to enter the PANDORA Store and inspect, record, photograph and remove signage and advertising media that we find objectionable in our sole discretion.

6. INSURANCE; INDEMNIFICATION

A. **General.** You must maintain in full force and effect beginning on the Effective Date and continuing during the applicable Term, at your sole expense, insurance policies in such amounts and on such terms as prescribed in this Agreement and the Manuals, issued by an insurance company that we specify or that we otherwise approve in writing. Such insurance policies will protect you and us and our Affiliates and the officers, directors, partners and employees of each against any claims for loss, liability, personal injury, death, property damage, or any other expense arising out of the ownership or operation of your PANDORA Store.

B. **Required Coverage.** Insurance coverage must include, but is not limited to, comprehensive general liability, combined single limit, bodily injury, jeweler's block insurance, business interruption, and all-risk property damage insurance in amounts not less than set forth in the Manuals and adjusted by us periodically in our sole determination. You must also procure and pay for all other insurance required by state or federal law or by your lease.

C. **No Limitation on Your Obligations.** Your obligation to maintain insurance under this Agreement is not limited in any way by reason of any insurance that we may maintain, nor does you obtaining and maintaining insurance limit in any way any liability that you may have to us, whether through indemnity or otherwise.

D. **Evidence of Insurance.** You must, within 10 days of issuance, provide to us original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us, including original endorsements effecting the coverage required by this Section, together with proof of payment. You must also furnish us with certificates and endorsements evidencing such insurance coverage within 10 days after each of the following events: (1) at all policy renewal periods, no less often than annually, and (2) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy must be signed by a person authorized by that insurer to bind coverage on its behalf and must also stipulate that we will receive a 30-day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against us. All certificates and endorsements are subject to approval by us. We reserve the right to require complete, certified copies of all required insurance policies at any time. You must name us and any other party we direct as additional insureds on all insurance policies.

E. **Failure to Maintain Insurance.** If you fail to obtain the required insurance and to keep it in full force and effect, we may, but are not obligated to, purchase insurance on your behalf from an insurance carrier of our choice, and you shall reimburse us within five days of the date we deliver an invoice for the full cost of such insurance, along with a reasonable service charge to compensate us for the time and effort expended to secure such insurance. Notwithstanding the

foregoing, your failure to obtain insurance constitutes a material breach of this Agreement entitling us to terminate this Agreement or exercise any or a combination of the other default remedies set forth in this Agreement.

F. Indemnification. You waive all claims against us for damages to property or injuries to persons arising out of the operation of your PANDORA Store. You shall indemnify, defend and hold us, our Affiliates and our former and current owners, directors, officers, successors and assigns, harmless from and against any and all claims, actions, suits, demands, damages, losses, expenses and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your PANDORA Store (regardless of cause or any concurrent or contributing fault or negligence by us) including any claims related to actual or alleged (i) breach of this Agreement; (ii) actions or inactions of your employees and customers; and (iii) violation of any applicable law. We reserve the right to select our own legal counsel to represent our interests, and you shall reimburse us for our costs and expenses incurred in defending against any claim, including our attorney's fees, expert fees, discovery expenses and court costs. You shall reimburse us such amounts immediately upon our request as they are incurred. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration, transfer or termination of this Agreement.

7. SERVICES AND ASSISTANCE

A. Training. We or our designee will provide you, your Store Manager and additional participants that we approve with our then current initial training program ("**Initial Training Program**"). The Initial Training Program, in whole or in part, will take place at our headquarters, such other location we designate and/or via online learning. The Initial Training Program will take place during the dates we schedule. We may conduct annual franchise meetings, conferences and additional trainings and seminars relating to new operational procedures or programs, training, store management, sales or sales promotion, and/or similar topics. The training curriculum for the Initial Training Program and any additional annual franchise meetings, conferences and additional trainings and seminars will be determined by us and may include on-the-job-training and/or online learning programs.

B. Manuals. During the applicable Term, we will provide you with access to the Manuals. The Manuals are our sole property. We may provide the Manuals to you in any form, including hard copy or electronic copy, and make the Manuals available to you through the cloud, an Intranet, the Internet, or any other online or computer communications systems.

C. Marketing. We may, but are not required to, conduct all or some marketing activities for you, including but not limited to, consumer email marketing campaigns, social media campaigns, and/or digital marketing campaigns. We will notify you if we intend to provide such marketing services. We may charge you a fee for such marketing services. If we notify you that we are providing certain marketing services, you will not be permitted to conduct separately such marketing service or to contract for such marketing service from a third party. We may also require you to use specific vendors to conduct marketing and other activities and you agree to use only such vendors as we may direct.

D. Performance of Services. If you believe that we have failed to adequately provide services to you as provided in this Agreement, including in this **Section 7**, you shall notify us in writing within 30 days following the completion of such services provided. Absent the timely provision of such notice to us, you will be deemed to conclusively acknowledge that such services required to be provided by us were sufficient and satisfactory in your judgment. We are not obligated to perform services set forth in this Agreement to your particular level of satisfaction, but as a function of our experience, knowledge and business judgment. We do not represent or warrant that any other services will be provided to you, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, you must obtain a commitment to provide such service or level of service in writing signed by our authorized officer, otherwise we shall not be obligated to provide any other services or specific level or quality of services.

8. THE PANDORA SYSTEM

A. General Provisions. In order to protect the System and to maintain the standards of operation associated with the System, the Manuals may contain mandatory and suggested specifications, standards and procedures for the operation of your PANDORA Store as well as information relative to your other obligations hereunder. All such specifications, standards and operating procedures will be reasonable in our Reasonable Business Judgment and will constitute provisions of this Agreement as if fully set forth herein.

B. System Modifications; Adaptations. We have the right to modify, add to, and rescind any requirement, standard or specification that we prescribe under this Agreement or the Manuals to adapt the System to changing conditions, competitive circumstances, business strategies, business practices, technological innovations, and other changes as we deem appropriate. You agree that we have full control and discretion over all modification, additions to or rescissions made to the Manuals and the System and that you will comply with, implement and make such expenditures as required for any modifications, additions or recessions, whether or not you agree with the modification, addition or recession or view them as benefiting your PANDORA Store. You agree to execute any and all documents necessary to effectuate the changes, deletions and alterations to the Manuals or System.

9. FRANCHISEE DUTIES

A. Training and Attendance at Meetings. Designated Individual and the Store Manager must attend and successfully complete the Initial Training Program described in **Section 7.A** prior to your start of operations. We do not charge a fee to attend the Initial Training Program but you must pay all travel and living expenses incurred by the Designated Individual, your Store Manager and your additional attendees participating in the Initial Training Program. We have the right to charge a fee for the Initial Training Program. If the Designated Individual or your Store Manager fail to satisfactorily complete the Initial Training Program, we may require the Designated Individual or your Store Manager to re-take the Initial Training Program or any portion thereof at your cost and expense. We will have the right to charge you a fee for any individual required to re-take the Initial Training Program. In the event you replace your Store Manager, your new Store Manager must attend and satisfactorily complete at your cost and expense, the Initial

Training Program within 30 days of becoming the Store Manager or such other period agreed to by us. We will have the right to charge you a fee for any new Store Manager required to take the Initial Training Program. Designated Individual and your Store Manager must also attend required conferences, additional trainings, meetings and seminars as described in **Section 7.A** at your cost and expense. We may charge you an attendance fee for such conferences, additional trainings, meetings and seminars.

B. **Uniform Image.** You acknowledge that franchising is a method of offering goods and services in a consistent manner such that consumers experience the same shopping experience in every PANDORA Store they visit, regardless of ownership or location. By executing this Agreement, you acknowledge the importance of providing the consistent shopping experience and agree to participate in and comply with all of the requirements of the System. You agree that you will only offer such types of Products and services in the PANDORA Store that we authorize in the Manuals and this Agreement.

C. **Product Purchases.** You shall only sell approved Products at your PANDORA Store, and you are not permitted to sell or offer any merchandise or service not specifically authorized by us in writing. It is your obligation under this Agreement to purchase Products designated by us to resell in your PANDORA Store. You agree to carry all of the different lines and types of Products that we designate for your PANDORA Store and in such amounts as we require. You must comply with the inventory selection and stocking standards contained in the Manuals or as we may otherwise designate. We have the right to make modifications to inventory selection and stocking standards, and you agree to comply with any such modifications. You must purchase all Products only from us, our Affiliates or suppliers designated or approved by us. You may not purchase any other products, merchandise or accessories for sale or use in the PANDORA Store from any other sources except with our prior written approval as further described in **Section 9.H.** We will endeavor to use commercially reasonable efforts to have available for your purchase from us a reasonable amount of Product offerings. We have the right to apportion Products and any other items due to shortages, product testing, and other reasons in our Reasonable Business Judgment. Although you will be able to purchase a wide variety of Products from us or our Affiliates, you do not have the right to purchase all types and variations of Products. We and our Affiliates reserve the right to manufacture and sell certain items of jewelry and related products, or new product lines, to non-franchised PANDORA customers without making them available to all franchisees. We may receive rebates and other consideration based on your purchases. We are under no obligation to account to you for such rebates or other consideration or share such rebates or consideration with you. You will have the ability to return Products to us in accordance with our warranty and returns policies in effect at the time.

D. **Product Payment Terms.** You will purchase Products from us or our Affiliates at the price in effect at the time of your purchase. We reserve the right to change our prices, and we may make a profit from the sale of Products to you. You will purchase Products in accordance with the terms and conditions set forth in the Manuals, including the Incoterms 2010 rules. You may pay for Products via credit card, electronic funds transfer (ACH), or such other form of payment that we advise is acceptable, and we have the right to charge you for the cost of processing the payment. We may cease to accept credit cards, ACH payments and other forms of payment, and we may begin to accept other forms of payment as we see fit. Payment is due to us at the time

we ship your Products to you unless we otherwise advise. We and our Affiliates reserve the right to modify payment methods, payment terms and extend credit terms. If we accept partial payment of any invoice or purchase order, such acceptance shall not constitute a waiver of our right to collect the balance or an accord and satisfaction, notwithstanding our endorsement of a check or other instrument. In the event of your bankruptcy or insolvency, we are entitled to cancel any order then outstanding without waiving any claims in law or equity. If you fail to comply with our payment terms, we may withdraw credit and/or suspend or cancel performance under any or all purchase orders or Product agreements, including holding all future shipments of Products until you comply with such payment terms. You will comply with the procedures specified in the Manual or as otherwise communicated to you in order to participate in any payment program we establish, including signing the authorization forms that we or our bank require for ACH and/or credit card payment authorizations. Such authorizations may include authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. You will not withhold payment for purchases of Product nor may you offset any amounts that you claim we owe you against amounts that you owe to us.

E. Sale of Products to End Consumers. You shall only sell Products to end consumers who intend to use the Products personally or to gift them. You shall not wholesale Products by selling them to or through any third party that you know or reasonably should know will resell the Products, including without limitation, to or through (1) any third party online auction sites (for example, eBay); (2) any third party online retail sites (for example, Amazon.com, Walmart.com); (3) any purchaser who you know or should know intends to resell Products; or (4) any other retailers, whether or not the retailer is an authorized PANDORA retailer or another franchisee. You must comply with the terms and conditions of the consumer facing warranty, return, and after-sales service policies for the Products. You must further comply with policies and instructions we provide in relation to the treatment of Products returned to you by consumers.

F. Product Recalls. Upon receipt of notice from us (by any means including email or telephone), you must cooperate with and assist us in connection with, and comply with our instructions in connection with, the recall or withdrawal from sale of any Products for any reason.

G. Designated Materials and Suppliers. You must use approved suppliers, vendors, supplies, materials, brands, products, fixtures, equipment and services in the PANDORA Store as set forth in the Manuals, which we may amend. You acknowledge and agree that certain approved supplies, materials, brands, products, fixtures, equipment and services may only be available from one source, and we or our Affiliates may be that source. We may update or otherwise modify the list of approved suppliers, vendors, supplies, materials, brands, products, fixtures, equipment and services from time to time.

H. Approved Suppliers. Any supplies, materials, brands, products, fixtures, equipment and services used in the construction, operation or marketing of the PANDORA Store that are not included in the approved suppliers, vendors, supplies, materials, brands, products, fixtures, equipment and services providers list must conform to the specifications and standards we establish. Our determination whether to approve suppliers, vendors, supplies, materials, brands, products, fixtures, equipment and services will be based on a variety of criteria that we determine appropriate in our sole discretion. Except for items that are single sourced, we will

consider your written requests for changes or additions to our approved suppliers, vendors, supplies, materials, brands, products, fixtures, equipment and/or services. We will respond to any such requests within a reasonable period of time after we have the opportunity to fully evaluate such approved suppliers, vendors, supplies, materials, brands, products, fixtures, equipment and/or services. We may charge you a fee for such evaluation. If we withdraw approval of any supplier, vendor, supply, material, brand, product, fixture equipment and/or service, you must stop purchasing from the disapproved supplier, vendor or service provider and stop purchasing the disapproved supplies, materials, brands, products, fixtures, or equipment as the case may be.

I. Supervision and Control of Your PANDORA Store; Continuous Operations.

i. Supervision and Control. You are solely responsible for the operation of your PANDORA Store, and will control, supervise and manage all the employees, agents and independent contractors who work for you, including exercising the right to hire and fire your employees. You will be responsible for the acts of your employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that your employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all labor and employment laws, discrimination laws, sexual harassment laws and laws relating to the disabled. We do not have any right, obligation or responsibility to control, supervise or manage your employees, agents or independent contractors.

ii. Store Manager. You must have a Store Manager at all times while the PANDORA Store is operating. You or your Store Manager must ensure that the PANDORA Store is operated in accordance with this Agreement, the Manuals and all applicable laws. You are liable for your Store Manager's failure to properly operate the PANDORA Store.

iii. Staffing. You will employ a sufficient number of competent employees to ensure efficient service to customers. For uniformity of brand and customer experience, you will also comply with any standards for dress and appearance of PANDORA Store employees that we may promulgate.

iv. Full Time Efforts. Designated Individual and the Store Manager shall devote full time energy and best efforts to the operation of the PANDORA Store.

v. Continuous Operations; Operating Hours. Subject to any contrary requirements of local law, your PANDORA Store must be open to the public and continuously operate during the days and hours as we designate, or more often if so provided in your lease. You or your Store Manager shall continuously and without interruption operate and conduct business at the Pandora Store during any and all hours required by: your lease, your landlord, and in compliance with any local, state, or federal laws and regulations. These hours may be modified from time to time by us.

The permitted exclusions from your continuous operations are (each, a “**Permitted Closure**”): (i) remodeling, refurbishing, repairs, and renovations; (ii) an event of Force Majeure defined under your Lease; (iii) state, local or federal holidays; or (iv) a closure for the purpose of taking inventory.

J. Compliance with Manuals. You acknowledge and agree that operation of the PANDORA Store in accordance with the System, Manuals, other written materials we provide and all present and future standards, specifications, formats, processes, requirements, instructions, procedures, techniques and management systems are the essence of this Agreement and are essential to preserve the goodwill of the System. You must adopt and use in the operation of your Pandora Store the required System, standards, specifications, formats, processes, requirements, instructions, procedures, techniques and management systems described in our Manuals, this Agreement and other written materials as same may be modified from time to time. Your failure to comply with present and future mandatory standards, specifications, formats, processes, requirements, instructions, procedures, techniques and management systems set out in the Manuals, this Agreement and other written materials constitutes a breach of this Agreement. You must at all times treat the Manuals, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. Prior to commencing operation of your PANDORA Store, you will read the Manuals.

K. Compliance with Modifications to the System and Manuals. You must comply with any modifications, changes, revisions and updates we make to the System and contents of the Manuals beginning on the 10th day (or such longer time as specified by us) from the date of our written notification that the System and contents of the Manuals have been modified, changed, revised or updated. We may notify you of updates and changes to the Manuals or other updates or modifications to the System by any method including your email account. You acknowledge that, because complete and detailed uniformity under many varying conditions may not be possible or practical, we may permit certain franchisees to operate stores differently from yours. You further acknowledge that we specifically reserve the right, in our sole determination and as we may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee. Factors we may consider include, but are not limited to, the peculiarities of the particular site or circumstances, landlord requirements, business potential, population of trade area, existing business practices, or any condition which we deem to be of importance to the successful operation of such franchisee’s PANDORA Store. You will not be entitled to require us to grant you a like or similar variation under this Agreement. In the event of any dispute as to the contents of the Manuals, the terms contained in the master copy of the Manuals maintained by us shall be controlling.

L. Compliance with Laws. You must at all times maintain your Authorized Location and conduct your PANDORA Store operations in compliance with all applicable federal, state, city, local and municipal laws, regulations, statutes, codes and ordinances, including but not limited to those specified below. It is your obligation to determine what laws govern your PANDORA Store’s operations.

- i. Construction Requirements. You will comply with all federal, state, and local laws, rules and regulations pertaining to the construction of your PANDORA Store.
- ii. Permits and Licenses. You will timely obtain and maintain all required permits, certificates and licenses necessary for the operation of your PANDORA Store, including licenses to do business, permits, certificates, fictitious name registrations, sales tax permits, payroll taxes, fire clearances and zoning and building approvals.
- iii. Anti-Money Laundering Laws. You must at all times comply with all applicable anti-money laundering laws and regulations. You must provide us with information and documentation that we require for purposes of investigation and/or compliance with anti-money laundering laws and we may make and retain copies of such information. The information and documentation may include, but is not limited to, tax records, ownership documentation, financial information, and customs documentation. You will also comply with any anti-money laundering programs and policies we may institute.
- iv. Anti-Corruption Laws. You must at all times comply with all applicable anti-corruption laws and regulations, including without limitation the United States Foreign Corrupt Practices Act. You represent and warrant that neither you, your Principal Owners (if you are an Entity), nor any person acting on your behalf will pay, offer, or promise to pay, or authorize the payment of anything of value, either directly or indirectly, to any official or employee of any governmental authority or instrumentality, or of a public international organization, or of any agency or subdivision thereof, or to any political party or official thereof, or to any candidate or appointee for political office for the purpose of: (a) influencing any act or decision of that person in their official capacity, including a decision to do or omit to do any act in furtherance of their official function with such governmental agency or instrumentality, public international organization, or political party; (b) inducing such person to use their influence with such governmental agency or instrumentality or such public international organization or such political party to affect or influence any act or decision thereof; or (c) securing any improper advantage. You must provide us with information and documentation that we require for purposes of investigation and/or compliance with anti-corruption laws and regulations and we may make and retain copies of such information. The information and documentation may include, but is not limited to, tax records, ownership documentation, financial information, and customs documentation.
- v. Tax Laws. You will register for all applicable taxes, including without limitation sales tax, and payroll taxes prior to operating your PANDORA Store. You will comply with and timely pay all federal, state and local taxes imposed by law in connection with the operation of the PANDORA Store, and will timely file all returns, notices and other forms required to comply with all applicable tax laws. We have no liability for any taxes that arise out of or result from your PANDORA

Store, and you will indemnify us for any such taxes that may be assessed or levied against us that arise out of or result from the operation of your PANDORA Store.

vi. Other Laws. You will comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, you will not enter into any prohibited transactions and will properly perform any currency reporting and other activities relating to your PANDORA Store as may be required by us or by law. You confirm that you are not listed in the Annex to Executive Order 13224 (<http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>), and you agree not to hire any person so listed or have any dealing with a person so listed.

M. Ethical Business Practices. You must, in all dealings with us, our Affiliates and representatives, other PANDORA franchisees and licensees, your customers, suppliers and public officials, adhere to high standards of honesty, integrity, fair dealing and ethical conduct. You must refrain from any practice which may injure the goodwill associated with the Marks. You must notify us in writing within five days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, that relates to, or that may affect the operation or financial condition of, you and/or your PANDORA Store. Within five days of your receipt, you must also provide us with an exact copy of all (1) notices of default from the landlord of the Authorized Location; (2) notices of default from any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party for the Authorized Location or your PANDORA Store, and (3) notices from governmental authority (including taxing and licensing authority) pertaining to your Authorized Location or PANDORA Store.

N. Cooperation; Contact Information. You agree to cooperate with and communicate directly with us. You will at all times maintain an active email account during all applicable Term(s) and you shall check the account regularly. You agree to notify us of any change of your business address, telephone number or e-mail address within 10 days of such change. We may provide you notice under this Agreement at the email specified on Appendix G.

O. Program Participation.

i. Customer Programs. You must comply with, participate in and honor all customer programs that we currently have in place or that we may adopt during the applicable Term. These include, but are not limited to, programs relating to customer Product returns, customer loyalty, customer credit cards, customer satisfaction, Product after care services, warranty programs, gift cards, reward points, and other systems and programs designed to enhance consumer satisfaction or the consumer shopping experience.

ii. Omni-Channel. You must adopt and implement fully any programs we add to the System to ensure customers may experience a full omni-channel shopping

experience, including enabling customers to purchase Products from our e-commerce site while in your PANDORA Store, to purchase Products from our e-commerce site and pick them up in your PANDORA Store, and to purchase Products from our e-commerce site and return those Products to your PANDORA Store.

P. Use of the Authorized Location. You may not use the Authorized Location for any purpose other than the operation of the PANDORA Store.

Q. Store Technology. You must purchase and use such technology, systems, tools, equipment and materials, including point of sale systems, traffic counters, music systems, back office programs used to record, analyze and report sales and inventory, email marketing software, and computer software that we develop, license or select for the System, including all future updates, supplements and modifications thereto (“**Store Technology**”). The software that you must use may include proprietary or non-proprietary software that you will be required to license from us, an Affiliate or a third party, and you may be required to pay a software licensing or user fee in connection with your use of the software. You may only use and download onto your computer software which has been authorized by us in writing. You will be liable for any damage caused by your use or downloading of unauthorized software, including damage caused to our internet or intranet or other system, in addition to any other remedies contained in this Agreement. Only the third-party providers of hardware and software will be responsible for any failures of the hardware or software product they provide, and we have no liability for such failures. You agree to enter data into your point of sale system completely, promptly and accurately as we may designate. You may not use in the PANDORA Store any technology other than the Store Technology that we designate as approved for use in your PANDORA Store. We may change the Store Technology or change suppliers of the Store Technology at any time. We will have access to the data on the Store Technology at all times.

R. Data Security. You are responsible for the security of cardholder data, financial data, and personally identifiable information (collectively, “**Sensitive Information**”) in your possession or in the possession or control of any service provider or third party-provided payment application provider that you engage. You shall, at a minimum, comply with all Payment Card Industry Data Security Standards (“**PCI DSS**”), consumer data and privacy laws, and all other security measures relating to your PANDORA Store and Sensitive Information and any other data security measures we may prescribe. You will be responsible for any costs and expenses related to compliance with such standards and/or related audits. You must provide us with evidence of such compliance within 10 days of our request. You also must provide notice to us immediately (but in no event later than two hours of becoming aware of) of any potential or actual data security breach relating to Sensitive Information. If any legislation, rule or other requirements make us liable for or otherwise involved in your compliance with PCI DSS or consumer data and privacy laws or any security requirements for your PANDORA Store, you agree to cooperate with us fully by providing complete information and documentation on a timely basis and remediating any non-compliance that is identified.

S. Payment of Debts. You must pay all amounts due to us or our Affiliates when due and without any deduction, set-off, credit, or counter-claim, unless first approved by us in writing.

You also must pay promptly when due: (1) all payments, obligations, assessments and taxes due and payable to vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; (2) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the PANDORA Store; and (3) all accounts and other indebtedness of every kind incurred by you in the operation of the PANDORA Store and/or your operation of any multi-brand location that carries PANDORA product. In the event you default in making any such payments, we are authorized, but not required, to pay the same on your behalf in which case we may at our option either charge your credit card on file with us (if any) for payments we made on your behalf or invoice you for payments made on your behalf. You shall promptly reimburse us on demand for any such payment.

T. Late Payments, Interest Charges and Late Fees. If you fail to timely remit any payment owed to us or our Affiliates when due, including for Product purchases in accordance with **Section 9.D** then the past due amount will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In addition to interest charges, you must pay to us a service charge of \$50 for each delinquent payment that you owe to us under this Agreement.

U. Start of Operations. You will open your PANDORA Store on your approved opening date once we have notified you in writing that you have satisfied all your pre-opening obligations and approved your opening date. You will not open your PANDORA Store until you receive such notice from us. We are not responsible or liable for any of your pre-opening obligations, losses or expenses you incur for your failure to comply with your pre-opening obligations or your failure to open by a particular date.

10. MARKETING

A. Generally. The image of the PANDORA brand is of essential importance to us. You will undertake such marketing for your PANDORA Store and comply with such marketing requirements as set out in this Agreement and in the Manuals. You shall not engage in any form of marketing activities without our prior written approval. We have the right to withhold our approval in our sole and absolute discretion. You will only obtain point of sale materials and other marketing materials from us or designated suppliers.

B. Pre-Opening Marketing. You must conduct certain advertising, marketing and public relations activities in connection with the opening of your PANDORA Store, as we specify in writing. We require you to spend, in addition to the required local advertising contribution described below, between \$10,000 and \$25,000 for such market introduction advertising and related activities as more fully described in the Manuals.

C. Use of Approved Marketing Materials, Platforms, and Vendors. You must use only the current marketing materials that we make available to you, and the materials must be used only in the manner that we prescribe. Furthermore, we must approve any promotional activities you conduct, and we have the right to require you to use, or refrain from using, certain social media platforms and forms of electronic communication. Such requirements or restrictions will be made available to you from time to time in the Manuals or in other written communications from us.

Promotional and campaign materials that depict any of the Marks must only be used in connection with your sale of approved Products and merchandise at the PANDORA Store. You must order and display all current promotional and campaign materials as we specify. All promotional materials and campaign materials that you display must be current and in good condition. We may require you to use vendors that we select for marketing activities, including for the creation and/or distribution of commercial emails and the purchase of digital and other forms of advertising media. You may not use or participate in any marketing programs or methods, including but not limited to email and text marketing programs or methods, that we have not specifically authorized in writing in advance. We may restrict your use of certain marketing materials to a subset of customers or geographic area based upon factors such as customer address, location where a customer most frequently purchases Products, last PANDORA Store where a customer purchased Products and other factors that we deem appropriate in our Reasonable Business Judgment. If we notify you that such a restriction is in effect, you may not conduct marketing activities directed toward customers outside of the restriction.

D. Advertising Approval. If you want to use advertising and promotional materials that have not been provided by us, you must first submit samples of all such advertising and promotional material to us for approval. We will approve or disapprove of any advertising and promotional material submitted by you within 30 days of receipt. If we do not approve such materials within such 30 days, they will be deemed disapproved. If we approve the marketing and advertising material prepared by you, we may use such marketing and advertising materials and make them available for use by our other franchisees, licensees and Affiliates.

E. Participation in Promotions and Programs. You must use your best efforts to promote and advertise the PANDORA Store. You must participate in all promotional and marketing activities required by us, including sales, campaigns, customer clubs, product or service clubs, contests and sweepstakes, special offers, and other programs, international, national, regional, or local in nature (including the introduction of new services and Products). You are responsible for the costs of such participation. In addition, you must honor any coupons, gift certificates or other authorized promotional offers at your sole cost unless we otherwise specify in writing. You may not create or implement your own customer loyalty program. You must maintain adequate supplies of advertising, marketing and promotional materials to meet the marketing and operational needs of the PANDORA Store. We may provide you with advertising and promotional materials related to new Products, holiday promotions, and other promotions or events. Some of these materials and items may be made available at no cost to you, except for applicable freight charges, which you will pay. You must purchase other of these materials from us or our designated suppliers. You may not use any other promotional materials other than the latest updated materials provided by us without our prior written consent.

F. Participation in Internet Web Sites, Social Media and Other Online Communications. We may require you, at your expense, to participate in our PANDORA web site on the Internet, any intranet or extranet system or other online communication system that we may implement. You may not register any domain name containing the Marks or any portion thereof or any words or designs that are substantially similar to any of the Marks, operate any website in connection with the PANDORA Store or reference the Marks or the PANDORA Store on or in connection with any current or future social media network or platform unless we approve in

advance in writing. We will identify your PANDORA Store on our web site. We retain all rights relating to our web site, extranet and intranet system and may alter or terminate our web site, extranet system or intranet system. All features of our web site, extranet and intranet system will be determined by us in our sole determination. You and your employees and agents will not have the right to use any of our Marks or other intellectual property on any social network, social media or online community on the Internet or any other online, digital or electronic medium including, but not limited to, any websites, blogs, YouTube, Facebook, Instagram, Wikipedia, Linked-In, Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools (“**Social Media**”), without our prior written approval. You, your employees and agents will comply with all of our policies, standards and procedures for use of any Social Media relating to your PANDORA Store. You may not create or manage any Social Media accounts relating to your PANDORA Store unless we approve in advance in writing.

G. Required Local Expenditures. You must spend at least 4% of your annual Gross Sales on local marketing each year during the applicable Term of this Agreement. We reserve the right to increase this minimum amount up to 6% of your annual Gross Sales upon 90 days written notice. Upon our request you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved local marketing. We have the right to designate the amount of your local advertising and public relations expenditures based upon your market conditions, local media costs, seasonality of the business and other factors. You must spend your local advertising funds according to a marketing plan developed by you and approved by us. If you fail to make the required expenditures, we have the right to collect the deficiency from you and spend it as we see fit. You must prepare and submit a marketing plan, as part of your business plan, to us in the form and time period as set out in the Manuals or at such other times and format that we determine.

H. Co-op Reimbursement Eligible Advertising. Each year during the applicable Term hereof, we may designate, based on factors that we determine appropriate in our sole discretion, an amount of advertising expenses (“**Co-op Eligibility Amount**”) which when spent by you, will entitle you to receive a merchandise credit equal to one-half of your Co-op Eligibility Amount (“**Co-op Reimbursement Amount**”). For each year that we designate a Co-Op Eligibility Amount for your PANDORA Store, you will be required to spend the Co-Op Eligibility Amount on advertising methods approved by us. Your entitlement to the Co-op Reimbursement Amount will be subject to rules and regulations we establish, and which we have the right to change at any time for any reason or no reason. We also retain the right to discontinue the Co-op Reimbursement program described in this Section at any time for any reason or no reason. All amounts spent towards your Co-op Eligibility Amount will count towards your local marketing requirement as set forth in Section 10.G.

I. Regional Advertising. We may designate local or regional advertising coverage areas to develop cooperative local or regional advertising and promotional programs (“**Regional Advertising Cooperative**”). You must participate in and contribute the advertising fee set out in the Regional Advertising Cooperative bylaws to the Regional Advertising Cooperative in your advertising coverage area (“**Regional Cooperative Contribution**”). Your Regional Cooperative Contributions will be credited toward your minimum local advertising expenditures set out in Section 10.G. The bylaws for any such Regional Advertising Cooperatives will establish the

procedures and timing of the Regional Cooperative Contribution payments. Each franchisee, licensee and corporate member of a Regional Advertising Cooperative will have a vote in accordance with the bylaws. You may be required to belong to and contribute a maximum of 100% of your local advertising contribution set out in **Section 10.G** to any Regional Advertising Cooperative to which you are assigned. We may designate the advertising coverage area and method and timing of Regional Cooperative Contributions to the Regional Advertising Cooperative (notwithstanding the bylaws). We may merge or dissolve any Regional Advertising Cooperatives. We must approve any outside marketing and advertising agencies retained by the Regional Advertising Cooperative, all marketing and promotional materials and activities of the Regional Advertising Cooperative, and the bylaws for the Regional Advertising Cooperative. All Regional Advertising Cooperatives will report to us in the manner required by, and follow all requirements of, this Agreement, the Manuals, the bylaws or as we otherwise specify.

J. **Marketing Fund.** We may establish a fund into which you must contribute funds for our use as specified below (“**Marketing Fund**”).

i. **Contributions.** You must contribute to the Marketing Fund in an amount not to exceed 3% of your monthly Gross Sales for your PANDORA Store (“**Marketing Fund Fee**”). We will prescribe the amount of the Marketing Fund Fee you will pay and the timing and manner of such payment. The Marketing Fund Fee is in addition to your required local expenditures, Regional Cooperative Contribution and any other costs or expenses under this Agreement. The Marketing Fund Fee is non-refundable.

ii. **Administration.** We manage the Marketing Fund. The Marketing Fund is not a trust or an escrow account, and we have no fiduciary obligation to you with respect to the Marketing Fund. The Marketing Fund is not our asset. We do not warrant or represent that any or all of the advertising or promotional materials or campaigns that we use Marketing Fund Fees for will be successful or will achieve any particular result. We do not guarantee that expenditures from the Marketing Fund will benefit you directly or on a pro-rata basis. We are not liable for any act or omission with respect to the Marketing Fund that is consistent with this Agreement, and we do not assume any direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Marketing Fund.

iii. **Expenditures.** We have the right to determine, in our sole judgment, how the Marketing Fund Fees will be used and what methods of marketing, advertising, and media will be selected. The Marketing Fund may be used to sponsor media that is local, regional, national or international in scope. You acknowledge that the Marketing Fund is intended to maximize general public recognition and acceptance of the System. We have the right to make disbursements from the Marketing Fund for any and all costs and expenses of directing and preparing advertising and/promotional activities including, but not limited to, formulating, developing and implementing digital, television, radio, magazine, direct mail and newspaper advertising and promotional campaigns; social media and website development and

management; public and media relations, surveys, market research, and trade show attendance; marketing and point-of-sale materials for the PANDORA Stores under the System; payments to marketing agencies, and administration of the Marketing Fund, including but not limited to, salaries, overhead, administrative, accounting, collection and legal costs and expenses. In any fiscal year, an amount greater or less than the aggregate contribution of all franchisees to the Marketing Fund in that year may be spent. The Marketing Fund may borrow from us, our Affiliates or other lenders to cover deficits or invest any surplus for future use. Any amounts that remain in the Marketing Fund at the end of each year are retained and may be applied toward the next year's expenses.

iv. Duration. We have the right to terminate the Marketing Fund at any time in our sole determination. In the event that the Marketing Fund is terminated, any remaining balance in the Marketing Fund will be expended as provided for in this Section. If requested, we will provide you an annual unaudited statement of the financial condition of the Marketing Fund.

K. Consumer Information and Privacy. We may specify in the Manuals or otherwise in writing the type and nature of consumer information that you must collect and maintain in the point of sale system installed at your PANDORA Store or elsewhere that we direct. This may include name, email, address, birth date, and other consumer related information (“**Consumer Information**”). You agree to use best efforts to collect such information and to maintain and use it as we direct. You shall abide by all applicable laws pertaining to the privacy of consumer information, including without limitation, making accurate disclosures regarding the collection, storage, use and dissemination of personal information, and obtaining consent for the use and disclosure of personal information where necessary, and entering into the Franchisee Privacy Attestation agreement attached as Appendix J (“**Privacy Laws**”). You shall comply with our standards and policies pertaining to the privacy of consumer information. If there is a conflict between the Privacy Laws and our standards and policies, you shall: (1) comply with the requirements of the Privacy Laws; (2) immediately give us written notice of said conflict; and (3) promptly and fully cooperate with us in determining the most effective way, if any, to meet our standards and policies within the bounds of the Privacy Laws. You will post, publish and follow any consumer facing privacy policy that we may implement for the System. You shall not publish, disseminate, implement, revise, modify or rescind any data privacy policy without our prior written consent.

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

11. PROPRIETARY MATERIALS; TRADEMARK STANDARDS AND REQUIREMENTS

A. Ownership. We or our Affiliates are the owner of all right, title and interest in and to the Marks and all past, present or future goodwill of the PANDORA Store and of the business conducted at the Authorized Location that is associated with or attributable to the Marks. Your use of the Marks will inure to our or our Affiliates' benefit. We or our Affiliates are the owner of all right, title and interest in and to the Manuals, System, Confidential Information, trade secrets, and any other proprietary information provided to you by us or our Affiliates (collectively, "**Proprietary Materials**"). You acknowledge and agree that the Proprietary Materials have significant value. You further acknowledge that we and/or our Affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and trade secrets, that we and/or our Affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and trade secrets and that it would be very costly for competitors to acquire or duplicate the Confidential Information and trade secrets.

B. Prohibited Use. You and your Principal Owners (if you are an Entity) may not engage in any conduct directly or indirectly that would infringe upon, harm or contest our or our Affiliates' rights in any of the Marks, the goodwill associated with the Marks or the Proprietary Materials. Prohibited activities include any use of the Marks in a derogatory, negative, or other manner we determine to be inappropriate in any media, including but not limited to, print or electronic media. You will not use the Marks or any Proprietary Materials for any purpose other than the operation of the PANDORA Store.

C. Ownership. You will never dispute, contest or challenge anywhere in the world, directly or indirectly, the validity, enforceability, registration or application for registration of the Marks or Proprietary Materials. Further, you may not apply to register or use any marks that are the same as or confusingly similar to the Marks or seek to register any of our Proprietary Materials. You shall not represent that you have any ownership in or title to the Marks, the Proprietary Materials or any registrations thereof. You acknowledge that neither this Agreement nor your use of the Marks and Proprietary Materials create any right, title or interest in or to the Marks or Proprietary Materials in your favor.

D. Use Requirements. You may not use, or permit the use of, any trademarks, trade names, service marks or logos in connection with the PANDORA Store except those we direct in writing. You may use the Marks only in connection with such Products and services as we specify and that meet our quality, condition, display and packaging standards. Such use may only be in the form and manner we prescribe in writing. You may not use the Marks in any domain names without our prior written consent. You must comply with all trademark, trade name and service mark notice marking requirements. You may not engage in any conduct which could impair the goodwill associated with the Marks.

E. Store Identification. You must use the name PANDORA as the PANDORA Store name, and you may not use any other mark or words to identify the PANDORA Store. We may require that you also use a location designation to identify your PANDORA Store. You may not use the word PANDORA or any of the other Marks as part of the name of your Entity or in

combination with any other mark, trade name or distinctive sign. Subject to our approval, you may use the name PANDORA, with a location designation, as an assumed or fictitious name duly registered in accordance with the laws applicable in the state in which the Store is located. You may use the Marks on various materials, such as business cards, stationery and checks, provided you (1) accurately depict the Marks on the materials as we describe, (2) include a statement on the materials indicating that the business is independently owned and operated by you, (3) do not use the Marks in connection with any other trademarks, trade names or service mark, or logos unless we specifically approve in writing prior to such use, and (4) make available to us, upon our request, a copy of any materials depicting the Marks. You must post prominent signs in the PANDORA Store identifying you as a PANDORA franchisee in a format we deem reasonably acceptable, including one sign that is directed to your customers and another sign that is directed to your employees. All your business cards and internal and external signs must comply at all times with our guidelines, requirements and practices, as they are modified from time to time. You may not use our Marks on any checks issued to your employees or any written communication to your employees except as we approve in advance in writing.

F. Litigation. We have the sole right to decide whether, and in what manner, to institute legal proceedings against any infringers of our Intellectual Property Rights. We will control all litigation involving our Intellectual Property Rights including improper use or infringement of the Marks or Proprietary Materials or challenges to your use of or our ownership of the Marks or Proprietary Materials. Our control of such litigation includes the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Mark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Marks or Proprietary Materials in violation of this Agreement, in which case you must pay us for our fees, costs and expenses. You may not take any immediate interim out-of-court action, such as the submission of warning letters, against any such infringers, except with our prior written consent. You shall not have any right to receive all or any part of any damages recovered by us as a result of any action taken in relation to such infringement.

G. Changes. You may not make any changes or substitutions to the Marks unless we direct in writing. We reserve the right to change the Marks at any time. Upon receipt of our notice to change the Marks, you must cease using the former Marks and commence using the changed Marks, at your expense.

H. Our Obligations in the Event of Infringement. In the event that it is established by a court that the use of any of the Marks violates a third party's rights and as a result you are denied use of the Marks by or on behalf of the entitled party, we shall at our own discretion and choice, either:

- i. obtain the rights for you to continue to use Marks;
- ii. revise the Marks so that they do not infringe; or

iii. terminate your license or right to use the relevant Marks.

I. Improvements. You must inform us of changes, improvements, enhancements or modifications to the System, the Pandora Store, Proprietary Materials or otherwise related to this Agreement that are created by you or by your employees or contractors (“**Improvements**”). You hereby agree to assign and in advance hereby do assign any intellectual property rights you may have in or to such Improvements (as well as where applicable priority rights pertaining thereto) to us without any additional consideration, which assignment we hereby accept, and you hereby waive any moral rights. Any goodwill associated with or arising from the use of the intellectual property rights you own or create will be for our benefit. You will execute such additional assignments or documentation to effectuate the assignment of these rights or as we deem necessary to enable us, at our expense, to apply for, prosecute, and obtain copyrights, trademarks, patents, or other proprietary rights in the United States and in other countries. You hereby irrevocably appoint us as your attorney-in-fact for the purpose of executing such documents. We will have the right to make Improvements available for use by our Affiliates and all our franchisees and licensees. You must also inform us of any product ideas that come to your attention.

J. Further Assurances. Both during the Term and thereafter, upon our request, you agree to cooperate, execute and deliver such documents, provide such information or take such other actions as we may request in connection with the sales and marketing of Products or to otherwise effectively carry out the requirements of this Agreement, including to confirm, perfect, preserve, and enforce our rights to the Marks and Proprietary Materials. This includes, but is not limited to, executing and delivering to us such documents as we reasonably request for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of services and products. You hereby irrevocably appoint us as your attorney-in-fact for the purpose of executing such documents.

K. Works Made for Hire. All materials created by you or any other person or Entity retained or employed by you that include any Marks, Proprietary Materials or portions thereof or that are used in association with the PANDORA Store are “works made for hire” within the meaning of the United States Copyright Act and are our property (“**Copyrighted Materials**”). We are entitled to use and license others to use such Copyrighted Materials unencumbered by moral rights. To the extent the Copyrighted Materials are not “works made for hire” or rights in the Copyrighted Materials do not automatically accrue to us, you irrevocably assign and agree to assign to us, our successors and assigns, the entire right, title and interest in perpetuity throughout the world in and to any and all rights, including all copyrights, in such Copyrighted Materials. You and the author of such Copyrighted Materials warrant and represent that such Copyrighted Materials are created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Copyrighted Materials from another person or Entity necessary to ensure our right in the Copyrighted Materials as required in this **Section 11.K**.

12. BUSINESS RECORDS; FINANCIAL REPORTING; INSPECTIONS

A. Ownership of Business Records. We own any and all customer information, customer files and lists, databases, records, mailing lists including, without limitation, names, addresses, telephone numbers, e-mail addresses, customer purchase records, and any other

customer information obtained in conjunction with the operation of your PANDORA Store, and all other data created, collected or maintained by you in connection with the operation of your PANDORA Store during any Initial Term, Successor Term and Transfer Term (collectively, “**Business Records**”). We have the right to use such Business Records in any manner that we deem appropriate without compensation to you. Copies and/or originals of such Business Records must be provided to us upon our request, and we have the right to access the point of sale system in your PANDORA Store to collect and use any and all Business Records as we deem appropriate. We hereby license the use of such Business Records back to you, at no additional cost, solely for the applicable Term of this Agreement and solely for your use in connection with the rights granted under this Agreement, subject to Privacy Laws, and as we may specify in the Manuals or otherwise in writing. Except for your attorneys, accountants, and employees that need such information to perform their job, you may not, without our prior written consent, disclose Business Records, or any portion thereof, to any person other than us.

B. Financial Reporting.

i. Records and Reports. You must record daily all sales in a format we designate. You must keep books and records and submit reports as we periodically require, including but not limited to a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, records of prices, check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, payroll records, cash disbursement journals and general ledger, all of which must accurately reflect the operations and condition of your PANDORA Store operations. You must use the chart of accounts we designate, if any. You must compile, keep and submit to us the books, records, and reports using forms we prescribe, and using the methods of bookkeeping and accounting as we may periodically prescribe. The records that you are required to keep for your PANDORA Store must include detailed daily sales accurately reflecting the price charged to each customer, Product returns, customer count, invoices and stock counts, broken down by SKU, number of units and value relating to the sale of Products in a form approved by us, including transaction level data (by way of example, UPT, ADS, and AUR); traffic data as well as CRM data (new and existing customers) and other relevant records or information maintained in an electronic media format and methodology we approve. All such records shall be full, accurate and up to date.

ii. Submission of Records and Reports. You must provide the records and reports described in Section 12.B.i to us according to reporting formats, methodologies and time schedules that we establish from time to time. Additionally, no later than 30 days following the end of March of each calendar year or another date agreed to by us in writing, you must provide us with copies of your balance sheet and profit and loss statements relating to the PANDORA Store for the prior fiscal year. You also must preserve and retain the books, records and reports for at least 36 months from creation, or such longer time as required by law. You must allow us electronic and manual access to any and all records relating to your PANDORA Store.

iii. Taxes. You must also provide to us, no later than four months following the end of your fiscal year or another date agreed to by us in writing, copies of tax returns for the prior fiscal year. These must be provided to us using forms and accounts as we designate in the Manuals or otherwise in writing.

iv. Use of Records and Reports. We are authorized to use information provided to us under this **Section 12**, without using your name, to disclose the amount of such income to prospective franchisees and others, including in our Franchise Disclosure Document. You agree to provide to us and authorize us to use any financial information that we may reasonably request for use in any financial performance representation

C. Audit; Inspections and Evaluations.

i. Audit. We may require you, at your cost, to have your records audited by us or by third party auditors designated by us. You represent and warrant that all information provided to us and /or our auditors will be complete and accurate in all material respects. We and our authorized representatives may also review your PANDORA Store's Business Records, including, but not limited to, information from the PANDORA Store's point of sale system, computers and records and documents relating to the ownership and control of the Entity that is a contracting party to this Agreement, wherever located.

ii. Inspections and Evaluations. We and our authorized representatives have the right, without prior notice, to enter your PANDORA Store any time during normal business hours for the purpose of making periodic evaluations, to ascertain if you are in compliance with this Agreement and the Manuals, to inspect and evaluate your PANDORA Store, including its cleanliness, to inspect and evaluate your merchandise, supplies, and Products, and to evaluate your customer service and to determine compliance with our then current PANDORA Store evaluation tool ("**EIO Scorecard**"). We have the right to photograph and otherwise record your PANDORA Store during such inspection, and we may use the photographs and recordings for such purposes that we deem appropriate without any approval or compensation to you. In addition, we have the right to enter your PANDORA Store to determine compliance with the inventory requirements we may establish from time to time. Further, if we determine that any condition in the PANDORA Store presents a threat to customers or public health or safety, we have the right to take whatever measures we deem necessary, including requiring you to immediately close the PANDORA Store until the situation is remedied to our satisfaction. Our inspections and evaluations may include a "mystery shopper" or customer satisfaction program. If you fail an EIO Scorecard or other evaluation by us, or if a mystery shopper or other customer satisfaction program yields unacceptable results as determined by us in our discretion, or if we receive a specific customer complaint, you must pay the costs and expenses of follow-up investigations, mystery shopper visits, or customer satisfaction programs, as applicable. In such instances, we shall have the right to charge you for the costs of additional

inspections, including room and board and compensation of our or our authorized representative's employees. Except as provided in the proceeding sentence, inspections of your PANDORA Store will be made at our expense.

iii. Cooperation. Designated Individual or your Store Manager will be available upon reasonable notice by us during any audits, inspections and/or evaluations. You agree to fully comply and cooperate with any audit and/or inspections as described in this Section 12.

13. TRANSFERS

A. Transfers by Us.

i. Our obligations under this Agreement are not personal, and we have the unconditional right to assign this Agreement to a third party, be acquired by another Entity or merge with another Entity. We have the right to transfer or assign this Agreement or any of our rights or obligations under this Agreement to any person or Entity. Upon such assignment, we will be relieved of all obligations and liability under this Agreement.

ii. We reserve the right to assign the System to anyone, including the operator of a competing international, national or regional chain or franchise system. We may sell our assets, the Marks or the System to any third party of our choice; may offer our securities privately or publicly; may merge with or acquire other business entities or be acquired by another business entity; may permit and participate in any transfer or distribution of our securities in connection with a spin-off; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; or may terminate or cease to exist or dissolve, in any such case without your consent and, provided the transferee expressly assumes and undertakes to perform our obligations in all material respects, do so free of any responsibility or liability whatsoever to you after the transaction occurs. With regard to any of the above sales, assignment and dispositions, you expressly and specifically waive any claims, demands, or damages against us arising from or related to the transfer of the Marks, assets or the System.

B. Transfers by You. You acknowledge and agree that the rights and duties set forth in this Agreement are personal to you. Accordingly, you will not sub-franchise or otherwise make a Transfer of your rights hereunder or make any lease or sublease of the PANDORA Store, without our prior written consent which we may withhold in our sole and absolute discretion. Any attempted Transfer without our prior written consent will be a default under the terms of this Agreement and will be voidable by us.

C. Conditions of Your Transfer. We may condition our consent to a Transfer upon any or all of the following requirements, which may be modified from time to time at our discretion:

- i. You and your Principal Owners (if you are an Entity) are not in default of any provision of this Agreement and or any Related Agreements.
- ii. All of your debts and financial obligations to us and our Affiliates under this Agreement and all Related Agreements are fully paid and not overdue. If you owe us or our Affiliates money, we may require all or a portion of such debts and financial obligations to be paid in immediately available funds on or before the date of the Transfer.
- iii. If the proposed transferee is a franchisee of ours at the time of transfer and the proposed transferee, or the proposed transferee along with any Entity under common ownership or control of the proposed transferee, operates more than two PANDORA Stores, the proposed transferee must establish to our satisfaction that it has in place, or will timely obtain, sufficient resources acceptable to us to adequately manage its back office operations, including but not limited to accounting, payroll, marketing, district management, and other responsibilities.
- iv. If the proposed transferee is a franchisee or affiliate of franchisee, or if proposed transferee is an owner in an Entity that is a franchisee of ours at the time of transfer, the proposed transferee (or any other Entity under common ownership or control of the proposed transferee) is in full compliance with all obligations under any agreement with us and our Affiliates.
- v. The proposed transfer involves a complete transfer of all of the assets of the franchised business from the transferor to the transferee. Additionally, you make arrangements acceptable to us for dealing with liabilities relating to the PANDORA Store, such as the disposition of gift cards that you have issued.
- vi. You execute a written agreement in a form satisfactory to us in which you and your owners covenant to observe all applicable post-term obligations and covenants contained in this Agreement.
- vii. You remain responsible for the performance of all your obligations and undertakings which survive termination of the Agreement.
- viii. The proposed transferee executes our then-current standard form of franchise agreement which may provide for different fees, rights and obligations from those provided in this Agreement.
- ix. The proposed transferee executes a document acknowledging that it has received applicable franchise disclosure documents at least 14 calendar days prior to any such proposed assignment or the payment of any consideration therefor.
- x. You provide to us all information we request to evaluate the proposed transferee, including financial statements; the management, business, and educational experience of the transferee; and the financial status of the proposed transferee.

xi. The proposed transferee agrees in writing to perform such maintenance, remodeling and re-equipping of the PANDORA Store as we determine necessary to bring the PANDORA Store in compliance with our then-current standards provided that such writing must also include an outside date for completion of such maintenance, remodeling and re-equipping of the PANDORA Store.

xii. Before the date of the proposed Transfer, the proposed transferee and the transferee's Store Manager successfully completes such training and instruction as we deem necessary.

xiii. We are satisfied that the proposed transferee meets all of the requirements of our new franchisees applicable on the date we receive notice of the proposed transfer and including, but not limited to, good reputation and character, business experience, management experience, community involvement and contacts and financial strength and liquidity and you have provided to us all legal documents related to the proposed transfer transaction and the documents are satisfactory to us, in our sole discretion.

xiv. You and all holders of an interest in you execute a general release, in the form prescribed by us, releasing, to the fullest extent permitted by law, all claims that you or any of your owners may have against us or our Affiliates, including our and their respective shareholders, officers, directors and employees, in both their individual and corporate capacities.

xv. You pay us our then-current Transfer Fee at the time you complete the transfer of your PANDORA Store in order to cover the costs we incur to process your transfer request. Our current Transfer Fee is \$5,000; however, this sum may be increased.

xvi. You provide to transferee and us such financial reports and other data relating to the PANDORA Store and its operations as we deem reasonably necessary or appropriate for transferee and us to evaluate the PANDORA Store and the proposed transfer. You agree that we have the right to confer with proposed transferees and furnish them with information concerning the PANDORA Store and proposed transfer without liability to you, except for intentional misstatements made to a proposed assignee. Any information that we furnish to proposed transferees is for the sole purpose of permitting the transferees to evaluate the PANDORA Store and proposed Transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

xvii. We will have the right, but not the obligation, to approve the material terms and conditions of such Transfer, including, without limitation, determining that the price and terms of payment are not so burdensome as to adversely affect the future operations of the PANDORA Store by the transferee in compliance with our then current Franchise Agreement

D. Transfer by Individual Franchisee to an Entity. This Agreement may be transferred to an Entity without the payment of a Transfer Fee and without complying with **Section 13.C** if you (the franchisee) are an individual, provided that you hold the controlling interest in any such Entity.

E. Transfer Upon Death or Disability. Upon the death, mental incapacity or disability of a Principal Owner, you may request our consent to the transfer of the interest in the franchise, the PANDORA Store and this Agreement to your Principal Owner's spouse, heir or relative by blood or by marriage whether such Transfer is made by will or by operation of law if, in our sole judgment, such person or persons meet our educational, managerial and business standards; successfully completes our training at the earliest opportunity, but in no event later than 30 days after we approve the transfer; possesses a good moral character, business reputation and credit rating; have or has the aptitude and ability to operate and manage the PANDORA Store; have or has at least the same managerial and financial criteria required by new franchisees; and have sufficient equity capital to operate the PANDORA Store. You will complete such transfer within a reasonable time, not to exceed six months. If said transfer is not approved by us, then the executor, administrator or personal representative of such person shall transfer his or her interest to a third party approved by us within six months after such death, mental incapacity or disability. Such transfer shall be subject to the transfer conditions **in Section 13.C and Section 13.F**, except that no Transfer Fee will be charged. Failure to dispose of your interest in the franchise, PANDORA Store and this Agreement in accordance within the periods specified in this **Section 13.E** will be a breach of this Agreement.

F. Right of First Refusal.

i. Notice. If you and a third party ("**Third Party**") agree to Transfer your PANDORA Store to such Third Party ("**Offer to Transfer**"), including a Transfer pursuant to **Section 13.E**, you must first present us the right to purchase such rights from you according to the same terms and conditions as set forth in the Offer to Transfer ("**Our Right of First Refusal**"). To do so, you must deliver to us a writing, signed by you, the Third Party, and any other individuals or entities needed to effectuate the transaction, that contains the purchase price (including or excluding inventory), payment terms, and any other material terms and conditions of the Offer to Transfer ("**Written Offer to Transfer**"). We will have 30 days from our receipt of Written Offer to Transfer to notify you that we intend to purchase such rights from you ("**Notice of Intent to Purchase**") or waive our rights to purchase such rights from you ("**Waiver Notice**"). If we do not respond to the Written Offer to Transfer within 30 days of our receipt of the Written Offer to Transfer in writing, we will have waived our rights to exercise our Right of First Refusal. You must discontinue your due diligence related to the Transfer and discontinue negotiations with the Third Party until we either notify you of our intent to exercise Our Right of First Refusal or have waived our rights to exercise Our Right of First Refusal.

ii. Right of First Refusal. If we exercise Our Right of First Refusal and provide you with a Notice of Intent to Purchase, we will begin negotiating the terms of our

purchase of your PANDORA Store, provided, however, we will have the right to substitute equivalent cash for any noncash consideration included in the Written Offer to Transfer or to modify the price if a modification of the price is justified by any due diligence we conduct. Accordingly, you acknowledge and agree that once you submit the Written Offer to Transfer to us, you cannot modify the purchase price included in such Written Offer to Transfer, even if you or the Third Party perform due diligence after you have submitted to us the Written Offer to Transfer, and such due diligence results in you or the Third Party desiring a modification to the purchase price. In addition, unless otherwise agreed to in writing by us and you, we will prepare the transaction documents to effectuate the transaction described in the Written Offer to Transfer. You acknowledge that we may include terms that are different from or that were not included in your Written Offer to Transfer.

iii. Failure to Exercise Right of First Refusal. If we refuse to accept the Written Offer to Transfer and provide you with a Waiver Notice or fail to provide you with our Notice of Intent to Purchase in accordance with Section 13.F.i, our Right of First Refusal will lapse and be of no further force or effect for that particular Written Offer to Transfer only. The proposed transfer to the Third Party will be governed by Section 13.C as well as the provisions of this subparagraph. Within 30 days after your receipt of the Waiver Notice, you must provide us with all of the information we need to evaluate the Third Party's application to become a franchisee. If we approve the Third Party's application, you and the Third Party must then effectuate the transaction described in the Written Offer to Transfer within 60 days of our approval. If you and the Third Party fail to effectuate the transaction within such 60-day period, the Transfer of your rights to operate the PANDORA Store pursuant to the Written Offer to Transfer will not be permitted by us. In the event that any of the terms and conditions set forth in the Written Offer to Transfer change with such 60-day period, or you present or receive a new Offer to Transfer to the same Third Party or any other third party at any time during or after such 60-day period, you must first offer the same to us in accordance with this Section 13.F.iii.

G. Transfer Term. The term that any transferee will receive on a new franchise agreement for the transferred location will, at our option, be equal to (a) the then-current Initial Term being offered by us to new franchisees; (b) the remaining applicable Term of the transferor's franchise agreement; or (c) the remaining term of the current lease for the PANDORA Store ("**Transfer Term**").

14. DISPUTE RESOLUTION

A. Dispute Resolution. The Parties have negotiated regarding a forum and dispute resolution mechanism to resolve any Disputes that may arise between the Parties and have agreed to select forums and dispute resolution mechanisms in order to promote stability in their relationship.

B. Governing Law. Except to the extent governed by the United States Trademark Act of 1946, as amended (Lanham Act, 15 U.S.C. Section 1051 et seq.), this Agreement and the relationship between the Parties are governed by and interpreted in accordance with the laws of the State of Maryland; provided, however, that if any provision of this Agreement would not be enforceable under the laws of Maryland, and if the PANDORA Store is located outside of Maryland, and further if such provision would be enforceable under the laws of the state in which the PANDORA Store is located, then such provision shall be interpreted and construed under the laws of that State. You expressly and affirmatively acknowledge and agree that any Maryland franchise or business opportunity law will not apply, unless you or a Principal Owner is a Maryland resident, or your PANDORA Store is located in Maryland. You expressly waive any rights or protections you have or may have under any statute or law of any other state to the fullest extent permitted by law. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations. Nothing in this choice of law provision is intended to make applicable any state franchise law that would otherwise not be applicable.

C. Mediation. Before filing arbitration, the Parties agree to mediate any Dispute that does not include injunctive relief or specific performance actions covered under **Section 14.H**, provided that the party seeking mediation notifies the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted by a mediation program selected by the Franchisor. The mediator will be agreed to by the Parties. If the Parties cannot agree on the selection of a mediator, the mediation program will select the mediator. Persons authorized to settle the Dispute must attend all mediation sessions. The Parties agree to participate in the mediation proceedings in good faith with the intention of resolving the Dispute if at all possible within 90 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 90 days or if one party refuses to participate in mediation, the Parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. The cost of the mediation, including the mediator's fee and expenses, shall be split equally between the Parties.

D. Arbitration. Except as qualified below, if the Parties cannot fully resolve and settle a Dispute through mediation or within 30 days after the mediation conference concludes, all unresolved issues involved in the Dispute shall be submitted to binding arbitration under the authority of the Federal Arbitration Act by the American Arbitration Association (“AAA”) on demand of either party. The arbitration must take place in Baltimore, Maryland or the location of our then-current headquarters (if not Baltimore, Maryland). A notice or request for arbitration will not operate to stay, postpone, or rescind the effectiveness of any demand for performance or notice of termination. The arbitration proceeding will be before one neutral arbitrator with contract and franchise experience selected by the Parties in accordance with the current or successor commercial arbitration rules of the AAA. If the Parties do not agree to the selection of the arbitrator, the arbitrator will be selected by AAA in accordance with this subparagraph and the current or successor commercial arbitration rules of the AAA. The arbitration shall be conducted in accordance with the then current or successor commercial arbitration rules of the AAA. You agree that, in any arbitration proceeding, each party must submit or file any claim that would constitute a compulsory counterclaim (as defined by the Federal Rules of Civil Procedure) within

the same proceeding as the claim to which it relates. Any claim that is not submitted or filed as required is forever barred. Each party will, upon the written request of the other party, promptly provide the other with copies of documents relevant to the issues raised by any claim or counterclaim on which the producing party may rely in support of or in opposition to any claim or defense. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the arbitrator, which determination shall be conclusive. All discovery shall be completed within 60 days following the appointment of the arbitrator. At the request of a party, the arbitrator shall have the discretion to order examination by deposition of witnesses to the extent the arbitrator deems such additional discovery relevant and appropriate. Depositions shall be limited to a maximum of five per party and shall be held within 30 days of making of a request. Additional depositions may be scheduled only with the permission of the arbitrator and for good cause shown. Each deposition shall be limited to a maximum of six hours duration. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information. The arbitrators must follow the law and not disregard the express terms of this Agreement. The award shall be made within nine months of the filing of the notice of intention to arbitrate, and the arbitrator shall agree to comply with this schedule before accepting appointment. This time limit may be extended by the Parties or arbitrator if necessary. The award shall include findings of fact and conclusions of law. Either party may apply to the court having jurisdiction for an order confirming, or enforcing the award. The arbitrator shall have the right to award or include in the award any relief which he/she deems proper in the circumstances consistent with this **Section 14**, including money damages (with interest on unpaid amounts from date due), specific performance, injunctive and declaratory relief, and legal fees and costs. The decision of the arbitrator will be final and binding on all Parties to the Dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive, treble or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will not have the authority to declare any trademark generic, descriptive or otherwise invalid. The arbitrator may not consider any settlement discussions or offers that might have been made by the Parties. A judgment may be entered upon the arbitration award by any state or federal court where we maintain our headquarters or the state where your Store is located.

E. Validity of Arbitration Proceeding. The validity and scope of the arbitration obligation will be determined by an arbitrator and not a court, unless the arbitrator invalidates the arbitration provision in its entirety, in which case, either party has the right to appeal such invalidation to a court of competent jurisdiction.

F. **CLASS ACTION WAIVER.** EACH ARBITRATION ACTION SHALL BE BROUGHT ONLY IN A PARTY'S INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. TO THE EXTENT PERMITTED BY LAW, FRANCHISEE AGREES THAT EACH ARBITRATION PROCEEDING WILL BE CONSIDERED UNIQUE TO ITS FACTS AND WILL NOT BE COMMENCED OR PROCEEDED WITH AS A CLASS ACTION. TO THE EXTENT PERMITTED BY LAW, FRANCHISEE WAIVES ANY RIGHT TO PROCEED AGAINST US OR OUR AFFILIATES BY WAY OF CLASS ACTION. THE ARBITRATOR HAS NO

AUTHORITY TO RULE ON THE ENFORCEABILITY OF THE BAN ON CLASS-ACTION ARBITRATION. ANY RULING BY THE ARBITRATOR AUTHORIZING ARBITRATION TO BE CONDUCTED ON A CLASS-WIDE BASIS IS SUBJECT TO APPEAL TO A COURT OF COMPETENT JURISDICTION. ANY LAWSUIT, CLAIM, COUNTERCLAIM, OR OTHER ACTION MUST BE CONDUCTED ONLY ON AN INDIVIDUAL BASIS, AND MUST NOT BE AS PART OF A CONSOLIDATED, COMMON, OR CLASS ACTION.

G. Choice of Forum. The Parties acknowledge that a substantial portion of the negotiations, anticipated performance, and execution of this Agreement occurred or shall occur in Baltimore City, Maryland, and that each of the Parties irrevocably and unconditionally:

- i. Agrees that any suit, action, or legal proceeding arising out of or related to this Agreement shall be brought only in the courts of record in either the State of Maryland in Baltimore City or the United States District Court for the District of Maryland;
- ii. Consents to the jurisdiction of each such court in any suit, action, or proceeding;
- iii. Waives any objection which he, she, or it may have to the laying of venue of any such suit, action, or proceeding in any such courts; and
- iv. Agrees that service of any court paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in the State of Maryland.

Notwithstanding any of the foregoing or anything else in this Agreement to the contrary, we may seek equitable or injunctive relief in any jurisdiction competent to grant such relief and that can exercise jurisdiction over you.

H. Injunctive Relief. Notwithstanding anything herein to the contrary, you recognize that the PANDORA Store is one of a large number of similarly situated PANDORA Stores identified by the Marks and similarly situated and selling the Products to the public, and that the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, and without posting a bond, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrator. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the Parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, either party has the right to commence a civil action against the other party or take other appropriate action in the following circumstances: Disputes and controversies arising under the Lanham Act, as now or

hereafter amended, relating to ownership or validity of the Marks or if you or we seek injunctive relief, specific performance, or other extraordinary relief.

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

J. Enforcement. During the applicable Term of this Agreement, if you do not give us written notice of the alleged breach of this Agreement within one year from the date the alleged breach occurred or that you have knowledge of circumstances reasonably causing you to believe you may have a claim for a breach of this Agreement by us, then the alleged breach will be deemed to be waived by you in all respects and you will be barred from bringing any legal or other action against us for the alleged breach. Furthermore, upon expiration or termination of this Agreement, you may not assert any claim or cause of action against us arising under, out of, or in any way connected with or related to this Agreement, the relationship between the Parties, or your PANDORA Store unless the claim or cause of action is commenced within one year after the effective date of the expiration or termination of this Agreement. Notwithstanding the preceding two sentences, if the one-year time limitation is prohibited by or invalid under any applicable law, then no suit or action may be commenced or maintained unless it is commenced within the shortest applicable statute of limitations.

K. WAIVER OF JURY TRIAL. THE PARTIES MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS MADE BETWEEN THEM, WHETHER NOW EXISTING OR ARISING IN THE FUTURE, INCLUDING ANY AND ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS-CLAIMS, THIRD PARTY CLAIMS, AND INTERVENOR'S CLAIMS, WHETHER ARISING FROM OR RELATED TO THE SALE, NEGOTIATION, EXECUTION, OR PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS AGREEMENT RELATES.

L. Confidentiality. All negotiations and mediation proceedings (including all statements and settlement offers made by either party or the mediator in connection with the negotiation and mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of applicable rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose.

M. Severability. If a court of competent jurisdiction decides the requirement to arbitrate a Dispute is unenforceable because applicable law does not permit the type of claim involved to be resolved by arbitration, or because this Agreement limits a party's rights or remedies in a manner applicable law does not permit, or for any other reasons, then the arbitration clause shall not be void. Only those portions of the arbitration clause with respect to such claim or claims as are necessary to comply with applicable law will be invalid and considered severable, but the remainder will be enforced.

N. Business Judgment. The Parties recognize and any mediator, arbitrator and judge are affirmatively advised that certain provisions of this Agreement reflect rights of us and you to

take (or refrain from taking) certain actions in exercise of its business judgment based on its assessment of the long-term interests of the franchised system as a whole. Where such discretion has been exercised, and is supported by the business judgment of us or you, a mediator, arbitrator or judge shall not substitute his or her judgment for the judgment so exercised by us or you.

O. Disputes Not Subject to Mediation or Arbitration. The following disputes are not subject to mediation or arbitration (1) you or your owners, officers, directors, Affiliates or employees use the Marks, Intellectual Property or other Proprietary Information in violation of this Agreement; (2) acts in derogation of your obligations under **Sections 18 A, B, C, F and G**; or (3) actions for the collection of past due moneys for any individual Product invoice up to \$15,000 each.

15. LIMITATION OF LIABILITY

A. **WAIVER OF CONSEQUENTIAL, INDIRECT AND PUNITIVE DAMAGES.** IN NO EVENT SHALL WE BE LIABLE TO YOU FOR CONSEQUENTIAL, INDIRECT, SPECIAL, AND PUNITIVE DAMAGES, INCLUDING BUT NOT LIMITED TO DAMAGE RESULTING FROM LATE DELIVERY, LOSS OF PROFIT, LOSS OF GOODWILL, OR LOSS CAUSED BY DEFECTIVE PRODUCTS.

B. **DISCLAIMER.** ALTHOUGH APPROVED BY US, WE AND OUR AFFILIATES EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS, DESIGN PLANS, SERVICES OF ANY TYPE, OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO US.

C. Limitation of Liability. Our liability to you shall be limited to the amount paid by you to us or our Affiliate for all the Products delivered in the period of six calendar months prior to the incident which gave rise to your loss, less any credits we or our Affiliate provided to you.

D. Applicability of Limitation of Liability. The limitation of liability set forth herein shall also apply to our parents and our Affiliates. This provision is an irrevocable third party beneficiary clause for the duration of this Agreement and after the termination or expiration of this Agreement.

16. DEFAULT AND TERMINATION

A. Termination by Us After Opportunity to Cure. You are in default of this Agreement and we have good cause to terminate this Agreement and all rights granted under this Agreement if, within 30 days after we send you written notification setting out the nature of the default or defaults (“**Notice to Cure**”), or within any shorter period expressly set forth in the following

clauses as to such default or defaults, you do not correct one or more of the defaults noted below to our satisfaction:

- i. Nonpayment. If you fail or refuse to pay as and when due any sums owed to us, our Affiliates, or our designated suppliers or vendors within ten days of receiving a Notice to Cure from us;
- ii. Failure to Submit Required Reports. If you fail or refuse to submit required reports to us within ten days of receiving a Notice to Cure from us;
- iii. Disputes Between or Among Franchisee Principals. If you fail to resolve any dispute between the Principal Owners, principals or shareholders of your franchise Entity regarding the operation of the business of the PANDORA Store;
- iv. Standards and Policies. If you fail or refuse to comply with mandatory or required standards and policies set forth in this Agreement or the Manuals or any changes, additions, or modifications thereto, or fail or refuse to implement a required or mandatory program, module, or materials;
- v. Scorecard. You fail to cure EIO Scorecard deficiencies within the specified time frames or as otherwise required by the EIO Scorecard;
- vi. Permits and Licenses; Compliance. If you fail or refuse to obtain and maintain all necessary permits and licenses, or fail or refuse to comply with applicable laws or regulations, relating to the operation of the PANDORA Store;
- vii. Assumption of Control. If you fail or refuse to provide an individual acceptable to us to assume control of the PANDORA Store in the event of (a) your death or incapacity or (b) the death or absence from active participation in the PANDORA Store's business of any individual upon whose ability or expertise we relied in granting this franchise to you; or
- viii. Any Other Breach of this Agreement. If you breach any other provision of this Agreement not specified in **Section 16.B** or **Section 16.C**.

B. Immediate Termination with No Opportunity to Cure. If any of the following defaults occur, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination:

- i. Material Misrepresentation. Any material misrepresentation, omission or falsification of information in your franchise application or in records or reports that you submit to us or that you maintain;
- ii. Abandonment. Your voluntary abandonment of your PANDORA Store or your failure to actively operate the PANDORA Store;

- iii. Expiration or Termination of Lease. The expiration or termination of your lease for the Authorized Location, the failure to timely cure a default under the lease for the Authorized Location, or the loss of your right of possession, including through failure to execute a lease or a renewal or extension of a lease for the Authorized Location;
- iv. Misuse of Confidential Information. Any unauthorized use of the Confidential Information, Proprietary Materials or Marks;
- v. Insolvency. Your insolvency or that of any guarantor;
- vi. Assignment for the Benefit of Creditors. You or a guarantor makes an assignment or enters into any similar arrangement for the benefit of creditors;
- vii. Conviction of a Crime. Any of your owners, principals, or shareholders or any guarantor of (or pleading no contest to) is charged with or convicted of a felony, or offense of any nature that is reasonably likely, in the sole opinion of the Franchisor, to materially and unfavorably bring or tend to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of the Marks or the Store;
- viii. Unauthorized Transfer. Any unauthorized Transfer or assignment;
- ix. Multiple Defaults. Your third default of this Agreement within any consecutive 12-month period;
- x. Audit. You refuse to permit, or interfere with, an examination or audit of your books and records or an inspection of the Store;
- xi. Training. Designated Individual or Store Manager fail to successfully complete all required training within 30 days of our written notice of such failure.
- xii. Fraud or Misrepresentation. You engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice or you or make any material misrepresentations, including in violation of Anti-Terrorism Laws;
- xiii. Goodwill. Any act by you or anyone affiliated with the Store which causes, or is likely to cause, an incurable tarnishing of our reputation.
- xiv. Judgement. Any material judgment (or several judgments which in the aggregate are material) is obtained against you and remains unsatisfied or of record for 30 days or longer (unless a supersedes or other appeal bond has been filed); or if execution is levied against your PANDORA Store or any of the property used in the operation of the PANDORA and is not discharged within 15 days; or
- xv. Sub-franchise. You create a sub-franchise of any kind under applicable law.

C. Immediate Termination after No More than 24 Hours to Cure. In the event that a default under this Agreement occurs that materially impairs the goodwill associated with any of the Intellectual Property, Proprietary Materials or the Marks (including the misuse or the making of an unauthorized use of any of the Intellectual Property, Proprietary Materials or the Marks or the commission of any other act by you which can be reasonably expected to impair the goodwill associated with any of the Marks), violates any health or safety law or regulation, or presents a safety hazard to your customers or to the public: (1) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (2) this Agreement will terminate effective immediately on our issuance of written notice of termination.

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

E. Cross Default. Your uncured default under any Related Agreement constitutes a default under this Agreement and any other Related Agreements or any agreement between us and any Entity under common ownership or control with you. Additionally, if you or any Entity under common ownership or control with you operates a multi-brand with Pandora Jewelry, LLC, then any financial defaults of such multi-brand, with respect to the PANDORA product, constitutes a default under this Agreement. In the event of any default under this **Section 16.E**, you will have no right or opportunity to cure and this Agreement will terminate effective immediately on our issuance of written notice of termination.

F. Cross-Termination upon Termination of this Agreement. If we terminate this Agreement under **Section 16**, we are entitled, at our option, to immediately terminate upon notice to you all (i) Related Agreements; and (ii) agreements between us or our Affiliates and any Entity under common ownership or control with you. For purposes of this section, you acknowledge that this provision may result in the termination of one or more other Related Agreements that relate to a PANDORA Store. You further acknowledge that this provision may result in the termination of one or more other franchise agreements for other PANDORA Stores

G. Other Remedies. In the event of your default for which we have the right to terminate this Agreement under this **Section 16**, we have the right to undertake any one or more of the following actions instead of terminating this Agreement:

- i. We may disable access to or remove all or any references to the PANDORA Store or webpage(s) of the PANDORA Store from our website, until such time as the default is fully cured;
- ii. We may withhold from you certain benefits, plans, promotions or products that might be available to other franchisees, and/or we may not authorize you to engage in certain activities, or participate in certain meetings or events, unless and until you cure your default(s) and operate in compliance with this Agreement, the Manuals and our rules, policies and standards;

- iii. We may require you to provide us with a detailed business plan in such form and containing such content as we may specify; and/or
- iv. We may modify or eliminate any of the territorial protections, or your rights to sell Products in certain sales channels.

If any of such rights, options, arrangements, or areas are terminated or modified in accordance with this **Section 16.G** such action shall be without prejudice to our right to terminate this Agreement in accordance with the provisions of this **Section 16**, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

H. Lien. In the event of termination due to your default, the extent of all damage which we suffer by virtue of such default shall be and remain a lien in our favor against any and all of the personal property, fixtures, equipment and inventory owned by you on the Store premises at the time of such default.

I. Termination by You. You may terminate this Agreement as a result of our breach of a material provision of this Agreement provided that: (a) you provide us with written notice of the breach that identifies the grounds for the breach; and (b) we fail to cure the breach within 30 days after our receipt of the written notice, or, if the breach cannot be cured within 30 days, we fail to begin to cure. If we fail to cure the breach, the termination will be effective 60 days after our receipt of your written notice of breach. Your termination of this Agreement under this Section will not release or modify your post-term obligations under **Section 17** of this Agreement.

17. EFFECT OF AND OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. General. Upon expiration or termination of this Agreement:

i. Cessation of Store Operation. You shall immediately cease to operate the PANDORA Store and shall not thereafter, directly or indirectly, represent to the public, identify yourself in any manner or hold yourself out as a PANDORA franchisee. You will not, at any time or in any manner, disparage or take any action detrimental or disruptive to us, our Affiliates, franchisees, licensees or PANDORA Stores.

ii. Authorization to Use Marks. Your authorization to use in any manner the Marks, our name, or any confusingly similar name, shall immediately terminate. You must not thereafter use any of our Confidential Information, Proprietary Materials, Marks, signs, symbols, devices, procedures, or other materials constituting part of the System. You shall take such action as may be necessary to cancel any assumed or fictitious name or equivalent registration that contains a Mark and provide us with evidence satisfactory to us that you have complied with this obligation within thirty days after termination or expiration of this Agreement. You must also cease using any electronic or hard copy document (e.g., email addresses, letterhead) that uses any Mark immediately upon termination or expiration of this Agreement.

iii. Surrender of Possession; Renovation; Assignment. You must vacate the Authorized Location immediately, or, at our option, immediately make such removals or changes in signs and colors of the premises as we request so as to distinguish effectively the premises from its former appearance and from other PANDORA Stores. If you fail to make such changes, then we may enter the premises and make such changes at your expense. If the premises are not subleased by us or our Affiliates to you, we will have the option to require you to assign your leasehold interest in the premises to us.

iv. Return of Franchise Information; Manuals. You must immediately turn over to us all Manuals, Proprietary Materials, and Business Records. You must also, as we elect, return to us or destroy, and provide evidence satisfactory to us that such destruction has occurred all documents, instructional materials, display items, materials, promotional aids, and all writings bearing the Marks or name. You must also comply with your obligations under **Section 18.B** of this Agreement, and cooperate to assure that telephone listings and numbers, domain names, and websites for the PANDORA Store are cancelled or assigned to us (or our designee) as we indicate.

v. Payment to Us. You must immediately pay all sums due to us, our Affiliates, our designees, and all sums you owe to third parties.

B. Gift Cards. You must, at our option, pay to us the then outstanding amount of gift card liability associated with your PANDORA Store. .

C. Our Option to Purchase. Upon the termination or expiration of this Agreement, we have the option to purchase all of your rights, title and interest in the PANDORA Store including all equipment, inventory, accounts, contract rights and/or other business assets (“**Assets**”) free and clear of all liens, claims and other encumbrances. The purchase price for the Assets will be the lesser of: (1) the market value of the Assets, or (2) your cost less depreciation on a straight-line basis of 20% per year. If the parties cannot agree on the market value within 30 days, an independent appraiser will be designated by each of the parties, and an average of the two appraised values will be binding. Appraised values will exclude any and all consideration for goodwill or going concern value created by the Marks and System licensed to you.

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

E. Liquidated Damages. Upon termination of this Agreement by us for cause, you agree to pay to us within 15 days after the effective date of termination, in addition to the amounts owed hereunder, liquidated damages. Liquidated damages are determined by multiplying the number of months remaining on the applicable Term of the Agreement by the greater of (1) average monthly sales to you for Products and your average monthly Marketing Fund Fee for the immediate preceding 36-month period prior to the termination of this Agreement; and (2) the

total sales of Products and your monthly Marketing Fund Fee for the 12 months preceding the termination of this Agreement. The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Product sales due to, among other things, the complications of determining how Product sales would have grown over what would have been this Agreement's remaining Term. The parties hereto consider this liquidated damage provision to be a reasonable, good faith pre-estimate of those damages. The liquidated damages provision only covers our damages from the loss of cash flow from Product sales. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement. You and each of your Principal Owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Product purchase requirements.

18. BUSINESS COVENANTS

A. Covenants Active During the Term. During the applicable Term of this Agreement, except as we otherwise approve in writing in advance, you shall not, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any other person or Entity: (1) divert or attempt to divert any business or customer of the PANDORA Store to any Competitive Business, (2) directly or indirectly, solicit or otherwise attempt to induce, by combining or conspiring with, or attempting to do so, or in any other manner influence any person or entity with whom we conduct business to terminate or modify his, her, or its business relationship with us or to compete with us, (3) do or perform, directly or indirectly, any act that injures or is prejudicial to the goodwill associated with Marks and the System, (4) employ or seek to employ any person who is at that time employed by us or our Affiliate, or otherwise directly or indirectly induce such person to leave his or her employment (unless such restriction is prohibited by law), or (5) own, maintain, advise, control, operate, help, invest in, be employed by, or have any direct or indirect interest in any Competitive Business, regardless of location.

B. Post Termination/Expiration Covenants. You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You acknowledge that we would be unable to protect the Confidential Information, System, and our other Proprietary Materials and achieve an exchange of ideas with you if you were permitted to hold competitive interests or engage in any Competitive Business. You therefore covenant that you will not, for a period of one year commencing upon the expiration or termination of this Agreement for any reason, or following the date of a Transfer by you, and continuing for an uninterrupted period of one year thereafter, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or Entity: (1) own, manage, operate, maintain, engage in, consult with or have any interest in a Competitive Business at the premises of the former PANDORA Store or within a 15-mile radius of the PANDORA Store or any other PANDORA Store, whether franchised, licensed or owned by us or our Affiliate; or (2) employ or seek to employ any person who is at that time employed by us or our Affiliate, or otherwise directly or indirectly induce such person to leave his or her employment (unless such restriction is prohibited by law). You agree that the length of time in

this **Section 18.B** will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement.

C. Confidential Information. You acknowledge that Confidential Information is our and our Affiliate's unique and exclusive property and trade secrets. You further acknowledge that we and/or our Affiliate have expended significant effort and money in obtaining and developing the Confidential Information, that we and/or our Affiliate have taken numerous precautions to guard the secrecy of the Confidential Information and that it would be very costly for competitors to acquire or duplicate the Confidential Information. You, your Principal Owners, and the Store Manager may not, during the applicable Term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity any Confidential Information, except to such employees who must have access to it in order to operate the PANDORA Store. Any and all Confidential Information, including, without limitation, pricing policies, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the PANDORA Store. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning any interest in the franchisee, the Store Manager and all employees and volunteers. You must provide executed copies of these agreements to us upon our request. You shall immediately notify us of all facts and information that comes to your attention and that indicates that Confidential Information is, is likely to be, or has been disclosed other than as permitted by this Agreement. You shall be liable to us for a breach of these confidentiality obligations by you, your Principals, managers, employees, agents, representatives or contractors.

D. Communications with Third Parties. Third parties may attempt to communicate with you about your relationship with us and to obtain operational or financial information about your PANDORA Store for the purposes of trading in the shares of our Affiliate or to advise others about trading in the shares of our Affiliate. You agree that neither you nor your Affiliates, owners, representatives, agents or employees will make any statements or communications, directly or indirectly, about us or our Affiliates, officers, employees, franchisees, financial condition, sales trends, past or current business practices or strategies to any person, including the media or any financial analysts. You may not disclose any of your PANDORA Store's qualitative or quantitative operating results to any such third party. Any requests for information from any third-party individual or entity that analyzes the stock price of any Pandora entity must be referred to our Public Relations Department.

E. Reduction in Scope. If any restriction in this **Section 18** is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of a court of competent jurisdiction to that deemed reasonable.

F. Personal Covenants. You agree that you and your Principal Owners, Designated Individual, guarantors, shareholders, members, partners, officers, and directors ("**Bound Parties**")

will execute our Noncompetition Agreement the form of which is attached as **Appendix E** to this Agreement and incorporated by reference and our Nondisclosure Agreement the form of which is attached as **Appendix F** to this Agreement and incorporated by reference. If there are any changes to the identities of any Bound Parties during the applicable Term of this Agreement, you agree to notify us within 10 days of the change taking effect and each new Bound Party must sign and deliver to us a signed Noncompetition Agreement. Nothing herein is intended to be approval of any Transfer by you except in accordance with **Section 13**.

- G. **Acknowledgement.** You and your Principal Owner(s) acknowledge the following:
- i. That you and your PANDORA Store will, during the franchise relationship, become identified with the goodwill associated with our Marks;
 - ii. That you and the Bound Parties will be able to earn a livelihood without violating the foregoing restrictions in this **Section 18**;
 - iii. That all of the knowledge that you and the Bound Parties have regarding the operation of the PANDORA Store that you now operate or will obtain under this Agreement is derived from our and/or our Affiliate's Confidential Information, System and Proprietary Materials; and
 - iv. Communication among you and us, our Affiliates and other franchisees and licensees will be chilled if it is perceived that you or the Bound Parties are violating this **Section 18** by wrongfully disclosing Confidential Information or using Confidential Information to wrongfully compete against us, our affiliates or other franchisees or licensees.

H. **Injunctive Relief.** You agree that you and the Bound Parties should not be permitted to compete with us through the use of our and/or our Affiliates training, assistance, Confidential Information and Proprietary Materials. You further acknowledge that we would not have entered into this Agreement or shared the Confidential Information, Proprietary Materials and other proprietary information with you or the Bound Parties absent your and the Bound Parties agreement to strictly comply with the provisions of this **Section 18**. You acknowledge that as a franchisee you and the Bound Parties will have access to our and/or our Affiliates' Confidential Information and Proprietary Materials and therefore will be in a unique position to use the special knowledge gained as a franchisee. You acknowledge that a breach of the covenants contained in this **Section 18** will be deemed to threaten immediate and substantial irreparable injury to us and our Affiliates, which cannot be compensated for in monetary damages. Accordingly, you agree that we and our Affiliates will have the right, without prior notice to you, to obtain immediate injunctive relief without limiting any other rights or remedies it may have and without posting a bond.

19. FRANCHISEE INFORMATION

If you are an Entity, you shall comply with the following requirements:

A. Organizational Documents. You shall provide us with copies the corporate organizational documents, including the articles of organization or the equivalent, bylaws, operating agreements and any such other organization document as we may request from time to time.

B. Ownership. Attached hereto as Appendix G is a description of the legal organization of the Entity operating the PANDORA Store (whether a corporation, limited liability company, partnership or otherwise), the names and addresses of each Principal Owner, and the percentage of such interest owned by such Principal Owner. You shall maintain a current list of all Principal Owners and shall furnish the list to us upon request. You agree to notify us in writing whenever there is any change in the organizational structure or ownership interests of your Entity as set forth on Appendix G. Nothing herein is intended to be approval of any Transfer by you except in accordance with Section 13.

C. Personal/Corporate Guarantee. The following individuals are required to sign our Personal/Corporate Guaranty, the form of which is attached as Appendix B to this Agreement: (1) each person who signs this Franchise Agreement; (2) if you are an Entity, each person who owns a direct or indirect interest in you (including without limitation owners, shareholders, members, and partners who own an interest in an Entity which itself owns an interest in you); (3) if you are an Entity, individuals who are officers and directors of you or of an Entity that owns an interest in you; and (4) anyone else that we may direct. We may permit Franchisee's parent company or affiliate company to act as the guarantor in our sole determination.

20. INTERPRETATION AND CONSTRUCTION

A. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement.

B. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise reasonable business judgment ("**Reasonable Business Judgment**") in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

C. Approval. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us therefor; and such approval or consent shall be obtained in writing. Except where this Agreement expressly obligates us not to unreasonably withhold our

approval or consent to any of your actions or requests, we have the absolute right, in our sole and arbitrary discretion, to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.

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

E. Waiver/Integration. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Manuals and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the addenda and appendices hereto and the application form executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business. You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your business. There are no representations or warranties of any kind, express or implied, except as contained herein and in the aforesaid application. Nothing in this Agreement or in any other related agreement is intended to disclaim representations made in any Franchise Disclosure Document that was furnished to you.

21. GENERAL PROVISIONS

A. Notices. All notices sent by one party to the other must be hand-delivered, sent by registered or certified mail, return receipt requested, or sent via nationally-recognized overnight courier. We may also send notices to you at the email address you provide on Appendix G. Notices will be considered given and received upon actual receipt. Notices shall be sent to the parties at the addresses below:

If to us: Pandora Franchising, LLC
250 West Pratt Street, 17th Floor
Baltimore, Maryland 21201
Attn: General Counsel

If to you: If to you, to the address indicated in the signature page of this Agreement, to the Authorized Location, or to the email address you provide.

B. Successors/Assigns. Subject to the terms of **Section 13** hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

C. Relationship of the Parties. You and we are independent contractors. During the term of this Agreement, you shall hold yourself out to the public as an independent contractor operating the Store pursuant to a franchise agreement with us. You agree to take such action as we deem necessary and prudent to reinforce this understanding with the public, including placing a notice in the store where we direct and with such content as we direct. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You acknowledge that you are an independent business and responsible for control and management of your PANDORA Store, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge and agree that we have no authority with respect to, or responsibility or liability for, your hiring, discharging, setting and paying of wages or other employee related matters.

D. Force Majeure. In the event that any party hereto is delayed or hindered in the performance of any act required herein due to: (i) strikes, lock-outs, labor troubles, inability to procure materials, or failure of power; (ii) extreme weather conditions or weather related delays; (iii) present or future governmental laws, including, without limitation, government mandated shutdowns or closures and restrictive governmental laws or regulations; (iv) acts of God including, riots, insurrection, war, act of terrorism (meaning an ideologically-motivated unlawful act or threat by any person or group for the purpose of influencing any government or instilling fear into the public), fire or explosion or other reasons of a like nature beyond the control of such party (each, an event of “**Force Majeure**”), and said party provides written notice and full particulars of the Force Majeure event to the other party within ten business days of such event, then performance of such act shall be excused for the period of the delay and the period for performance of any such act shall be excused for the period of such delay and the period for performance of such act shall be extended by a period equivalent to the period of such delay, up to a maximum of three (3) calendar months. The provisions of this section shall not operate to excuse the Franchisee from the prompt payment of amounts due for Product shipped to it, any royalty, fee or other payment due the Franchisor pursuant to the provisions of this Agreement. This clause will not, however, result in an extension of any Initial Term, Successor Term, or Transfer Term of this Agreement.

E. Interpretation. In this Agreement:

- i. where the context so requires, words importing the singular only shall be construed as including the plural and vice versa and words importing the masculine shall be construed as including the feminine or the neutral and vice versa;
- ii. a reference to a clause or schedule is a reference to a clause or schedule of this Agreement;

- iii. all references to expressions of time shall be construed by reference to the Gregorian calendar;
- iv. a reference to a person includes a reference to a corporation, limited liability company, or partnership; and
- v. all references to the words “include,” “includes” or “including” in this Agreement shall mean, as applicable, “include without limitation,” “includes without limitation,” “including but not limited to” or “including without limitation.”

F. Appendices, etc. The Appendices, Manuals and any amendments to this Agreement form an integral part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement and references to this Agreement include the Appendices, Manuals and any amendments, in each case as amended from time to time.

G. Headings. The headings of this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

H. Conflict of Documents. If there is any conflict or inconsistency between a term in the body of this Agreement and a term in any of the schedules or other documents referred to or otherwise incorporated into this Agreement, the term in the body of this Agreement shall take precedence, unless the schedule or other document which is incorporated into this Agreement explicitly states that it takes precedence over the body of this Agreement.

I. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument and shall become effective when counterparts have been signed by each of the parties and delivered to other parties.

J. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the authorized merchandise and other standards, specifications, and requirements for any customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such Store, franchisee’s business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard specifications or requirements granted to any other franchisee.

K. Security Interest. As security for all of your monetary and other obligations to us or our affiliates, you grant to us a first priority security interest in all of your assets, including all furniture, fixtures, machinery, equipment, inventory, and other property, tangible or intangible, now owned or later acquired by you used in connection with the PANDORA Store and wherever located, as well as all of your contractual and related rights under this Agreement and all other agreements between the parties. You agree to execute such financing statements, continuation statements, notices of lien, assignments, or other documents as may be required in order to perfect

and maintain our security interest. You shall pay all filing fees and costs for perfecting our security interest.

L. Notice of Potential Profit. We and/or our affiliates will from time to time make available to you goods, products and services for use in your PANDORA Store on the sale of which we and/or our affiliates will make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers and manufacturers in respect to sales of goods, product or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

M. Credit Checks and Background Checks. You authorize us to obtain, at any time throughout the Initial Term of this Agreement and any Successor Term, credit checks and background checks on you, your Principal Owners and guarantors.

N. Your Representations. You represent, warrant and acknowledge as follows:

i. Receipt of Franchise Disclosure Document. You have received a copy of the complete franchise disclosure document if required by the Trade Regulation Rule of the Federal Trade Commission concerning the franchise at least 14 calendar days prior to the date on which this Agreement was executed. You have received a fully completed copy of this Agreement at least seven calendar days prior to signing it.

ii. Reviewed Agreement. You and your owners and guarantors have fully read this Agreement and fully understand the terms and import of the same and represent that you and each of your owners are capable of complying and will comply with the terms of this Agreement.

iii. Consultants; Due Diligence. We have advised you to consult with advisers of your own choosing. You have been given ample time to do so before signing this Agreement. You have conducted an independent investigation of the PANDORA Store franchise contemplated by this Agreement and recognize that the success of your PANDORA Store is speculative, involves a high degree of financial risk and depends, to a large extent, upon your ability as an independent business person and your skills, initiative, hard work and other factors. You understand that you may sustain losses as a result of the operation or the closing of your PANDORA Store. You represent and warrant that you engaged your own legal advisors to ensure that you understand your obligations under this Agreement and all applicable law(s). You further represent and warrant that you have familiarized yourself with the laws and licensing requirements which govern the operation of your PANDORA Store.

O. Non-Reliance on Representations. We do not make any representations or warranties, express, implied or collateral, as to the potential success of your PANDORA Store and no one is authorized to make any such representations or warranties. We make no representations or warranties that the required minimum insurance is adequate to protect you and us. You

acknowledge, understand and accept that the information provided by us or our Affiliates does not constitute a representation or warranty as to the success or profitability of your PANDORA Store. You are not relying upon any representations by us or our officers, directors, shareholders, employees, agents, contractors, or servants about the business contemplated by this Agreement that are contrary to the provisions of this Agreement or any ancillary documents. We do not furnish or authorize any parties to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of your PANDORA Store outside the franchise disclosure document and you have not received or relied upon any warranty, representation or guarantee, expressed, collateral or implied, as to the potential volume, profits, or success of the PANDORA Store contemplated by this Agreement outside the franchise disclosure document. Actual results will vary among our franchisees and we cannot estimate the results of any particular PANDORA Store. You acknowledge that no approvals, consents, waivers, conditions, or the like by us are an endorsement by us or a warranty by us of the success of your PANDORA Store or the appropriateness of the particular items, persons, or matters so approved. You further acknowledge, understand and accept that you are not relying on our or our Affiliates approvals, consents, waivers or the like.

P. Attorney-in-Fact. You hereby irrevocably appoint us as your true and lawful attorney for you, and in your name, place and stead and on your behalf, to take action as may be necessary to amend or terminate all registrations and filings, including trade name and fictitious name registrations, or to sign other documents required by you under this Agreement. This appointment is being coupled with an interest to enable us to protect the System and Intellectual Property.

[Signature page follows]

IN WITNESS WHEREOF, this Agreement will become effective when all the parties have signed it. The date this Agreement is signed by the last party to sign it, as indicated by the date associated with that party's signature, will be deemed to be the Effective Date.

FRANCHISEE:

PANDORA FRANCHISING, LLC

Date: _____

Date: _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address:

APPENDIX A TO FRANCHISE AGREEMENT

DEFINITIONS

For purposes of this Agreement, the terms listed below appearing as initially capitalized terms shall have the meanings set forth below. Other terms are used in this Agreement are defined and construed in the context in which they occur.

“**Affiliate**” means any person or Entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. For purposes of this definition, “**control**” means the power, directly or indirectly, to direct or cause the direction of the management and policies of an Entity, whether through ownership of voting securities, by contract or otherwise.

“**Authorized Location**” means the specific location approved by us for your Pandora Store.

“**Competitive Business**” means any business that sells or offers to sell bracelets and charms that compete, directly or indirectly, with the Pandora charm bracelet product line. For the sake of clarity, Alex and Ani, LLC, Kendra Scott, LLC, and Swarovski shall each be considered a Competitive Business.

“**Confidential Information**” means without limitation, all knowledge, know-how, trade secrets, standards, formulas, methods and procedures related to the establishment, marketing and operation of the PANDORA Store, the PANDORA System and the Manuals and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the PANDORA Store or PANDORA System, including, without limitation, all databases (whether in print, verbal, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail lists, Manuals, promotional and marketing materials, marketing strategies and any other data and information that the we or our Affiliates designates as confidential including all information contained in the Manuals, which may be provided as one or more separate manuals, written instructional guides, CD Rom, or other communications from us or our Affiliates, which may be changed or supplemented from time to time. “Confidential Information” shall not include information (1) obtained by you that is or becomes published or is otherwise generally available to the public, other than as a consequence of your (or your employees’ or agents’) willful or negligent act or omission obtaining such information, or any of your employees or agents; (2) that is, at the time of disclosure, already lawfully in your possession and not already subject to any obligations of confidentiality; or (3) lawfully obtained from a third party who has itself lawfully obtained such information and is not subject to any confidentiality obligations in respect of that information.

“**Designated Individual**” means an individual, other than a Store Manager, that we designate and that has (i) an ownership interest in the Entity that operates the PANDORA Store or (ii) operational responsibility for the PANDORA Store.

“**Dispute**” means for purposes of **Section 14**, any disputes, controversies or claims between the Parties arising out of, in connection with, or in relation to this Agreement, Related Agreements, any lease or sublease for the PANDORA Store, the Authorized Location, the Parties’ relationship, or the PANDORA Store.

“Effective Date” means the date of the signature of the last party to sign this Agreement.

“Entity” means any corporation, limited liability company, partnership, joint venture, business trust or similar association or legal entity.

“Entity under common ownership or control” means any Entity that is, whether in whole or in part, owned, by your owner, or any Entity that has a member, or partner (whether such partner or member is an individual or an Entity), that is also your member or partner.

“Gross Sales” includes all revenues and income from any source derived or received by you from, through, by or on account of the operation of your PANDORA Store whether received in cash, in services, in kind, from barter and/or exchange, on credit whether or not payment is actually received) or otherwise. Gross Sales does not include sales taxes collected from customers and remitted to taxing authorities or documented customer refunds given by you in good faith.

“Internet” means any of one or more local or global interactive communications media, that is now available, or that may become available, and includes web sites, domain names and social media applications or platforms and other interactive media platforms. Unless the context otherwise indicates, Internet also includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.

“Intellectual Property” means the copyrights, trademarks, patents, trade dress and all other intellectual property owned by us or our Affiliate and licensed by us to you.

“Intellectual Property Rights” means (1) the Marks and Trade Names as well as any rights in inventions, patents, copyrights, confidential information, database rights, promotional material, know-how, domain names, designs, whether registered or unregistered, and any rights similar to the foregoing in any part of the world; (2) any application and/or the right to apply for registration for any of the same, and (3) any other intellectual property rights (whether registered or not) related to or subsisting in the Products and/or related to the System, including any and all designs, color schemes and usages for the operation of the Store.

“Interim Period” means the month-to-month period that you continue to operate the PANDORA Store beyond the Initial Term of this Agreement or any subsequent Successor Terms.

“Mall” means both urban shopping areas featuring a variety of shops with an open-air concourse reserved for pedestrian traffic, as well as a large suburban building or buildings containing various shops and associated passageways. In order to consider any building close to the Authorized Location to be a part of the Mall, such building must be owned and operated by the same landlord as the building in which the Authorized Location is located, excluding anchor tenants or department stores.

“Manuals” means all of our confidential operations manuals, which may consist of printed manuals, electronic documents or software, information provided on the Internet or an Extranet, audio or video materials, and any other medium or manuals we use with the System, as well as any amendments, supplements, derivative works, and replacements, whether embodied in electronic or other media which contain required guidelines.

“**Marks**” means the Pandora Mark that has been registered with the U.S. Patent and Trademark Office and other registered and unregistered trademarks, service marks, trade names and commercial symbols that we adopt, modify and change from time to time. Marks also mean the trade dress, which includes the designs, color schemes and image we authorize you to use in the operation of the Store from time to time.

“**Non-Traditional PANDORA Store**” means company or affiliate-owned stores using the Marks, but that are not PANDORA Stores, located inside a Mall, such as inside another retail store within a Mall, or that might be reduced in size from a PANDORA Store or that may offer a limited inventory of jewelry and merchandise, but that does not have a separate dedicated entrance or appear as a traditional inline retail location.

“**PANDORA Store**” or “**Store**” means the PANDORA Store you develop, maintain and operate pursuant to this Agreement. The Store will have a front façade or dedicated entrance like a traditional retail store setting and include one or more display windows. Excluded from the definition of PANDORA Store or Store are any of the reservations of rights set forth in **Section 2.D**.

“**PANDORA System**” or “**System**” means the proprietary methods, processes and systems to operate a comprehensive retail system for the sale of the Products emphasizing a prompt, courteous and knowledgeable service in a luxury goods atmosphere, including know-how, Confidential Information, trade secrets associated therewith as it may be changed, improved, modified and further developed by us from time to time.

“**Parties**” means for purposes of **Section 14**, us, our Affiliates, officers, directors, agents and employees and you and your Principal Owners, guarantors, Affiliates, directors, officers, agents and/or employees.

“**Principal Owner**” means all persons or Entities holding a legal or beneficial ownership interest in you, directly or indirectly, including any Entity directly or indirectly controlling you and all persons or Entities that have any other direct or indirect interest in you.

“**Products**” means the line of jewelry product produced under the PANDORA brand, including rings, necklaces, earrings, and the line of jewelry described in the Patent “Bracelets and Necklaces with Keepers,” (Pat. No. 7,007,507) that permits the user to add or remove interchangeable beads of different designs, materials and configurations to create custom jewelry for different occasions as well as all other items that we authorize you to sell in your Store.

“**Related Agreement**” means any agreement between us or our Affiliates and

- (i) you;
- (ii) your Affiliates;
- (iii) your Principal Owners; or
- (iv) any Entity in which you or any of your Principal Owners, managers, partners or employees has any ownership interest or participation, regardless of location.

A Related Agreement may include agreements for the operation of another PANDORA Store or other franchised or licensed business from us or our Affiliates.

“**Store Manager**” means the individual who (1) personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the PANDORA Store, (2) meets our retail management experience requirements, and (3) does not participate in the active operation or management of any business other than the PANDORA Store.

“**Term**” means the period defined in Section 3.A and set out in Appendix H.

“**Transfer**” means to voluntarily or involuntarily, transfer, assign, sell, gift conveyance, or encumber any direct or indirect interest in the ownership of you (if you are a corporation, partnership, or limited liability company), or any interest in the substantial assets of the PANDORA Store or this Agreement, or any merger or consolidation of you; or your voluntary or involuntary bankruptcy (by operation of law or by court order); or any change of control or management of the PANDORA Store or the assets used in the PANDORA Store.

APPENDIX B TO FRANCHISE AGREEMENT

PERSONAL/CORPORATE GUARANTEE AND AGREEMENT TO BE BOUND BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement by Pandora Franchising, LLC, and for other good and valuable consideration, the undersigned, for himself/herself/itself and for his/her/its heirs, successors, and assigns, for the Term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, do unconditionally and irrevocably jointly, individually and severally hereby become surety and guarantor for the punctual payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the Franchisee, including without limitation the confidentiality, transfer, non-compete, arbitration and other dispute resolution provisions of the Franchise Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by and personally liable for the breach of each and every condition and term contained in the Franchise Agreement and agree that this Personal/Corporate Guaranty should be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

All of the obligations of the undersigned shall survive any expiration, transfer or termination of the Franchise Agreement or this Personal/Corporate Guaranty. The undersigned will render any payment or performance required under the Agreement upon demand, if Franchisee fails or refuses to punctually do so.

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

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.

The undersigned's liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the Term of the Franchise Agreement, including during any Successor Term.

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

[Signature page follows]

FRANCHISEE: _____

GUARANTOR(S)

Individually

Print Name

Address

City State Zip Code

Telephone

Date: _____

Individually

Print Name

Address

City State Zip Code

Telephone

Date: _____

Name of Corporate Guarantor

By _____

Print Name

Address

City State Zip Code

Telephone

Date: _____

Name of Corporate Guarantor

By _____

Print Name

Address

City State Zip Code

Telephone

Date: _____

APPENDIX C TO FRANCHISE AGREEMENT

**Acknowledgment Addendum
to the Franchise Agreement**

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin franchisees should not complete this Acknowledgment Addendum. If a franchisee in one of these states does so, we will disregard and not rely on the Acknowledgment Addendum.

Do not sign this Acknowledgement Addendum if you are a resident of Maryland or your business will be operated in Maryland.

As you know, you and we are entering into a Franchise Agreement for the operation of PANDORA Store. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations.

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

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

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

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

Did any employee or other person speaking on behalf of Pandora Franchising, LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested,

predicted or projected sales, revenues, expenses, earnings, income or profit levels at any Pandora Jewelry location or business, or the likelihood of success at your franchised business? Check one: No Yes. If yes, please state in detail the oral, written or visual claim or representation: _____

Do you understand that the franchise granted is for the right to operate a PANDORA Store at the Authorized Location (which may be in the Mall) only and that we have the right, subject only to the limited rights granted to you under the Franchise Agreement, to issue franchises or operate competing businesses for or at locations, as determined by us, near your PANDORA Store?

Check one: Yes No. If no, please comment: _____

Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the PANDORA Store, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one: Yes No. If no, please comment: _____

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

Do you understand that you may be required to purchase products and services for the PANDORA Store from a single source of supply, and that we and/or our affiliates may be that source? Do you understand that you will pay the then-current price in effect for all products and services you purchase from us and/or our affiliates, and that we may make a profit on those purchases? Check one Yes No. If no, please comment: _____

Do you acknowledge and represent to us that (a) you or the entity that you form to be a franchisee will be the employer of all of your employees and will have sole discretion and authority to hire, fire, discipline, compensate and schedule working hours for, all of your employees; and (b) we and our affiliates will have no control, or right to control, any of the employment actions or decisions in your business? Check one: Yes No. If no, please comment: _____

We recommend that you retain employment law counsel to advise you with your employment issues and questions.

Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a PANDORA Store as a franchised business? Check one: Yes No. If no, please comment: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

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

Signed: _____
Print Name: _____
Date: _____

Signed: _____
Print Name: _____
Date: _____

**APPROVED ON BEHALF OF
PANDORA FRANCHISING, LLC**

Signed: _____
Print Name: _____
Date: _____

Signed: _____
Print Name: _____
Date: _____

This Acknowledgement does not waive any liability PANDORA may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

APPENDIX D TO FRANCHISE AGREEMENT

PANDORA FRANCHISING, LLC

FORM OF LEASE ADDENDUM

This Addendum to Lease (“**Addendum**”), dated _____, is entered into by and between _____ (“**Lessor**”), and _____ (“**Lessee**”). In the event of any contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease to which it is attached, the terms and provisions of this Addendum shall control. All defined terms not specifically defined in this Addendum shall be given the same meaning as the defined terms in the Lease.

A. The parties hereto have entered into a certain Lease Agreement (“**Lease**”), dated _____, and pertaining to the premises located at _____ (“**Premises**”).

B. Lessor acknowledges that Lessee intends to operate a PANDORA Store franchise from the leased Premises pursuant to a Franchise Agreement (“**Franchise Agreement**”) with Pandora Franchising, LLC (“**Franchisor**”) under the name “PANDORA®” or other name designated by Franchisor (herein referred to as “**Franchised Business**”).

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Assignment and Subletting. Lessee shall have the right to assign or sublet all of its right, title and interest in the Lease, at any time during the term of the Lease, including any extensions or renewals thereof, without charge and without first obtaining Lessor’s consent in accordance with the Collateral Assignment of Lease attached hereto as Attachment D-1: (a) to Franchisor or Franchisor’s parent, subsidiary, or affiliate, (b) to a duly authorized franchisee of Franchisor, (c) in connection with a merger, acquisition, reorganization or consolidation, or (d) in connection with the sale of Lessee’s corporate stock or assets. However, no assignment or sublease shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or Franchisor’s parent, subsidiary or affiliate unless and until the Lease is assigned or sublet to, and accepted in writing by, Franchisor or Franchisor’s parent, subsidiary or affiliate. In the event of any assignment or

sublease, Lessee shall at all times remain liable under the terms of the Lease. Franchisor shall have the right to reassign or sublease the Lease to another franchisee without the Lessor's consent in accordance with Section 5(a). If Lessor requires that Lessee must agree to a restriction for the Premises that purports to limit rights to develop and/or operate PANDORA® store locations in any way, including within a specified radius of the Franchised Business, such restriction will not be enforceable if the lease is assigned to Franchisor or Franchisor's parent, subsidiary, or affiliate.

3. Default and Notice. In the event there is a default or violation by lessee under the terms of the lease, lessor shall give lessee and franchisor written notice of **the** default or violation within a reasonable time after lessor receives knowledge of its occurrence. If lessor gives lessee a default notice, lessor shall contemporaneously give franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify lessor whether it intends to cure the default and take an automatic assignment of lessee's interest as provided in paragraph 5(a). Franchisor will have an additional fifteen (15) days from the expiration of lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation. All notices to franchisor shall be sent by registered or certified mail, postage prepaid, or by a recognized overnight courier or delivery services to the following address: Pandora Franchising, LLC, Attn: Sabri Latrech, 250 West Pratt Street, 17th Floor, Baltimore, Maryland 21201 and salat@pandora.net. Franchisor may change its address for receiving notices by giving lessor written notice of the new address. Lessor agrees that it will notify both lessee and franchisor of any change in lessor's mailing address to which notices should be sent.

4. Modifications to the lease. Following franchisor's approval of the lease (together with this addendum), lessor and lessee each agree not to terminate, or in any way alter or amend the same during the term of the franchise agreement or any extension thereof without franchisor's prior written consent, which shall be granted or denied in franchisor's sole discretion, and any attempted termination, alteration or amendment shall be null and void and have no effect as to franchisor's interests thereunder. Franchisee may not legally bind the franchisor, and any attempt to restrict franchisor's rights under any lease to which franchisor is not a party, shall be considered null and void, unless franchisee obtains franchisor's prior written consent, which shall be granted or denied in franchisor's sole discretion.

5. Termination or Expiration.

a. Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign or sublet the Lease to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided Franchisee agrees to assume Lessee's obligations and the Lease.

b. Upon the expiration or termination of either the Lease or the Franchise Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to

protect the “PANDORA®” marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

6. Consideration; No Liability

a. Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its Franchised Business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by **Attachment D-1**.

b. Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

7. Sales Reports and Inspection. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee’s sales from its Franchised Business. Lessor acknowledges that the Franchise Agreement grants Franchisor the right of inspection of Lessee’s Premises, and Lessor agrees to cooperate with Franchisor’s efforts to enforce Franchisor’s inspection rights.

8. No Radius Clause. The radius restrictions set forth in the Lease is hereby deleted.

9. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

10. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

11. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Lease and this Addendum.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the day, month and year first written above.

LESSOR:

LESSEE:

By: _____

By: _____

Title: _____

Title: _____

C-D-1-3

ATTACHMENT D-1
TO FRANCHISE AGREEMENT
COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of _____ (“**Effective Date**”), the undersigned, _____ (“**Assignor**”), hereby assigns, transfers and sets over unto Pandora Franchising, LLC (“**Assignee**”) all of Assignor’s right, title and interest as Lessee, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A** (“**Lease**”) with respect to the premises located at _____ (“**Premises**”). This **Collateral Assignment of Lease (“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 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 so 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 under that certain franchise agreement (“**Franchise Agreement**”) for a PANDORA Store between Assignee and Assignor, or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in that event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any Successor Terms thereof, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees or instructs 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 irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

[Signatures on following page]

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

By: _____

Its: _____

ASSIGNEE:

PANDORA FRANCHISING, LLC, a Maryland limited liability company

By: _____

Its: _____

APPENDIX E TO FRANCHISE AGREEMENT
PANDORA FRANCHISING, LLC
NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement (“**Agreement**”) is made and entered into on _____, by and between **Pandora Franchising, LLC**, a Maryland limited liability company (“**Company**”), located at 250 West Pratt Street, 17th Floor, Baltimore, MD 21201, and _____ (“**Individual**”), who resides at _____. All initially capitalized terms not otherwise defined shall have the meanings specified in the Franchise Agreement as defined below.

RECITALS

A. The Company is engaged in the business of selling franchises for the operation of retail businesses selling a unique line of custom jewelry (“**Franchise Business**”). The Franchise Businesses are operated under the Company’s trademark “**PANDORA®**” and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the “**Marks**”);

B. The Company has developed methods for establishing, operating and promoting Franchise Businesses in accordance with the Company’s distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, Marks and information and know-how of the Company (“**Confidential Information**” and “**Trade Secrets**”) and such Confidential Information and Trade Secrets as may be further developed from time to time by the Company (“**System**”);

C. The Company and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of unique jewelry items and other products and services available, which goodwill and reputation have been and will continue to be of major benefit to the Company;

D. Individual is an owner of the Franchised Business, has operational responsibility for the Franchisee’s PANDORA Store, is a Guarantor or is a shareholder, member, partner, officer, and/or director of _____ (“**Franchisee**”) and will receive Confidential Information and Trade Secrets in such capacity; and

E. Individual agrees to the terms of this Agreement as partial consideration for the Company’s willingness to allow Franchisee to become a Franchisee of the Company and to have access to the Company’s Confidential Information and Trade Secrets.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained within and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Individual and the Company, intending legally to be bound, agree as follows:

1. Definitions.

A. **“Competitive Business”** as used in this Agreement means any business that sells or offers to sell bracelets and charms that compete, directly or indirectly, with the PANDORA charm bracelet product line. For the sake of clarity, Alex and Ani, LLC, Kendra Scott, LLC, and Swarovski shall each be considered a Competitive Business.

B. **“Confidential Information”** means without limitation, all knowledge, know-how, trade secrets, standards, formulas, methods and procedures related to the establishment, marketing and operation of the Franchised Business, the PANDORA System and the Manuals and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business or PANDORA System, including, without limitation, all databases (whether in print, verbal, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail lists, Manuals, promotional and marketing materials, marketing strategies and any other data and information that the we or our Affiliates designates as confidential including all information contained in the Manuals, which may be provided as one or more separate manuals, written instructional guides, CD Rom, or other communications from Company or its affiliates, which may be changed or supplemented from time to time.

C. **“Franchise Agreement”** shall mean the franchise agreement between Company and _____ (**“Franchisee”**) dated _____ as amended or renewed from time to time.

D. **“PANDORA Store”** shall have the meaning defined in the Franchise Agreement.

E. **“PANDORA System”** shall have the meaning defined in the Franchise Agreement.

F. **“Successor Term”** shall have the meaning defined in the Franchise Agreement.

G. **“Term”** shall have the meaning defined in the Franchise Agreement.

H. **“Trade Secret(s)”** shall mean information, including a formula, customer lists, pattern, compilation, program, device, method, technique or process related to the Franchise Business that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. Confidential Information and Trade Secrets. Individual and the Company acknowledge that the Confidential Information and Trade Secrets that are developed and utilized in connection with the operation of the Franchise Business is unique and the exclusive property of the Company or its affiliates. Individual acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to the Company or its affiliates. Individual further acknowledges that the Company or its affiliates has expended a great amount of effort and money in obtaining and

developing the Confidential Information and Trade Secrets, that the Company or its affiliates has taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

3. Nondisclosure of Confidential Information. During the Term and any Successor Term of the Franchise Agreement and for all periods after the Term and any Successor Term of the Franchise Agreement, Individual shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Company or the Franchise Business, any of the Confidential Information of the Company or its affiliates.

4. Exceptions to Disclosing Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to Individual through no fault of Franchisee or Individual; (b) information that entered the public domain after it was communicated to Individual through no fault of Franchisee or Individual; (c) information that was in Individual's possession free of any obligation of confidence at the time it was communicated to Franchisee or Individual; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Individual or Franchisee is legally compelled to disclose the information, if Individual or Franchisee has notified the Company before disclosure and used Individual or Franchisee's best efforts, and afforded the Company the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Company of confidential treatment for the information required to be so disclosed.

5. Nondisclosure of Trade Secrets. During the Term and any Successor Term of the Franchise Agreement and for as long as such information constitutes a Trade Secret, Individual shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Company or the Franchise Business, any of the Trade Secrets of the Company or its affiliates.

6. Noncompetition Covenant. Individual acknowledges that he or she will receive valuable training, Confidential Information and Trade Secrets that he or she otherwise would not receive or have access to but for the rights licensed to Franchisee under the Franchise Agreement. Individual agrees to the following non-competition covenants:

A. Individual covenants that during the Term of the Franchise Agreement, Individual will not, either directly or indirectly, for him or herself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any business that sells or offers to sell bracelets and charms that compete, directly or indirectly, with the PANDORA charm bracelet product line.

B. Individual covenants that he or she will not, directly or indirectly, solicit or otherwise attempt to induce, by combining or conspiring with, or attempting to do so, or in any other manner influence any person or entity with whom Company conducts business

to terminate or modify his, her, or its business relationship with Company or to compete with Company.

C. Individual covenants that he or she will not, for a period of one year after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, or within one year of the sale of the PANDORA Store by Franchisee, either directly or indirectly, for him or herself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in a business that sells or offers to sell bracelets and charms that compete, directly or indirectly, with the PANDORA charm bracelet product line:

- i. At the premises of the former PANDORA Store;
- ii. Within a 15-mile radius of the former PANDORA Store; or
- iii. Within a 15-mile radius of the location of any other PANDORA Store, whether franchised or owned by Company or its affiliates.

D. Individual agrees that the length of time in subpart 6(C) will be tolled for any period during which Individual is in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

7. Injunction. Individual hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Company shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Company may be entitled. Individual agrees that the Company may obtain such injunctive relief, without posting a bond. Individual's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Individual.

8. Reasonableness of Restrictions. Individual acknowledges and agrees that the restrictions in this Agreement are reasonable and necessary for the protection of the Confidential Information and Trade Secrets and that any violation of this Agreement would cause substantial and irreparable injury to Company, and that Company would not have entered into a business relationship with Franchisee or the Franchise Agreement without receiving Individual's unrestricted promise to preserve the confidentiality of the Confidential Information and Trade Secrets. In any litigation concerning the entry of any requested injunction against Individual, Individual, for value, voluntarily waives such defenses as Individual might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "**prior breach**" on the part of the Company; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Company will entitle or permit Individual to disclose any such Confidential Information or Trade Secrets in any circumstances.

9. Effect of Waiver. The waiver by Individual or the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Individual and the Company and their respective heirs, executors, representatives, successors and assigns.

11. Entire Agreement. This instrument contains the entire agreement of Individual and the Company relating to the matters included in the agreement. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

12. Governing Law. This instrument shall be governed by and construed under the laws of the State of Maryland.

13. Jurisdiction and Venue. In the event of a breach or threatened breach by Individual of this Agreement, Individual hereby irrevocably submits to the jurisdiction of the state and federal courts of Maryland, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of Maryland. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of Maryland. Notwithstanding the foregoing, in the event that the laws of the state where Individual resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

14. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

15. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

COMPANY:

INDIVIDUAL:

Pandora Franchising, LLC., a Maryland limited liability company

By: _____

By: _____

Printed Name

Printed Name

Its: _____

C-E-5

APPENDIX F TO FRANCHISE AGREEMENT

PANDORA FRANCHISING, LLC

NONDISCLOSURE AGREEMENT

This Nondisclosure Agreement (“**Agreement**”) is made and entered into on _____, by and between Pandora Franchising, LLC, a Maryland limited liability company (“**Company**”), located at 250 West Pratt Street, 17th Floor, Baltimore, MD 21201, and _____ (“**Individual**”), who resides at _____. All initially capitalized terms not otherwise defined shall have the meanings specified in the Franchise Agreement as defined below.

RECITALS

A. The Company is engaged in the business of selling franchises for the operation of retail businesses selling a unique line of custom jewelry (“**Franchise Business**”). The Franchise Businesses are operated under the Company’s trademark “PANDORA®” and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the “**Marks**”);

B. The Company has developed methods for establishing, operating and promoting Franchise Businesses in accordance with the Company’s distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, Marks and information and know-how of the Company (“**Confidential Information**” and “**Trade Secrets**”) and such Confidential Information and Trade Secrets as may be further developed from time to time by the Company (“**System**”);

C. The Company and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of unique jewelry items and other products and services available, which goodwill and reputation have been and will continue to be of major benefit to the Company;

D. Individual is an owner of the Franchised Business, has operational responsibility for the Franchisee’s PANDORA Store, is a Guarantor or is a shareholder, member, partner, officer, and/or director of _____ (“**Franchisee**”) and will receive Confidential Information and Trade Secrets in such capacity; and

E. Individual agrees to the terms of this Agreement as partial consideration for the Company’s willingness to allow Franchisee to become a Franchisee of the Company and to have access to the Company’s Confidential Information and Trade Secrets.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained within and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Individual and the Company, intending legally to be bound, agree as follows:

1. Definitions.

A. “*Confidential Information*” means without limitation, all knowledge, know-how, trade secrets, standards, formulas, methods and procedures related to the establishment, marketing and operation of the Franchised Business, the PANDORA System and the Manuals and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business or PANDORA System, including, without limitation, all databases (whether in print, verbal, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail lists, Manuals, promotional and marketing materials, marketing strategies and any other data and information that the we or our Affiliates designates as confidential including all information contained in the Manuals, which may be provided as one or more separate manuals, written instructional guides, CD Rom, or other communications from Company or its affiliates, which may be changed or supplemented from time to time.

B. “*Franchise Agreement*” shall mean the franchise agreement between Company and _____ (“Franchisee”) dated _____ as amended or renewed from time to time.

C. “*PANDORA Store*” shall have the meaning defined in the Franchise Agreement.

D. “*PANDORA System*” shall have the meaning defined in the Franchise Agreement.

E. “*Successor Term*” shall have the meaning defined in the Franchise Agreement.

F. “*Term*” shall have the meaning defined in the Franchise Agreement.

G. “*Trade Secret(s)*” shall mean information, including a formula, customer lists, pattern, compilation, program, device, method, technique or process related to the Franchise Business that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. Confidential Information and Trade Secrets. Individual and the Company acknowledge that the Confidential Information and Trade Secrets that are developed and utilized in connection with the operation of the Franchise Business is unique and the exclusive property of the Company or its affiliates. Individual acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to the Company or its affiliates. Individual further acknowledges that the Company or its affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that the Company or its affiliates has taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

3. Nondisclosure of Confidential Information. During the Term and any Successor Term of the Franchise Agreement and for all periods after the Term and any Successor Term of the

Franchise Agreement, Individual shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Company or the Franchise Business, any of the Confidential Information of the Company or its affiliates.

4. Exceptions to Disclosing Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to Individual through no fault of Franchisee or Individual; (b) information that entered the public domain after it was communicated to Individual through no fault of Franchisee or Individual; (c) information that was in Individual's possession free of any obligation of confidence at the time it was communicated to Franchisee or Individual; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Individual or Franchisee is legally compelled to disclose the information, if Individual or Franchisee has notified the Company before disclosure and used Individual or Franchisee's best efforts, and afforded the Company the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Company of confidential treatment for the information required to be so disclosed.

5. Nondisclosure of Trade Secrets. During the Term and any Successor Term of the Franchise Agreement and for as long as such information constitutes a Trade Secret, Individual shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Company or the Franchise Business, any of the Trade Secrets of the Company or its affiliates.

6. Injunction. Individual hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Company shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Company may be entitled. Individual agrees that the Company may obtain such injunctive relief, without posting a bond. Individual's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Individual.

7. Reasonableness of Restrictions. Individual acknowledges and agrees that the restrictions in this Agreement are reasonable and necessary for the protection of the Confidential Information and Trade Secrets and that any violation of this Agreement would cause substantial and irreparable injury to Company, and that Company would not have entered into a business relationship with Franchisee or the Franchise Agreement without receiving Individual's unrestricted promise to preserve the confidentiality of the Confidential Information and Trade Secrets. In any litigation concerning the entry of any requested injunction against Individual, Individual, for value, voluntarily waives such defenses as Individual might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Company; it being specifically understood and agreed between the parties that no action or

lack of action on the part of the Company will entitle or permit Individual to disclose any such Confidential Information or Trade Secrets in any circumstances.

8. Effect of Waiver. The waiver by Individual or the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Individual and the Company and their respective heirs, executors, representatives, successors and assigns.

10. Entire Agreement. This instrument contains the entire agreement of Individual and the Company relating to the matters included in the agreement. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11. Governing Law. This instrument shall be governed by and construed under the laws of the State of Maryland.

12. Jurisdiction and Venue. In the event of a breach or threatened breach by Individual of this Agreement, Individual hereby irrevocably submits to the jurisdiction of the state and federal courts of Maryland, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of Maryland. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of Maryland. Notwithstanding the foregoing, in the event that the laws of the state where Individual resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

13. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

14. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

COMPANY:

INDIVIDUAL:

Pandora Franchising, LLC.,
a Maryland limited liability company

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Its: _____

Its: _____

APPENDIX G TO FRANCHISE AGREEMENT

1. Franchisee’s legal organization type (circle one): (a) sole proprietorship; (b) partnership; (c) corporation; (d) limited liability company; or (e) other (please specify: _____).

2. If Franchisee is not a sole proprietor, list of all its partners, members or shareholders or others holding any ownership interest in Franchisee. Please use additional sheets if needed. If any partner, member or shareholder is an Entity, please provide information identifying the ultimate individual beneficiary.

Name and Address	% Interest	Active in Operation of Business? (yes/no)
(a) _____ _____ _____	_____	_____
(b) _____ _____ _____	_____	_____
(c) _____ _____ _____	_____	_____
(d) _____ _____ _____	_____	_____

3. If Franchisee is not a sole proprietor, list of Franchisee’s officers, directors, managers and/or general partners:

Name	Title
(a) _____	_____
(b) _____	_____
(c) _____	_____
(d) _____	_____

4. Franchisee's email address for notice under this Agreement: _____

The undersigned certifies that all information contained in this Attachment F is accurate and complete, and agrees to notify Franchisor promptly (and in any case within fifteen (15) days) upon any change in the information required to be disclosed in this Attachment F.

FRANCHISEE:

If an Individual:

Signature: _____

Print Name: _____

If other than an Individual:

[Name of Entity]

By: _____

Name: _____

Title: _____

APPENDIX H TO FRANCHISE AGREEMENT

AUTHORIZED LOCATION; TERM; FEE;

1. **Authorized Location:** Subject to the terms and conditions contained in the Agreement, we hereby approve the site for the following Authorized Location (insert address and Mall name, if any, for Authorized Location):

2. **Term:** The Term of this Agreement is (select one):

_____ Initial Term

_____ Successor Term. The Successor Term begins on _____,
20____ and ends on _____, 20_____.

_____ Transfer Term begins on _____, 20_____ and
ends on _____, 20_____.

3. **Fee:** You will pay or have paid the following:

_____ Initial Franchise Fee in the amount of \$_____

_____ Successor Fee in the amount of \$5,000.00

APPENDIX I TO FRANCHISE AGREEMENT

PANDORA FRANCHISING, LLC SUCCESSOR ADDENDUM

This Successor Addendum to the Franchise Agreement (“**Successor Addendum**”) is made and entered into on _____, by and between Pandora Franchising, LLC (“**Franchisor**”) and _____ (“**Franchisee**”).

BACKGROUND

A. Franchisor and Franchisee entered into that certain Franchise Agreement dated _____ (“**Original Franchise Agreement**”) pursuant to which Franchisor granted Franchisee the right to operate a business offering the retail sale of a unique line of jewelry under the PANDORA mark utilizing a unique system for operating retail stores that feature PANDORA merchandise in _____ (“**Franchised Business**”).

B. Pursuant to the rights granted in the Original Franchise Agreement, Franchisee is willing to enter into a new franchise agreement with Franchisor on the terms and conditions of Franchisor’s current form of franchise agreement, as modified by this Successor Addendum (the “**Successor Franchise Agreement**”), to continue Franchisee’s rights to operate the Franchised Business.

C. Franchisee has had a full and adequate opportunity to be advised thoroughly of the terms and conditions of the Successor Franchise Agreement, including this Successor Addendum, by legal counsel or other advisors, and has had sufficient opportunity to evaluate and investigate the System, the financial investment requirements and the business risks associated with operating a Franchised Business.

D. Franchisor and Franchisee desire to amend the terms of the Successor Franchise Agreement by incorporating the terms of this Successor Addendum into the Successor Franchise Agreement.

AGREEMENT

1. Definitions. Capitalized terms used and not defined in this Successor Addendum shall have the meanings assigned to them in the Successor Franchise Agreement.

2. Opening and Location. The first sentence of paragraph B, under the heading “INTENTION OF THE PARTIES” on the first page of the Successor Franchise Agreement is hereby deleted in its entirety and replaced with the following:

“You have applied to us for a successor Franchise Agreement for a PANDORA Store at the Authorized Location utilizing the System and the Marks.”

3. Sections 2.B and 4.A of the Successor Franchise Agreement are hereby deleted in its entirety.

4. The first sentence of Section 4.B of the Successor Franchise Agreement is hereby deleted in its entirety and replaced with the following:

“Prior to entering into any successor lease, renewal lease, or lease extension (each a “**Subsequent Lease Document**”) for your PANDORA Store, you must provide a copy of said Subsequent Lease Document to us and receive our prior written authorization of the Subsequent Lease Document before you execute it.”

5. All subsequent references to a “**lease**” in Section 4.B of the Successor Franchise Agreement are hereby deleted and replaced with “**Subsequent Lease Document.**”

6. The first paragraph of Appendix D of the Successor Franchise Agreement is hereby deleted in its entirety and replaced by the following:

“If you renew or extend your lease, you must first obtain approval from Pandora Franchising, LLC (“**we,**” “**us**” or “**Pandora**”). As a condition of our approval, we may require that renewed or extended lease to contain certain provisions, including the following:”

7. Section 9.U of the Successor Franchise Agreement is hereby deleted in its entirety.

8. Successor Right. Section 3.A.ii of the Successor Franchise Agreement is hereby deleted in its entirety. Section 3.A.i of the Successor Franchise Agreement is hereby deleted in its entirety and replaced with the following:

“i. Successor Term. The term (“**Successor Term**”) of this Agreement shall commence on that date that this Agreement is signed by us (the “**Effective Date**”) and, unless sooner terminated as provided herein, shall continue until the earlier of (a) 11:59 p.m. (Eastern Time Zone) on the fifth (5th) anniversary of the Effective Date; or (b) the end of the current term of Franchisee’s lease (excluding any rights of extension available in the lease) which is _____.”

9. Successor Term. All references to the “**Term**” or “**initial term**” of the Successor Franchise Agreement in Section 4.B and any Appendices to the Successor Franchise Agreement are hereby deleted and replaced with “**Successor Term.**”

10. Store Location and Construction. Sections 5.A and 5.C, and the first three sentences of Section 5.B, of the Successor Franchise Agreement are hereby deleted in their entirety.

11. Training. The first three sentences of Section 7.A and the first three sentences of Section 9.A are hereby deleted in their entirety.

12. Pre-Opening Obligations. Section 10.B of the Successor Franchise Agreement is hereby deleted in their entirety.

13. Successor Addendum Binding. This Successor Addendum will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

14. No Further Changes. Except as specifically provided in this Successor Addendum, all of the terms, conditions and provisions of the Successor Franchise Agreement will remain in full force and effect as originally written and signed.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed this Addendum as of the date first above written.

FRANCHISOR:

FRANCHISEE:

PANDORA FRANCHISING, LLC

By: _____

By: _____

Its: _____

Its: _____

APPENDIX J TO FRANCHISE AGREEMENT

PANDORA FRANCHISING, LLC

FRANCHISEE ATTESTATION – US STATE PRIVACY COMPLIANCE

[DATE]

[Franchisee Name]

[Franchisee Address]

RE: US State Privacy Compliance – Franchisee Attestation

Dear Franchisee:

To comply with recently enacted US state privacy laws, including, to the extent applicable, the California Consumer Privacy Act (as amended by the California Privacy Rights Act), Colorado Privacy Act, Connecticut Data Privacy Act, Utah Consumer Privacy Act, and the Virginia Consumer Data Protection Act (the “**U.S. Privacy Laws**”), Pandora Franchising, LLC (“**Pandora**”) is required to disclose any sales of personal data and offer applicable state residents an easy means to opt out of such sales. Because state privacy laws define “sales” broadly, we believe it is in our mutual interest to confirm in writing that any personal data you have access to, collect, receive or otherwise process on behalf of Pandora (“**Personal Data**”) under the Franchise Agreement entered into between you and Pandora (the “**Agreement**”) does not constitute a sale that consumers can opt out of.

By signing below, you certify that you understand the following requirements and will comply with them with respect to your processing of Personal Data on Pandora’s behalf:

1. You will process Personal Data solely on behalf of Pandora and in accordance with applicable laws. The Agreement, the Franchise Operations Manual, and this Attestation will generally constitute instructions for the processing of Personal Data. Pandora may issue further written instructions in accordance with this Attestation. Without limiting the foregoing, you are prohibited from:
 - a. selling Personal Data or otherwise making Personal Data available to any third party for monetary or other valuable consideration. This prohibition does not include sharing Personal Data with third parties acting as services providers/vendors or processors processing such Personal Data on your/Pandora’s behalf for business purposes as specified in the Agreement or as otherwise permitted by applicable laws;
 - b. sharing Personal Data with any third party for cross-context behavioral advertising. Cross-contextual behavioral advertising means the targeting of advertising to a consumer based on the consumer’s Personal Data obtained from

C-J-1

the consumer's activity across businesses, distinctly-branded websites, applications, or services (e.g., via third party digital advertising platforms);

- c. retaining, using, or disclosing Personal Data for any purpose other than for the business purposes specified in the Agreement or as otherwise permitted by applicable laws;
 - d. retaining, using, or disclosing Personal Data outside of the direct business relationship between the parties; and
 - e. except as otherwise permitted by applicable laws, combining Personal Data with Personal Data that you receive from or on behalf of another person or persons, or collect from your own interaction with the applicable individual.
2. You are acting solely as a "Service Provider" or "Processor" as defined under the U.S. Privacy laws.
 3. You will limit access to Personal Data to your personnel who have a business need to have access to such Personal Data, and will ensure that such personnel are subject to obligations at least as protective of the Personal Data as the terms of this Attestation and the Agreement.
 4. You will comply with and provide at least the same level of privacy protection as required under the U.S. Privacy Laws.
 5. You will provide Pandora with all information necessary to (1) demonstrate your compliance with the U.S. Privacy Laws and (2) enable Pandora to conduct and document any data protection assessments required under the U.S. Privacy Laws.
 6. You will reasonably assist Pandora with respect to any of Pandora's compliance obligations in relation to the U.S. Privacy Laws, such as with respect to consumer requests, notification of security breaches, or response to any governmental or individual's inquiries, requests, or complaints;
 7. You will notify Pandora of any subcontractors with whom you engage and share Personal Data, and Pandora shall have the right to object to your use of any such subcontractors by providing you with written notice of the objection. In the event Pandora objects to your use of a subcontractor, you will work in good faith with Pandora to find a mutually acceptable resolution to address such objections. You will be liable to Pandora for the acts or omissions of any subcontractor or other third party to whom you have disclosed or permitted to access Personal Data.
 8. Pandora will have the right to take reasonable and appropriate steps to (1) ensure that you use Personal Data in a manner consistent with Pandora's obligations under applicable laws; and (2) stop and remediate your unauthorized processing of Personal Data .

9. Pandora has the right to monitor your compliance with this Attestation directly, or by engaging a third-party auditor, through measures including, but not limited to, questionnaires and automated scans, and regular assessments, audits or other technical and operational testing no more than once every twelve (12) months, as described further in your agreements with Pandora. Pandora (or such third-party auditor) will promptly notify you of any non-compliance discovered during an audit.
10. You will delete and permanently destroy Personal Data (i) upon request by Pandora as necessary to respond to a consumer request, and (ii) after termination of the Agreement, in accordance with the termination procedures set forth in the Agreement.
11. You will employ physical, technical and administrative safeguards to protect Personal Data from unauthorized access, acquisition or use. You shall at all times remain responsible for compliance with your obligations to protect Personal Data in accordance with the terms of the Agreement.
12. You will notify Pandora promptly, in writing and in no event later than ten (10) business days, after making the relevant determination if you determine that you can no longer meet your obligations under the U.S. Privacy Laws.
13. To the extent you receive data created using Personal Data that cannot reasonably be linked to such Personal Data, directly or indirectly (“Deidentified Data”), you will (a) take reasonable measures to ensure that the information cannot be associated with a consumer or household; (b) publicly commit to maintain and use the information in a deidentified form and not attempt to reidentify the information; and (c) contractually obligate any recipients of the Deidentified Data to the same requirements.
14. You acknowledge and agree to comply with the foregoing obligations for the duration of the Agreement and for as long as you process Personal Data.

To the extent of any conflict between the terms set forth in this Attestation and the terms of the Agreement, the terms of this Attestation shall govern. Otherwise, the Agreement shall continue in full force and effect.

We look forward to your response at your earliest convenience and would appreciate your response no later than [DATE].

Best regards,

PANDORA FRANCHISING, LLC

By: _____

Printed Name: _____

C-J-3

Its: _____

Countersigned,

[FRANCHISEE NAME]

By: _____

Printed Name: _____

Its: _____

C-J-4

EXHIBIT D

Form Promissory Note with Personal Guaranty

PROMISSORY NOTE

\$ _____

Baltimore, Maryland
_____, ____

For Value Received, the undersigned (the “**Maker**”), promises to pay to the order of PANDORA FRANCHISING, LLC (the “**Holder**”), at 250 West Pratt Street, 17th Floor, Baltimore, Maryland 21201, or at such other place as the Holder may from time to time in writing designate, in lawful money of the United States of America, the principal sum of _____ Dollars (\$ _____), and to pay interest on the principal balance of this Note outstanding from time to time (hereinafter, the “**Principal Balance**”) until this Note is fully paid at a fixed rate of _____ percent (____%) per annum (the “**Stated Rate**”); provided, however, that if the Prime Rate plus five percent (5%) (the “**Adjustment Rate**”) shall at any time exceed the Stated Rate, in the Holder’s discretion, the interest rate hereunder, upon written notice of the Holder to the Maker, shall convert to a rate equal to the Adjustment Rate in effect on the day stated in such notice, subject to further adjustment as of the last day of each calendar quarter thereafter to equal the Adjustment Rate in effect as of such day; provided further, however, that the applicable interest rate hereunder shall in no event be less than the Stated Rate.

As used above, the term “**Prime Rate**” shall mean the lesser of (i) the rate of interest referred to as the “U.S. Prime Rate” most recently reported in the *Money Rates* section of The Wall Street Journal or (ii) the “WSJ Prime Rate”, as quoted on bankrate.com, or, if The Wall Street Journal shall cease publication or if it shall cease publication of the “U.S. Prime Rate,” or if bankrate.com shall no longer quote a “WSJ Prime Rate,” the “Prime Rate” shall mean any reasonably equivalent successor rate designated by the Holder in its reasonable discretion.

The unpaid Principal Balance shall be due and payable on the earlier of (i) _____, _____ or ii) acceleration of the Principal Balance by the Holder pursuant to the terms hereof (the “**Maturity Date**”).

Interest shall be due and payable in full on the Maturity Date; provided, however, that if the entire unpaid Principal Balance is paid in full on or prior to the Maturity Date, all accrued and unpaid interest on this Note shall be cancelled and payment thereof shall be forgiven by the Holder.

The Maker may prepay the Principal Balance in whole or in part at any time without penalty or premium.

Each of the following shall constitute an event of default hereunder:

- (1) (a) *failure of the Maker to pay any principal or interest when due under this Note; and*
- (2) (b) *termination by the Holder of that certain Pandora Franchise Agreement dated _____, _____ by and between the Maker and Holder*

Upon the occurrence of either of the foregoing events of default, the Holder may, at its option, by notice in writing to the Maker, declare immediately due and payable the entire Principal Balance and all interest accrued thereon and the same shall thereupon be immediately due and payable without further notice or demand. Further, a default under this Note shall constitute a default under any other agreement between Maker (or its affiliates) and Holder (or its affiliates), including the aforementioned Franchise Agreement.

Notwithstanding anything in this Note to the contrary, at no time shall the Maker be obligated or required to pay interest at a rate which could subject the Holder to either civil or criminal liability as a result of such rate being in excess of the maximum interest rate permitted by applicable law. If the Maker is at any time required to pay interest at a rate in excess of such maximum rate, the interest rate applicable to the Principal Balance shall be deemed to be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been payments in reduction of principal and not on account of any interest thereon due hereunder. All interest paid or agreed to be paid hereunder shall, to the extent permitted by applicable law, be prorated, allocated and spread throughout the full stated term of this Note so that the rate or amount of interest payable hereunder does not exceed the maximum lawful rate of interest from time to time in effect.

The Maker hereby agrees to pay all costs of collection, including reasonable attorneys' fees and legal expenses in the event this Note is not paid when due.

This Note is issued in and shall be governed by the laws of the State of Maryland.

Each reference to "Maker" herein refers to and includes each signatory to this Note, and each such signatory shall be jointly and severally liable for payment of this Note.

No delay or omission on the part of the Holder in exercising any right hereunder shall operate as a waiver of such right or of any other remedy under this Note. A waiver on any one occasion shall not be construed as a waiver of any such right or remedy on a future occasion.

All makers, endorsers, sureties, guarantors and other accommodation parties hereby waive presentment for payment, protest and notice of nonpayment and consent, without affecting their liability hereunder, to any and all extensions, renewals, substitutions and alterations of any of the terms of this Note and to the release of or failure by the Holder to exercise any rights against any party liable for or any property securing payment thereof.

[Signatures appear on following page]

MAKER (Name and entity type)

By _____

Its _____

By _____

As an individual

PERSONAL GUARANTY

This Personal Guaranty is entered into this ____ day of _____, 202__ (the “Effective Date”) by and between Pandora Franchising, LLC, Maryland limited liability company with a principal place of business at 250 West Pratt Street, 17th Floor, Baltimore, Maryland 21201 (“Pandora”), and _____ with an address of _____ (“Guarantor”).

WHEREAS, Pandora Franchising, LLC (“Pandora”) and _____ (“Franchisee”) entered into an agreement dated _____ which allows Franchisee to sell Pandora-branded jewelry at its Pandora store located at _____ (the “Store”); and

WHEREAS, Pandora has agreed to loan funds to Franchisee in order for Franchisee to purchase inventory for the Store and in connection therewith Franchisee executed a promissory note dated _____ (the “Promissory Note”) whereby Franchisee agreed to repay the funds loaned to it by Pandora; and

WHEREAS, Guarantor is the (an) _____ of Franchisee and in partial consideration for Pandora loaning funds to Franchisee, Guarantor agreed to personally guarantee all of Franchisee’s obligations under the Promissory Note.

NOW THEREFORE in consideration of the loan of funds by Pandora to Franchisee, and for other good and valuable consideration, Guarantor, for itself, its heirs, successors, and assigns, does hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Promissory Note, to be paid, kept and performed by the Franchisee.

Further, Guarantor hereby agrees to be personally bound by each and every condition and term contained in the Promissory Note and agree that this Personal Guaranty should be construed as though the Guarantor executed the Promissory Note.

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

In addition, Guarantor consents and agrees that: (1) Guarantor’s liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee’s insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Promissory Note, or the amendment or extension of the Promissory Note with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guaranty will inure to the benefit of Pandora's successors and assigns. Guarantor may not assign this Personal Guaranty without the express written consent of Pandora.

This Personal Guaranty shall be governed by Maryland law. Jurisdiction for any dispute arising under this Personal Guaranty shall be the same as stated in the agreement between Pandora and Franchisee authorizing Franchisee to sell Pandora products.

Pandora Franchising, LLC

[Name of Guarantor]

By: _____

Name: _____

Date: _____

Title: _____

Date: _____

EXHIBIT E

State Specific Addenda

ADDENDUM TO
PANDORA JEWELRY®
DISCLOSURE DOCUMENT FOR THE
STATE OF CALIFORNIA

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

2. Item 3 is amended by the addition of the following language:

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

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

4. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following). The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

5. The franchise agreement requires binding arbitration. The arbitration will occur in the city of our then-current headquarters (currently, Baltimore, City, Maryland) with the costs being borne by you if Pandora prevails. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedures Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

7. Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Financial Protection and Innovation before we ask you to consider a material modification of your franchise agreement.

8. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Sections 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516.) Business and Professions Code Section 200010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

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

ADDENDUM TO
PANDORA JEWELRY®
FRANCHISE AGREEMENT FOR THE
STATE OF CALIFORNIA

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

1. Section 18 of the Franchise Agreement contains a covenant not to compete which extends beyond the term of the franchise. This provision may not be enforceable under California law.

2. Section 14 of the Franchise Agreement requires the application of the laws of Maryland. This provision may not be enforceable under California law.

3. The Franchise Agreement contains provisions requiring you to acknowledge certain statements which are prohibited by California Corporations Code Section 31512, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited statements under California law.

4. The Franchise Agreement contains provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor's disclosure obligations under federal or state law to you. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited by California law.

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

6. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: _____

WE: PANDORA FRANCHISING, LLC

By _____
Its _____

By _____
Its _____

ADDENDUM TO
PANDORA JEWELRY®
DISCLOSURE DOCUMENT FOR THE
STATE OF ILLINOIS

The following information applies to franchises and franchisees subject to the Illinois Franchise Disclosure Act of 1987. Item numbers correspond to those in the main body:

Item 17.

The other conditions under which your franchise can be terminated and your rights of nonrenewal may be affected by Illinois Law, 815 Illinois Compiled Statues 705/19 and 705/20.

Item 17(v) of this Disclosure Document is revised to include the following: “Any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of Illinois may be unenforceable as to any cause of action which otherwise is enforceable in the courts of the State of Illinois.”

Item 17(w) of the Disclosure Document is revised to provide that Illinois law governs the Franchise Agreement.

“Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive requirements with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims according to the provisions of Title 9 of the United States Code.

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

ADDENDUM TO
PANDORA JEWELRY®
FRANCHISE AGREEMENT FOR THE
STATE OF ILLINOIS

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

1. Sections 14B and 14G (*Governing Law and Choice of Forum*) are revised to provide that Illinois law (including the Illinois Franchise Disclosure Act) will govern the Agreement. Sections 14B and 14G are further amended to state as follows:

Subject to Subparagraph 14A, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Illinois state or federal district court located in the county or district encompassing your Territory. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subsection supersede any contrary venue provision and will survive the termination of this Agreement.

2. The Acknowledgment Addendum attached to the Franchise Agreement is unenforceable under Section 41 of the Illinois Franchise Disclosure Act, 815 IL § 705, because it may have the effect of forcing a franchisee to waive or release certain rights that you as a franchisee have under the Act. In addition, no provision in the Franchise Agreement may have the effect of forcing a franchisee to waive or release certain rights that you as a franchisee have under the Illinois Franchise Disclosure Act, 815 IL § 705. To the extent that any provision(s) in the Franchise Agreement purport to force a franchisee to waive or release certain rights under the Illinois Franchise Disclosure Act, such provisions are unenforceable under 815 IL § 705/41.

3. Each provision of this addendum is 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 addendum.

4. The Franchise Agreement contains provisions requiring you to acknowledge certain statements which are prohibited by Illinois law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited statements under Illinois law.

5. The Franchise Agreement contains provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor's disclosure obligations under federal or state law to you.

These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited by Illinois law.

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

7. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: _____

WE: PANDORA FRANCHISING, LLC

By _____

By _____

Its _____

Its _____

ADDENDUM TO
PANDORA JEWELRY®
DISCLOSURE DOCUMENT FOR THE
STATE OF MARYLAND

The following applies to franchises and franchisees subject to Maryland statutes and regulations. Item numbers correspond to those in the main body:

Item 17.

1. Any claims arising under the Maryland Franchise Registration and Disclosure law must be brought within 3 years after we grant you a franchise.
2. Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.)
3. Any claims under the Maryland Franchise Registration and Disclosure law may be brought in the State of Maryland.
4. The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Franchise Agreement, Appendix C.

The Acknowledgments and Representations in Appendix C to the Franchise Agreement are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. Except to the extent we have negotiated changes to the Franchise Agreement that differ from this FDD, nothing in Appendix C to the Franchise Agreement or in any related agreement is intended to disclaim representations made in this Pandora Franchising, LLC FDD.

ADDENDUM TO
PANDORA JEWELRY®
FRANCHISE AGREEMENT FOR THE
STATE OF MARYLAND

This Addendum pertains to franchises sold in the State of Maryland and is for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. Sections 14B and 14G (*Governing Law and Choice of Forum*) are amended to provide that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Section 14(J)(*Enforcement*) is amended to provide that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the date of the Franchise Agreement.

3. Any provision in the Agreement that requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law is not intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. The general release required as a condition of renewal, assignment transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. The Franchise Agreement contains provisions requiring you to acknowledge certain statements which are prohibited by Maryland law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited statements under Maryland law.

6. The Franchise Agreement contains provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor's disclosure obligations under federal or state law to you. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited by Maryland law.

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

8. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

9. Appendix C to the Franchise Agreement – Acknowledgement Addendum, is hereby deleted in its entirety.

10. Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: _____

WE: PANDORA FRANCHISING, LLC

By _____

By _____

Its _____

Its _____

ADDENDUM TO
PANDORA JEWELRY®
DISCLOSURE DOCUMENT FOR THE
STATE OF MINNESOTA

The following applies to franchises and franchisees subject to Minnesota statutes and regulations. Item numbers correspond to those in the main body.

The State Cover Page to the Disclosure Document and Item 17 are modified by the following language:

“Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. § 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.”

“These franchises have been registered under the Minnesota Franchise Act. Registration does not constitute approval, recommendation, or endorsement by the Commissioner of Commerce of Minnesota or a finding by the Commissioner that the information provided herein is true, complete and not misleading.”

“The Minnesota Franchise Act makes it unlawful to offer or sell any franchise in this state which is subject to registration without first providing to the franchisee, at least 7 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 7 days prior to the payment of any consideration by the franchisee, whichever occurs first, a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the franchise. This Disclosure Document contains a summary only of certain material provisions of the franchise agreement. The contract or agreement should be referred to for an understanding of all rights and obligations of both the franchisor and franchisee.”

Item 13 of the Disclosure Document, under the heading “Trademarks” shall be supplemented by the addition of the following paragraph:

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

otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.”

The last paragraph of Item 17 of the Disclosure Document shall be supplemented by the addition of the following language:

“Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void. Pandora Franchising, LLC will comply with Minn. Stat. § 80C.14, Subds. 3-5, which requires, 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.”

“Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01-80C.22; provided this part shall not bar the voluntary settlement of disputes.”

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

ADDENDUM TO
PANDORA JEWELRY®
FRANCHISE AGREEMENT FOR THE
STATE OF MINNESOTA

This Addendum pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. We will undertake the defense of any claim of infringement by third parties involving the PANDORA JEWELRY mark, and you will cooperate with the defense in any reasonable manner prescribed by us with any direct cost of such cooperation to be borne by us.

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. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. No Section providing for a general release as a condition to 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 ban the voluntary settlement of disputes.

5. Each provision of this Addendum 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 addendum.

6. The Franchise Agreement contains provisions requiring you to acknowledge certain statements which are prohibited by Illinois law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited statements under Minnesota law.

7. The Franchise Agreement contains provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor's disclosure obligations under federal or state law to you. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited by Minnesota law.

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

9. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: _____

WE: PANDORA FRANCHISING, LLC

By _____

By _____

Its _____

Its _____

ADDENDUM TO
PANDORA JEWELRY®
DISCLOSURE DOCUMENT FOR THE
STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

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

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

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

5. You may terminate the agreement on any grounds available by law.

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.

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

ADDENDUM TO
PANDORA JEWELRY®
FRANCHISE AGREEMENT FOR THE
STATE OF NEW YORK

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

1. Section 18 of the Franchise Agreement contains a covenant not to compete which extends beyond the term of the franchise. This provision may not be enforceable under New York law.

2. Section 14B of the Franchise Agreement requires the application of the laws of Maryland. This provision may not be enforceable under New York law.

3. The Franchise Agreement contains provisions requiring you to acknowledge certain statements which are prohibited by Illinois law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited statements under New York law.

4. The Franchise Agreement contains provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor's disclosure obligations under federal or state law to you. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited by New York law.

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

6. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: _____

WE: PANDORA FRANCHISING, LLC

By _____

By _____

Its _____

Its _____

ADDENDUM TO
PANDORA JEWELRY®
DISCLOSURE DOCUMENT FOR THE
STATE OF NORTH DAKOTA

The following applies to franchises and franchisees subject to North Dakota statutes and regulations. Item numbers correspond to those in the main body:

Item 17.

1. 17(i): If our right to purchase your assets upon termination is deemed to be your consent to liquidated damages, that provision will not be enforceable under North Dakota law.
2. 17(r): Covenants not to compete such as those mentioned in Item 17 are generally considered unenforceable in the State of North Dakota.
3. 17(u): Notwithstanding anything contained in Section 12 of the Franchise Agreement, any arbitration proceeding will take place in the city nearest to your Business in which the American Arbitration Association maintains an office and facility for arbitration, or at such other location as may be mutually agreed upon by the parties.
4. 17(v): Any claims under the North Dakota Franchise Investment Law may be brought in the State of North Dakota. The North Dakota Securities Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
5. You must sign a general release if you renew your franchise. This provision may be unenforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.
6. 17(w): The laws of the State of North Dakota will govern the agreements between the parties.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO
PANDORA JEWELRY®
FRANCHISE AGREEMENT FOR THE
STATE OF NORTH DAKOTA

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

1. Notwithstanding anything contained in Section 14D of the Franchise Agreement, any arbitration proceeding must take place in the city nearest to your Business in which the American Arbitration Association maintains an office and facility for arbitration, or at such other location as may be mutually agreed upon by the parties.

2. Covenants not to compete such as those mentioned in Section 10.E of the Franchise Agreement are generally considered unenforceable in the State of North.

3. Sections 14B and 14G of the Franchise Agreement are revised to include the following information:

The North Dakota Securities Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

4. Section 14K is hereby deleted from the Franchise Agreement, as a waiver of all rights to a trial by jury is considered unenforceable in the State of North Dakota.

5. Section 15B is hereby deleted from the Franchise Agreement, as a waiver of punitive damages is considered unenforceable in the State of North Dakota.

6. Pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, a franchisee may not be required to sign a general release as a condition of renewal under Section 4.B.viii of the Franchise Agreement.

7. The Franchise Agreement contains provisions requiring you to acknowledge certain statements which are prohibited by Illinois law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited statements under North Dakota law.

8. The Franchise Agreement contains provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor's disclosure obligations under federal or state law to you.

These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited by North Dakota law.

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

10. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: _____

WE: PANDORA FRANCHISING, LLC

By _____

By _____

Its _____

Its _____

ADDENDUM TO
PANDORA JEWELRY®
FRANCHISE AGREEMENT FOR THE
STATE OF OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Pandora Franchising, LLC, 250 West Pratt Street, 17th Floor, Baltimore, MD 21201, or send a fax to Pandora Franchising, LLC at (410) 309-0250 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____

ADDENDUM TO
PANDORA JEWELRY®
FRANCHISE DISCLOSURE DOCUMENT AND
FRANCHISE AGREEMENT FOR THE
PUERTO RICO

The following modifications are to the FDD and certain portions of the Franchise Agreement dated _____, 20__.

Franchise Agreement

Section 14B Governing Law is replaced with the following:

Franchisee acknowledges that (i) Franchisee is not a “dealer” as defined in 10 LPRA § 278(a) and this Agreement is not a “dealer contract” as defined in 10 LPRA § 278(b); (ii) nothing in this Agreement or the Manuals will obligate Franchisee to (1) distribute or maintain a facility for the sale or distribution or rendering of services of factoring, purchase order financing, asset based lending, merchant financing, and other financial (“Services”); (2) maintain an inventory of equipment; (3) establish prices for the sale of Services in the Territory; (4) establish terms for the sale of Services in Pandora stores; (5) render services to or perform billing or collection services for Pandora franchisees in the Territory; (6) extend credit to Pandora franchisees in the Territory; (7) develop any marketing materials for the sale of Services in the Territory; or, (8) deal directly with customers of Pandora franchisees in the Territory; and (iii) the grounds for termination of the Agreement by Franchisor in Section 16 of the Agreement are reasonable and just cause for termination.

Section 18, Acknowledgement, the following is added:

BY SIGNING THIS AGREEMENT, FRANCHISEE ACKNOWLEDGES THAT:

1. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE SYSTEM AND RECOGNIZES THAT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISK AND WILL LARGELY DEPEND UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON; AND

2. FRANCHISOR HAS NOT GIVEN, AND FRANCHISEE HAS NOT RECEIVED ANY EXPRESS OR IMPLIED WARRANTY OR GUARANTY REGARDING POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT; AND

3. FRANCHISEE IS NOT A PARTY TO OR SUBJECT TO AGREEMENTS THAT MIGHT CONFLICT WITH THE TERMS OF THIS AGREEMENT AND AGREES NOT TO ENTER INTO ANY CONFLICTING AGREEMENTS DURING THE INITIAL TERM OR ANY INTERIM PERIOD; AND

4. FRANCHISEE HAS RECEIVED THE FDD REQUIRED BY THE FEDERAL TRADE COMMISSION WITH APPLICABLE EXHIBITS AT LEAST FOURTEEN (14) DAYS BEFORE THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED AND HAS RECEIVED A COPY OF THE COMPLETED FRANCHISE AGREEMENT AT LEAST SEVEN (7) DAYS BEFORE THAT DATE ON WHICH THIS AGREEMENT WAS EXECUTED; AND

5. THE GROUNDS FOR TERMINATION OF THE AGREEMENT BY FRANCHISOR IN SECTION 16 OF THE AGREEMENT ARE REASONABLE AND JUST CAUSE FOR TERMINATION; AND

6. THE DISPUTE RESOLUTION METHODS SET FORTH IN SECTION 14, INCLUDING ARBITRATION, MEDIATION AND LITIGATION, WERE SUBSCRIBED FREELY AND VOLUNTARILY BY FRANCHISOR AND FRANCHISEE AS THE METHOD FOR DISPUTE RESOLUTION, INCLUDING THE SITE FOR MEDIATION OR LITIGATION PROCEEDINGS IN BALTIMORE, MARYLAND; AND

7. THE GOVERNING LAW PROVISIONS OF SECTION 14.B. ARE BINDING ON FRANCHISEE AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL AND UNDERSTANDS THE CONSEQUENCES OF THE GOVERNING LAW PROVISIONS OF THIS SECTION.

ACKNOWLEDGMENT

It is agreed that the applicable foregoing Puerto Rico Specific Addenda, if any, supersedes any inconsistent portion of the Franchise Agreement dated the ____ day of _____ 20____, and of the disclosure document.

DATED this _____ day of _____ 20____.

FRANCHISOR:

FRANCHISEE:

PANDORA FRANCHISING LLC

By: _____

By: _____

Title: _____

Title: _____

ADDENDUM TO
PANDORA JEWELRY®
DISCLOSURE DOCUMENT FOR THE
STATE OF RHODE ISLAND

The following information applies to franchises and franchisees subject to the Rhode Island Franchise Investment Act. Item numbers correspond to those in the main body:

Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

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

ADDENDUM TO
PANDORA JEWELRY®
FRANCHISE AGREEMENT FOR THE
STATE OF RHODE ISLAND

This Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

The Franchise Agreement is amended consistent with Section 19-28.1-14 of the Rhode Island Franchise Investment Act, which provides as follows:

“A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

The Franchise Agreement contains provisions requiring you to acknowledge certain statements which are prohibited by Illinois law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited statements under Rhode Island law.

The Franchise Agreement contains provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor’s disclosure obligations under federal or state law to you. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited by Rhode Island law.

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

YOU: _____

WE: PANDORA FRANCHISING, LLC

By _____

By _____

Its _____

Its _____

ADDENDUM TO
PANDORA JEWELRY®
DISCLOSURE DOCUMENT FOR THE
STATE OF VIRGINIA

The following information applies to franchises and franchisees subject to the Virginia retail Franchising Act. Item numbers correspond to those in the main body:

Item 17.

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

Further, any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

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

ADDENDUM TO
PANDORA JEWELRY®
FRANCHISE AGREEMENT FOR THE
STATE OF VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the parties to the attached PANDORA JEWELRY Franchise Agreement (“**Agreement**”) agree to the following:

“The cross-default provisions in Section 16E of the Franchise Agreement will not be applicable to the Agreement signed by the Virginia franchisee entering into the attached agreement.”

The Franchise Agreement contains provisions requiring you to acknowledge certain statements which are prohibited by Illinois law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited statements under Virginia law.

The Franchise Agreement contains provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor’s disclosure obligations under federal or state law to you. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited by Virginia law.

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

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: _____

WE: PANDORA FRANCHISING, LLC

By _____
Its _____

By _____
Its _____

ADDENDUM TO
PANDORA JEWELRY®
DISCLOSURE DOCUMENT FOR THE
STATE OF WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Specifically:

1. Item 17 of the Franchise Disclosure Document is hereby amended by the addition of the following language:

Washington law RCW 19.100.180(2)(i) and (j) provides certain rights and remedies to franchisees in connection with termination or renewal of a franchise. More specifically, Washington law provides that it is unlawful for a franchisor to:

- (i) Refuse to renew a franchise without fairly compensating the franchisee for the fair market value, at the time of expiration of the franchise, of the franchisee's inventory, supplies, equipment, and furnishings purchased from the franchisor, and good will, exclusive of personalized materials which have no value to the franchisor, and inventory, supplies, equipment and furnishings not reasonably required in the conduct of the franchise business; provided, that compensation need not be made to the franchisee for good will if (i) the franchisee has been given one year's notice of nonrenewal and (ii) the franchisor agrees in writing not to enforce any covenant which restrains the franchisee from competing with the franchisor, provided further, that the franchisor may offset against amounts owed to the

franchisee under this subsection any amounts owed by the franchisee to the franchisor.

- (j) Terminate the franchise prior to the expiration of its term except for good cause. Good cause shall include, without limitation, the failure of the franchisee to comply with lawful material provisions of the franchise or other agreement between the franchisor and the franchisee and to cure such default after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty days to cure such default, or if such default cannot reasonably be cured within thirty days the failure of the franchisee to initiate within thirty days substantial and continuing action to cure such default; provided, that after three willful and material breaches of the same term of the franchise occurring within a twelve-month period, for which the franchisee has been given notice and an opportunity to cure as provided in this subsection, the franchisor may terminate the agreement upon any subsequent willful and material breach of the same term within the twelve-month period without providing notice or opportunity to cure; provided further, that the franchisor may terminate the franchise without giving prior notice or opportunity to cure a default if the franchise: (i) it adjudicated a bankrupt or insolvent; (ii) makes an assignment for the benefit of creditors or similar disposition of the assets of the franchise business; (iii) voluntarily abandons the franchise business; or (iv) is convicted of or pleads guilty or no contest to a charge of violating any law relating to the franchise business. Upon termination for good cause, the franchisor shall purchase from the franchisee at a fair market value at the time of termination, the franchisee's inventory and supplies, exclusive of (i) personalized materials which have no value to the franchisor; (ii) inventory and supplies not reasonably required in the conduct of the franchise business; and (iii) if the franchisee is to retain control of the premises of the franchise business, any inventory and supplies not purchased from the franchisor or on his express requirement; provided, that the franchisor may offset against amounts owed to the franchisee under this subsection any amounts owed by the franchisee to the franchisor.

2. Washington law RCW 19.100.180(2)(g) provides that it is unlawful to require the franchisee to assent to a release, assignment, violation or waiver which would relieve the franchisor from any liability imposed by the Washington Franchise Investment Protection Act.

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

ADDENDUM TO
PANDORA JEWELRY®
FRANCHISE AGREEMENT FOR THE
STATE OF WASHINGTON

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

1. Section 15 of the Franchise Agreement is amended by the addition of the following language:

If any of the provisions in the Franchise Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of R.C.W. 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document and Franchise Agreement with regard to any franchise sold in Washington.

2. Section 11 of the Franchise Agreement is amended by the addition of the following language:

A release or waiver of rights executed by you will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

3. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this addendum.

4. The Franchise Agreement contains provisions requiring you to acknowledge certain statements which are prohibited by Illinois law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited statements under Washington law.

5. The Franchise Agreement contains provisions that reiterate or duplicate representations or statements already made in the disclosure document and provisions that may have the effect of shifting the franchisor's disclosure obligations under federal or state law to you.

These specific provisions within Section 21.N, General Provisions, of the Franchise Agreement are omitted as prohibited by Washington law.

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

8. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

The undersigned does hereby acknowledge receipt of this addendum and consent to be bound by all of its terms.

YOU: _____

WE: PANDORA FRANCHISING, LLC

By _____

By _____

Its _____

Its _____

ADDENDUM TO
PANDORA JEWELRY®
DISCLOSURE DOCUMENT FOR THE
STATE OF WISCONSIN

The following information applies to franchises and franchisees subject to the Wisconsin Fair Dealership Law. Item numbers correspond to those in the main body:

Item 17.

1. For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

2. For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

ADDENDUM TO
PANDORA JEWELRY®
FRANCHISE AGREEMENT FOR THE
STATE OF WISCONSIN

This Addendum pertains to franchisees in the State of Wisconsin and is for the purpose of complying with Wisconsin statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, Section 16A (*Termination by Us*) is extended as follows:

We will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between you and us inconsistent with the Law.

3. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently without reference to this addendum

4. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

YOU: _____

WE: PANDORA FRANCHISING, LLC

By _____

By _____

Its _____

Its _____

EXHIBIT F
Form of General Release

RELEASE OF CLAIMS

THIS IS A CURRENT FORM THAT IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, Pandora Franchising, LLC (“**Franchisor**”) and _____ (“**Franchisee**”) enter into this Release of Claims (“**Agreement**”).

RECITALS

- A. Franchisor and Franchisee entered into a Franchise Agreement dated _____.
- B. [NOTE: Describe the circumstances relating to the release.]
- C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
4. **Release of Claims by Franchisor.** In consideration of, and only upon full payment of \$_____ to Franchisor, and the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisor, for itself and for each of its affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney’s fees), complaints, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, related to the Franchise Agreement. This release does not release Franchisee from any obligations he may have under this Agreement.
5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge Franchisor and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such, of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney’s fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.

6. **Reservation of Claims Against Non-Settling Parties.** Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

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

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

9. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of _____.

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

Dated: _____, 20__

PANDORA FRANCHISING, LLC

By _____

Its _____

Dated: _____, 20__

FRANCHISEE:

By _____

EXHIBIT G

Table of Contents of Operations Manual

Version 12.1 | Version Date: May 2021

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EXHIBIT H
List of Franchisees

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

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022:

State	Franchisee	Store #	Mall	City	Zip	Phone	Contact Name	email
ALABAMA	Reeds Jewelers, Inc.	720	The Shoppes at Bel Air	Mobile	36606	910-350-3111	Alan Zimmer	azimmer@reeds.com
ARIZONA	Michaels, Inc.	407	Tucson Mall	Tucson	85705	203-597-4936	Mark Michaels	wmm@michaelsjewelers.com
	Michaels, Inc.	406	Park Place Mall	Tucson	85711	203-597-4936	Mark Michaels	wmm@michaelsjewelers.com
CALIFORNIA	Rogers Jewelry Co., Inc.	637	Fashion Fair Mall	Fresno	93710	209-578-0741	Kim Molesworth	kim@thinkrogers.com
	Rogers Jewelers, Inc.	714	Vintage Faire Mall	Modesto	95356	209-578-0741	Kim Molesworth	kim@thinkrogers.com
CONNECTICUT	Michaels, Inc.	105	Danbury Fair Mall	Danbury	06810	203-597-4936	Mark Michaels	wmm@michaelsjewelers.com
	Michaels, Inc.	179	West Farms Mall	Farmington	06032	203-597-4936	Mark Michaels	wmm@michaelsjewelers.com
	Michaels, Inc.	724	The SoNo Collection	Norwalk	06854	203-597-4936	Mark Michaels	wmm@michaelsjewelers.com
	Michaels, Inc.	663	Trumbull Mall	Trumbull	06611	203-597-4936	Mark Michaels	wmm@michaelsjewelers.com
FLORIDA	Mirpuri Investments, LLC	313	Aventura Mall	Aventura	33180	(954) 438-0606	Harry Mirpuri/Girish Mirpuri	gmirpuri@mirpurigroupusa.com
	PANFLA-BOCA, LLC	154	Boca Town Center	Boca Raton	33431	610-909-9393	Rick Penske	marketstreet12@aol.com
	Reeds Jewelers, Inc.	318	Brandon Town Center	Brandon	33511	910-350-3111	Alan Zimmer	azimmer@reeds.com
	Bead Enterprises International S. de R.L.	618	Brickell City Centre	Miami	33131	340-513-2163	Ravee Nandwani	management@beadenterprises.com
	Reeds Jewelers, Inc.	473	Citrus Park	Tampa	33625	910-350-3111	Alan Zimmer	azimmer@reeds.com
	CMG2, Inc.	307	Coconut Point	Estero	33928	239-398-7100	George Litras	glitras@aol.com
	S&R Jewels, LLC	468	Coral Square Mall	Coral Springs	33071	954-801-9330	Ken Shivnani	kbssa@aol.com

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022:

State	Franchisee	Store #	Mall	City	Zip	Phone	Contact Name	email
	Aanika Sooryadev Inc.	627	Cordova Mall	Pensacola	32504	860 227 5971	Manan Gandhi	mg0280@aol.com
	Reeds Jewelers, Inc.	424	Countryside Mall	Clearwater	33761	910-350-3111	Alan Zimmer	azimmer@reeds.com
	Charms of Dadeland, L.L.C.	247	Dadeland Mall	Miami	33156	407-522-4400	Harry Mirpuri/Girish Mirpuri	hmirpuri@mirpurigroupusa.com
	S&R Jewels LLC	736	Dania Pointe	Dania Beach	33004	201-362-4843	Ken Shivnani	kishrhea@aol.com
	Reeds Jewelers, Inc.	328	Destin Commons	Destin	32541	910-350-3111	Alan Zimmer	azimmer@reeds.com
	S&R Jewels LLC	798	Edison Mall	Fort Myers	33901	201-362-4843	Ken Shivnani	kishrhea@aol.com
	Charms International, Inc.	147	Florida Mall	Orlando	32809	407-522-4400	Harry Mirpuri/Girish Mirpuri	hmirpuri@mirpurigroupusa.com
	PANFLA-LAUDERDALE, LLC	121	Galleria Ft Lauderdale	Ft Lauderdale	33304	610-909-9393	Rick Penske	marketstreet12@aol.com
	Reeds Jewelers, Inc.	505	International Plaza	Tampa	33607	910-350-3111	Alan Zimmer	azimmer@reeds.com
	KM SAI INC.	997	London Square	Miami	33186	305 206 0083	Kishore Budhrani	eurasiajewelryak@aol.com
	PANFLA-Wellington, LLC	273	Mall at Wellington Green	Wellington	33410	610-909-9393	Rick Penske	marketstreet12@aol.com
	Reeds Jewelers, Inc.	849	Melbourne Square	Melbourne	32904	910-350-3111	Alan Zimmer	azimmer@reeds.com
	Bead Enterprises International S. de R.L.	250	Miami International Mall	Miami	33172	340-513-2163	Ravee Nandwani	management@beadenterprises.com

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022:

State	Franchisee	Store #	Mall	City	Zip	Phone	Contact Name	email
	Charms of Millenia, L.L.C.	218	Millenia Mall	Orlando	32839	407-522-4400	Harry Mirpuri/Girish Mirpuri	hmirpuri@mirpurigroupusa.com
	Mirpuri PG, LLC	454	Shops at Pembroke Gardens	Pembroke Pines	33027	(954) 438-0606	Harry Mirpuri/Girish Mirpuri	gmirpuri@mirpurigroupusa.com
	Peace, Joy and Intention, LLC	392	Shops at Wiregrass	Wesley Chapel	33543	727-510-6445	Heidi Hardman	heidi@polkadotz.com
	Seema Creations (Florida) Inc.	755	Southland Mall	Cutler Bay	33189	305-235-3272	Kishore Budhrani	eurasiajewelryak@aol.com
	ZTL Jacksonville LLC	418	St John's Town Center	Jacksonville	32246	512-630-6699	Nina Lee	Nina.ZTLINVEST@gmail.com
	MALHA SOORYADEV, LLC	981	The Avenues	Jacksonville	32256	860 227 5971	Manan Gandhi	mg0280@aol.com
	FORENSA, LLC	330	The Falls	Miami	33176	305-253-5740	Andrew Koppel	andrew@mauricesjewelers.com
	PANFLA Gardens, LLC	249	The Gardens Mall	Palm Beach Gardens	33148	610-909-9393	Rick Penske	marketstreet12@aol.com
	Jade Ray Inc.	507	The Mercato Shops	Naples	34108	954-632-2518	Steve Pollack	pjinc6@gmail.com
	ZTL 6419 Gainesville LLC	396	The Oaks Mall	Gainesville	32605	512-630-6699	Nina Lee	Nina.ZTLINVEST@gmail.com
	PANFLA TREASURE COAST, LLC	435	Treasure Coast Square	Jensen Beach	34957	610-909-9393	Rick Penske	marketstreet12@aol.com

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022:

State	Franchisee	Store #	Mall	City	Zip	Phone	Contact Name	email
	Reeds Jewelers, Inc.	721	Tyrone Square Mall	St Petersburg	33710	910-350-3111	Alan Zimmer	azimmer@reeds.com
	Lighthouse Jewelry UTC, LLC	429	University Town Center	Sarasota	34243	561-596-0450	Pattie Light	pattielight@me.com
	S&R Jewels, LLC	784	Village of Merrick Park	Coral Gables	33146	201-362-4843	Ken Shivnani	kishrhea@aol.com
	ZTL 1700 Daytona, LLC	692	Volusia Mall	Daytona Beach	32114	512-630-6699	Nina Lee	Nina.ZTLINVEST@gmail.com
	Gonzalez Westland Jewelers, Inc.	601	Westland Mall	Hialeah	33012	305 362 6446 x 801	Miguel Gonzalez	miguel@miamilakesj.com
GEORGIA	Windsor Fine Jewelers, LLC	118	Augusta Mall	Augusta	30909	706-373-0127	Don Thompson	wjapp@comcast.net
	Paradies Atlanta II, LLC	367	Hartsfield Atlanta Airport	Atlanta	30320	404 494 3347	Greg Paradies	Gregg.Paradies@THEPARADIESSHO PS.com
HAWAII	Jewel Flair, LLC	194	Ala Moana Center	Honolulu	96814	808-946-8001	Valerie Yamashita	vyamashita@yahoo.com
ILLINOIS	Sandra Mag Mile, Inc.	760	533 N. Michigan Ave	Chicago	60611	224 653 8003 x5	Ken Luskin	kluskin@pandora-sh.com
	Sandra Holdings, LLC	645	Chicago Ridge Mall	Chicago Ridge	60415	224 653 8003 x5	Ken Luskin	kluskin@pandora-sh.com
	Sandra Rosemont Corp.	896	Fashion Outlets of Chicago	Rosemont	60018	224 653 8003 x5	Ken Luskin	kluskin@pandora-sh.com
	Sandra Fox Valley, Inc.	992	Fox Valley Mall	Aurora	60504	224 653 8003 x5	Ken Luskin	kluskin@pandora-sh.com
	HHM Ventures, Inc.	750	Harlem Irving Plaza	Norridge	60706	847-363-7339	Holly Metzger	hollymetzger@me.com
	Sandra H, LLC	133	Hawthorn Mall	Vernon Hills	60061	224 653 8003 x5	Ken Luskin	kluskin@pandora-sh.com

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022:

State	Franchisee	Store #	Mall	City	Zip	Phone	Contact Name	email
	Sandra Holdings, LLC	641	Louis Joliet Mall	Joliet	60431	224 653 8003 x5	Ken Luskin	kluskin@pandora-sh.com
	Sandra Holdings Naperville, LLC	242	Naperville	Naperville	60540	224 653 8003 x5	Ken Luskin	kluskin@pandora-sh.com
	Sandra Riverside LLC	1010	North Riverside Park Mall	North Riverside	60546	847-757-8635	Ken Luskin	kluskin@pandora-sh.com
	Sandra Oakbrook, LLC	199	Oakbrook Mall	Oakbrook	60523	224 653 8003 x5	Ken Luskin	kluskin@pandora-sh.com
	HHM Jewelers, Inc.	135	Old Orchard	Skokie	60077	847-363-7339	Holly Metzger	hollymetzger@me.com
	Sandra Orland, LLC	84	Orland Square	Orland Park	60462	224 653 8003 x5	Ken Luskin	kluskin@pandora-sh.com
	Sandra, LLC	138	Water Tower	Chicago	60611	224 653 8003 x5	Ken Luskin	kluskin@pandora-sh.com
INDIANA	Build the Moments, Inc.	333	Eastland Mall	Evansville	47715	270-316-0494	Michael Oakes	mike@shopnta.com
	Indiana Charms, LLC	306	Glenbrook Square	Fort Wayne	46805	260-341-4518	Scott Bodecker	scott@pandorafw.net
	Indiana Charms, LLC	382	Greenwood Park Mall	Greenwood	46142	260-341-4518	Scott Bodecker	scott@pandorafw.net
	Shops by Todd Concepts, Inc.	089	Castleton Square	Indianapolis	46250	937-369-8633	Todd Bettman	oygifts@aol.com
	Shops by Todd Concepts, Inc.	344	Fashion Mall at Keystone	Indianapolis	46240	937-369-8633	Todd Bettman	oygifts@aol.com
KENTUCKY	PANKY-LEX, LLC	316	Fayetteville Mall	Lexington	40503	610-909-9393	Richard Penske	marketstreet12@aol.com
	PANKY-LOU, LLC	081	Mall of St Matthews	Louisville	40207	610-909-9393	Richard Penske	marketstreet12@aol.com
LOUISIANA	Reeds Jewelers, Inc.	640	Acadiana Mall	Lafayette	70503	910-350-3111	Alan Zimmer	azimmer@reeds.com

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022:

State	Franchisee	Store #	Mall	City	Zip	Phone	Contact Name	email
MARYLAND	Silver Heron, Inc.	139	Columbia Mall	Columbia	21740	410-730-2878	Diane Meyer	tdm@silverheron.com
	The Silver Heron, Inc.	748	St Charles Town Center	Waldorf		410-730-2878	Diane Meyer	tdm@silverheron.com
	Reeds Jewelers, Inc.	704	Valley Mall	Hagerstown		910-350-3111	Alan Zimmer	azimmer@reeds.com
MICHIGAN	Paradies – DTW, LLC	444	Detroit International Airport	Detroit	28242	404-494-3327	Gregg Paradies	Gregg.Paradies@THEPARADIESSHO PS.com
	Indiana Charms, LLC	739	Crossroads Mall	Portage	49024	260-341-4518	Scott Bodecker	scott@pandorafw.net
	Indiana Charms, LLC	877	Southland Center	Taylor	48180	260-341-4518	Scott Bodecker	scott@pandorafw.net
MINNESOTA	PCR Group, Inc.	102	Mall of America	Bloomington	55425	651-738-8351	Dan Runze	dan@pandoramo.com
MISSOURI	PANMO-STLOU, LLC	145	Saint Louis Galleria	St. Louis	63117	610-909-9393	Richard Penske	marketstreet12@aol.com
NEVADA	Rogers Jewelers, Inc.	758	Meadowood Mall	Reno	89502	209-578-0741	Kim Molesworth	kim@thinkrogers.com
NEW JERSEY	Illi Cherry Hill, Inc.	129	Cherry Hill Mall	Cherry Hill	08002	610-222-4222	Kelly John	Kelly@pandorakop.com
	NB Silvers, LLC	284	Deptford Mall	Deptford	08096	856-853-1800	Nick Brandolini	nbsilvers@aol.com
	SR Concepts Corporation	439	American Dream Mall	E. Rutherford	07073	201-927-5527	Ken Shivnani	kishrhea@aol.com
	SR Concepts, Inc.	260	Newport Centre	Jersey City	07310	201-927-5527	Ken Shivnani	kishrhea@aol.com
	Illi Quakerbridge, Inc.	374	Quaker Bridge Mall	Lawrenceville	08648	610-222-4222	Kelly John	Kelly@pandorakop.com
	WP Sagemore Group, LLC	475	Promenade at Sagemore	Marlton	08053	610-909-9393	Richard Penske	marketstreet12@aol.com

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022:

State	Franchisee	Store #	Mall	City	Zip	Phone	Contact Name	email
	Michaels Jewelers, Inc.	202	Menlo Park Mall	Menlo Park	8837	203-597-4936	Mark Michaels	wmm@michaelsjewelers.com
	Michaels, Inc.	212	Paramus Park Mall	Paramus	07652	203-597-4936	Mark Michaels	wmm@michaelsjewelers.com
	Amerosi and Sons Jewelers, Inc.	453	Ocean County Mall	Tom's River	08753	718-938-6667	Gerald Amerosi	jerry@geraldpetersinc.com
	Michaels, Inc.	219	Willowbrook Mall	Wayne	07470	203-597-4936	Mark Michaels	wmm@michaelsjewelers.com
	SR Concepts, Inc.	441	Woodbridge Center Mall	Woodbridge	07095	201-927-5527	Ken Shivnani	kishrhea@aol.com
NEW MEXICO	Michaels, Inc.	408	Coronado Center	Albuquerque	87111	203-597-4936	Mark Michaels	wmm@michaelsjewelers.com
NEW YORK	South Shore Moments, LLC	451	South Shore	Bay Shore	11708	631-836-5263	Jim O 'Connor	clinic100@aol.com
	LS and Partners at JFK, LLC	777	JFK Terminal 4	Jamaica	11430	404-494-3347	Gregg Paradies	Gregg.Paradies@THEPARADIESSHO PS.com
	Fradanza, Inc.	656	110 West 42 nd Street	New York	10036	917-992-3250	Anthony Chiafullo	antnee0215@aol.com
	Freha, Inc.	603	Herald Square	New York	10001	917-992-3250	Anthony Chiafullo	antnee0215@aol.com
	GPA, Inc.	181	Staten Island Mall	Staten Island	10314	718-938-6667	Gerald Amerosi	jerry@geraldpetersinc.com
	Michaels, Inc.	211	The Westchester	White Plains	10601	203-597-4936	Mark Michaels	wmm@michaelsjewelers.com
NORTH CAROLINA	The Paradies Shops, LLC	302	Charlotte Airport	Charlotte	28208	404-494-3347	Gregg Paradies	Gregg.Paradies@THEPARADIESSHO PS.com
	Reeds Jewelers, Inc.	463	Carolina Place	Pineville	281334	910-350-3111	Alan Zimmer	azimmer@reeds.com
	H4 Ltd., Inc.	334	Hanes Mall	Winston Salem	27103	336-259-4823	Rommel Hannouche	hannoushjewelers@bellsouth.net
OHIO	Shops by Todd Concepts, Inc.	085	Kenwood Mall	Cincinnati	45236	937-369-8633	Todd Bettman	oygifts@aol.com
	Shops by Todd Concepts, Inc.	141	Easton Town Center	Columbus	43219	937-369-8633	Todd Bettman	oygifts@aol.com

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022:

State	Franchisee	Store #	Mall	City	Zip	Phone	Contact Name	email
	Shops by Todd Concepts, Inc.	285	Polaris Fashion Place	Columbus	43240	937-369-8633	Todd Bettman	oygifts@aol.com
	Shops by Todd, Inc.	090	The Greene	Dayton	45440	937-369-8633	Todd Bettman	oygifts@aol.com
	Shops by Todd Concepts, Inc.	405	Mall at Tuttle Crossing	Dublin	43016	937-369-8633	Todd Bettman	oygifts@aol.com
	Shops by Todd Concepts, Inc.	280	Summit Mall	Fairlawn	44333	937-369-8633	Todd Bettman	oygifts@aol.com
	Shops by Todd Concepts, Inc.	412	Liberty Center	Liberty Township	45069	937-369-8633	Todd Bettman	oygifts@aol.com
	Shops by Todd Concepts, Inc.	279	South Park Mall	Strongsville	44136	937-369-8633	Todd Bettman	oygifts@aol.com
PENNSYLVANIA	Fashion Culture, Inc.	651	Lehigh Valley Mall	Allentown	18052	717-598-5337	Joe Wetzel & Mike Warren	mike@warrenjewelers.com; jawetzel@me.com
	Fashion Culture, Inc.	764	Capital City Mall	Camp Hill	17011	717-598-5337	Joe Wetzel & Mike Warren	mike@warrenjewelers.com; jawetzel@me.com
	WP Jewelry, LP	383	Promenade Saucon Valley	Center Valley	18304	610-909-9393	Richard Penske	marketstreet12@aol.com
	Illi, Inc.	101	King Of Prussia Mall	King of Prussia	19406	610-222-4222	Kelly John	Kelly@pandorakop.com
	W&W Jewellery USA, Inc.	286	Park City Mall	Lancaster	17601	717-598-5337	Joe Wetzel & Mike Warren	mike@warrenjewelers.com; jawetzel@me.com
	ILLI OXFORD VALLEY INC.	747	Oxford Valley Mall	Langhorne	19047	610-222-4222	Kelly John	Kelly@pandorakop.com
	Paradies-Pleasant News, LLC	492	Philadelphia Airport	Philadelphia	19153	404-494-3347	Greg Paradies	Gregg.Paradies@THEPARADIESSHO PS.com
	PANPA-VIEWMONT JEWELRY, LP	910	Viewmont Mall	Scranton	18508	610-909-9393	Richard Penske	marketstreet12@aol.com

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022:

State	Franchisee	Store #	Mall	City	Zip	Phone	Contact Name	email
	WP Jewelry, LLC	246	Willow Grove Park	Willow Grove	19090	610-909-9393	Richard Penske	marketstreet12@aol.com
SOUTH CAROLINA	Boling Diamond, LLC	158	Charleston Place	Charleston	29401	419-625-4000	Jim Boling	jboling3257@aol.com
	Reeds Jewelers, Inc.	426	Columbiana Mall	Columbia	29212	910-350-3111	Alan Zimmer	azimmer@reeds.com
	Pari Sooryadev, LLC	173	Haywood Mall	Greenville	29607	860 227 5971	Manan Gandhi	mg0280@aol.com
	Boling Diamond, LLC	207	Mt. Pleasant Town Center	Mt Pleasant	29401	419-625-4000	Jim Boling	jboling3257@aol.com
	Reeds Jewelers, Inc.	339	Coastal Grand Mall	Myrtle Beach	29577	910-350-3111	Alan Zimmer	azimmer@reeds.com
TEXAS	Nasr Enterprises, LLC	466	Watters Creek	Allen	75013	972-886-4177	Paul Nasr	nabeelnasr@aol.com
	Mason Jewelers, LLC	227	The Parks at Arlington	Arlington	76015	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net
	Reeds Jewelers, Inc.	876	Sunrise Mall	Brownsville	78521	910-350-3111	Alan Zimmer	azimmer@reeds.com
	Mason Jewelers, Inc.	371	La Palmera	Corpus Christi	78411	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net
	Mason Jewelers, LLC	193	Dallas Galleria	Dallas	75240	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net
	Charm Central, LLC	616	NorthPark Center	Dallas	75225	214-691-0123	Lisa Alfieri	info@lovemyswag.com
	Mason Jewelers, LLC	455	Cielo Vista Mall	El Paso	79925	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net
	Mason Jewelers, LLC	754	Shops at Clearfork	Fort Worth	76109	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net
	Mason Jewelers, LLC	140	Baybrook Mall	Friendswood	77546	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022:

State	Franchisee	Store #	Mall	City	Zip	Phone	Contact Name	email
	Mason Jewelers, LLC	214	Stonebriar Center	Frisco	75034	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net
	Paradies-IAH 2014, LLC	686	Geo. Bush Intercontinental Airport	Houston	77032	404-494-3347	Greg Paradies	Gregg.Paradies@THEPARADIESSHO PS.com
	Mason Jewelers, LLC	243	Houston Galleria	Houston	77056	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net
	Mason Jewelers, Inc.	291	Memorial City Mall	Houston	77024	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net
	Mason Jewelers, LLC	265	North East Mall	Hurst	76053	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net
	Reeds Jewelers, Inc.	712	Mall Del Norte	Laredo	78041	910-350-3111	Alan Zimmer	azimmer@reeds.com
	Reeds Jewelers, Inc.	778	South Plains Mall	Lubbock	79414	910-350-3111	Alan Zimmer	azimmer@reeds.com
	Mason Jewelers, Inc.	340	La Plaza Mall	McAllen	78503	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net
	Nasr Enterprises, LLC	681	Town East Mall	Mesquite	75150	972-886-4177	Paul Nasr	paul.nasrjewelers@gmail.com
	5 Star Gems, Inc.	481	Midland Park Mall	Midland	79705	512-689-5011	Donald Brenner	dabjr@yahoo.com
	4 Star Gems, Inc.	409	The Shops at La Cantera	San Antonio	78256	512-689-5011	Donald Brenner	dabjr@yahoo.com
	Mason Jewelers, LLC	792	Southlake Town Square	Southlake	76090	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net
	Mason Jewelers, LLC	321	First Colony Mall	Sugarland	77479	281-989-3800	Devki Aggarwal	kunag@sbcglobal.net
VIRGINIA	Reeds Jewelers, Inc.	445	Dulles Town Center	Dulles	20166	910-350-3111	Alan Zimmer	azimmer@reeds.com
	Reeds Jewelers, Inc.	661	Spotsylvania Town Center	Fredericksburg	22407	910-350-3111	Alan Zimmer	azimmer@reeds.com

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022:

State	Franchisee	Store #	Mall	City	Zip	Phone	Contact Name	email
	Reeds Jewelers, Inc.	617	Patrick Henry Mall	Newport News	23602	910-350-3111	Alan Zimmer	azimmer@reeds.com
	Reeds Jewelers, Inc.	620	Valley View Mall	Roanoke	24012	910-350-3111	Alan Zimmer	azimmer@reeds.com
	Reeds Jewelers, Inc.	456	Springfield Town Center	Springfield	22150	910-350-3111	Alan Zimmer	azimmer@reeds.com

**List of Outlets Under Development, But Not Yet Open
As of December 31, 2022**

None.

List of Outlets Terminated, Non-Renewed, or Otherwise Left the System During Fiscal Year Ended December 31, 2022

LOCATION	CITY	STATE	ZIP	ENTITY PANDORA/FRANCHISEE	CONTACT	PHONE	EMAIL
494 Broadway NY	New York	NY	10012	PANDORA			
Yamhill St.	Portland	OR	97204	Ben Bridge Jeweler, Inc.	Lisa Bridge	206-239-6850	Lbridge@BenBridge.com ; lisa.lackland@benbridge.com
Dronningens Gade	St Thomas	US VI	00802	Bead Enterprises International S. de R.L.	Ravee Nandwani	340-513-2163	management@beadenterprises.com

**List of Franchisees That Have Not Communicated With Us Within 10 Weeks
of the Disclosure Document Issuance Date**

None.

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

EXHIBIT I

State Effective Dates and Receipts

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California*	Exempt
Hawaii	Not Registered
Illinois*	Exempt
Indiana*	Exempt
Maryland*	
Michigan	
Minnesota	
New York*	Exempt
North Dakota*	
Rhode Island*	
South Dakota	
Virginia*	
Washington*	Pending
Wisconsin	

*Large Franchisor Exemption

In all other states, the effective date of this Disclosure Document is the issuance date of May 30, 2023.

RECEIPT

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

If Pandora Franchising, 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 payment to, us or an affiliate in connection with the proposed franchise sale. Under Iowa, Oklahoma and Rhode Island law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise. Under New York law, we must provide this Disclosure Document to you at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Pandora Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Sabri Latrech, Pandora Franchising, LLC, 250 West Pratt Street, 17th Floor, Baltimore, Maryland 21201, (410) 309-0200, and _____.

Issuance Date: May 30, 2023

I have received a Franchise Disclosure Document dated May 30, 2023 that included the following Exhibits:

Exhibit A	List of State Administrators & Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Form Promissory Note
Exhibit E	State Specific Addenda
Exhibit F	Form of General Release
Exhibit G	Manual Table of Contents
Exhibit H	List of Franchisees
Exhibit I	State Effective Dates and Receipts

PROSPECTIVE FRANCHISEE

Signature: _____

Print Name: _____

Date: _____

Telephone Number: _____

Franchisee's Copy

RECEIPT

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

If Pandora Franchising, 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 payment to, us or an affiliate in connection with the proposed franchise sale. Under Iowa, Oklahoma and Rhode Island law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise. Under New York law, we must provide this Disclosure Document to you at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Pandora Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Sabri Latrech, Pandora Franchising, LLC, 250 West Pratt Street, 17th Floor, Baltimore, Maryland 21201, (410) 309-0200, and _____
_____.

Issuance Date: May 30, 2023

See Exhibit A for our registered agents authorized to receive service of process.

[Continued on next Page]

I have received a Franchise Disclosure Document dated May 30, 2023, that included the following Exhibits:

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- Exhibit F Form of General Release
- Exhibit G Manual Table of Contents
- Exhibit H List of Franchisees
- Exhibit I State Effective Dates and Receipts

PROSPECTIVE FRANCHISEE

Signature: _____

Print Name: _____

Date: _____

Telephone Number: _____