

## FRANCHISE DISCLOSURE DOCUMENT



DRIPBaR Franchising, LLC  
A Delaware Limited Liability Company  
236 Franklin Street  
Wrentham, MA 02093  
800-DRIPBaR  
[info@theDRIPBaR.com](mailto:info@theDRIPBaR.com)  
[www.TheDRIPBaR.com](http://www.TheDRIPBaR.com)

As a franchisee you will own and operate a business that will either (i) provide Practice Management Support to medical practices and licensed professionals offering and providing intravenous vitamin therapies (“I.V. Vitamin Therapy Services”) or (ii) offer and provide I.V. Vitamin Therapy Services to customers. You will also provide in-store availability of a variety of additional services, retail and oral supplements. Unless you are permitted to do so under your state’s laws, you will not practice medicine.

The total investment necessary to begin operations of a DRIPBaR franchise is \$142,125 to \$404,800. This includes \$50,000 to \$55,000 that must be paid to the franchisor or affiliate.

The total estimated initial investment necessary to enter into a Multi-Unit Development Agreement for the development of 2-10 DRIPBaR locations ranges from \$187,125 to \$649,800, including \$95,000 to \$300,000 that must be paid to the franchisor and/or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Ben Crosbie at 236 Franklin Street, Wrentham, MA 02093 and 1-800-DRIPBaR.

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

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

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

ISSUANCE DATE: APRIL 12, 2023

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

Your state also may have laws that require special disclosure 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 and multi-unit development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Massachusetts. 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 Massachusetts than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

**THE INFORMATION AND NOTICES APPEARING ON THE FOLLOWING TWO PAGES APPLY ONLY TO FRANCHISES TO BE LOCATED IN THE STATE OF MICHIGAN AND ARE REQUIRED BY MICHIGAN LAW**

**IF YOU ARE NOT LOCATED IN MICHIGAN, THE FOLLOWING TWO PAGES OF INFORMATION DO NOT APPLY TO YOU**

**NOTICE FOR PROSPECTIVE FRANCHISEES WHO LIVE IN MICHIGAN OR WHOSE FRANCHISES WILL OPERATE IN MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection 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:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373-7117

**Franchise Disclosure Document**  
**TABLE OF CONTENTS**

<b>ITEM 1</b>	<b>THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES</b>	<b>1</b>
<b>ITEM 2</b>	<b>BUSINESS EXPERIENCE</b>	<b>4</b>
<b>ITEM 3</b>	<b>LITIGATION</b>	<b>5</b>
<b>ITEM 4</b>	<b>BANKRUPTCY</b>	<b>5</b>
<b>ITEM 5</b>	<b>INITIAL FEES</b>	<b>5</b>
<b>ITEM 6</b>	<b>OTHER FEES</b>	<b>6</b>
<b>ITEM 7</b>	<b>ESTIMATED INITIAL INVESTMENT</b>	<b>7</b>
<b>ITEM 8</b>	<b>RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES</b>	<b>10</b>
<b>ITEM 9</b>	<b>FRANCHISEE’S OBLIGATIONS</b>	<b>13</b>
<b>ITEM 10</b>	<b>FINANCING</b>	<b>14</b>
<b>ITEM 11</b>	<b>FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING</b>	<b>14</b>
<b>ITEM 12</b>	<b>TERRITORY</b>	<b>20</b>
<b>ITEM 13</b>	<b>TRADEMARKS</b>	<b>23</b>
<b>ITEM 14</b>	<b>PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION</b>	<b>24</b>
<b>ITEM 15</b>	<b>OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS</b>	<b>25</b>
<b>ITEM 16</b>	<b>RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL</b>	<b>26</b>
<b>ITEM 17</b>	<b>RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION</b>	<b>26</b>
<b>ITEM 18</b>	<b>PUBLIC FIGURES</b>	<b>35</b>
<b>ITEM 19</b>	<b>FINANCIAL PERFORMANCE REPRESENTATIONS</b>	<b>35</b>
<b>ITEM 20</b>	<b>OUTLETS AND FRANCHISEE INFORMATION</b>	<b>36</b>
<b>ITEM 21</b>	<b>FINANCIAL STATEMENTS</b>	<b>39</b>
<b>ITEM 22</b>	<b>CONTRACTS</b>	<b>39</b>
<b>ITEM 23</b>	<b>RECEIPTS</b>	<b>39</b>

**EXHIBITS**

EXHIBIT A:	Franchise Agreement & Attachments
EXHIBIT B:	Multi-Unit Development Agreement & Attachments
EXHIBIT C:	Financial Statements
EXHIBIT D:	List of Franchisees
EXHIBIT E:	List of State Administrators & Agents for Service of Process
EXHIBIT F:	Manual Table of Contents
EXHIBIT G:	State-Specific Addenda
EXHIBIT H:	State Effective Dates
EXHIBIT I:	Receipt Pages

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

To simplify the language in this Disclosure Document, the words “we,” “our” and “us”, and “DRIPBaR®” refer to DRIPBaR Franchising, LLC, the franchisor. “You” means the individual or entity that has been granted the right to develop a DRIPBaR® franchise.

**The Franchisor, and any Parents, Predecessors and Affiliates**

We are a Delaware limited liability company, organized on July 24, 2019. Our principal business address is 236 Franklin Street, Wrentham, MA 02093. We are owned by ZOR411 Holdings, LLC (“ZOR411”). ZOR411 is a Delaware limited liability company organized on September 3, 2019 with a principal business address at 236 Franklin Street, Wrentham, MA 02093.

Our affiliate, TDB IP Holding, LLC, is a Delaware limited liability company organized on August 11, 2020. TDB IP Holding, LLC’s principal business address is 236 Franklin St., Wrentham, MA 02093. TDB IP Holding, LLC is the registered owner for several trademarks in use by our franchisees.

Our parent company, ZOR411, also is an owner of Brake Squad Franchising, LLC (“Brake Squad”). Brake Squad is a Delaware limited liability company organized on June 7, 2021 with a principal business address at 236 Franklin St, Wrentham, MA 02093. The Brake Squad Franchise, LLC has been operating since its inception and offers franchises for mobile brake repair service. As of December 31, 2021 Brake Squad Franchising, LLC has sold no franchises. No other of our affiliates have offered or offer franchises in any other lines of business. We have no predecessors.

We conduct business under the name DRIPBaR Franchising, LLC and do not conduct business under any other name. We began offering franchises in July 2019. We have not offered and do not offer franchises in any other line of business. DRIPBaR Franchising, LLC does not operate a DRIPBaR business. You will operate your business under the name “DRIPBaR”.

**Our Agent for Service of Process**

Our agents for service of process are identified by state in Exhibit E. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

**Our Business Operations**

We offer and grant qualified candidates the right to develop and operate businesses using our uniform and proprietary operating system and identified by the “DRIPBaR®” trade names and service marks, and other trade names, service marks, trademarks, logos and commercial symbols that we may designate from time to time. We do not operate businesses of the type being franchised.

**General Description of the Franchise**

The general market for services offered by DRIPBaR locations includes men and women the age of 18 and older who are interested in supporting a long, healthy, vital lifespan that is resilient to disease and are looking for preventative care. This market is developed and competitive. Sales are not seasonal.

## **The Franchise Offering**

The franchise described is known as “DRIPBaR<sup>®</sup>”. As a DRIPBaR franchisee, you will own and operate a business that provides intravenous vitamin therapies (“I.V. Vitamin Therapy Services”) under the direction of a Medical Director, subject to state law. You may contract with our approved supplier to provide Business Associate and Medical Director services to your DRIPBaR Business. Unless you are permitted to practice medicine under your state’s laws, you will not practice medicine.

We will grant you the right to use our marks and our system, including operational guidelines, opening guidelines, our specifications for business design and proprietary information, our initial and ongoing training programs and marketing and promotional assistance. Our standards, guidelines, and specifications are outlined in our confidential operations manual (the “**Manual**”) and otherwise in writing from time to time.

To operate the DRIPBaR Business, in addition to signing the Franchise Agreement with us, you may enter into a medical director agreement with our approved supplier that will provide Medical Director services to your DRIPBaR Business. Under a medical director agreement, you will own the underlying assets of the business and provide the Medical Director and their medical staff with management, administrative services and general business and operational support consistent with the System and generally support the Medical Director and their medical staff with delivery of I.V. Vitamin Therapy Services and related products, consistent and in compliance with all applicable laws and regulations.

The Medical Director is responsible for employing and controlling any and all licensed healthcare professionals and staff who provide actual I.V. Vitamin Therapy Services to be delivered at and through the business where you operate your DRIPBaR Business. Unless permitted by your state’s laws, you may not provide nor direct the administering of any I.V. Vitamin Therapy Services, nor supervise, direct, control or suggest to the professional corporation or its licensed healthcare professionals the manner in which the professional corporation provides or administers actual I.V. Vitamin Therapy Services to its customers. Due to various federal and state laws regarding the practice of medicine, and the ownership and operation of medical practices and health care businesses that provide I.V. Vitamin Therapy Services, it is critical that you, as non-licensed healthcare professional franchisee, do not engage in practices that are, or may appear to be, the practice of medicine. The Medical Director is responsible for, and must offer all I.V. Vitamin Therapy Services in accordance with all manner of law and regulation.

If you utilize the services of a Medical Director then as a franchisee you will supply practice management support services to the Medical Director who will in turn, own and operate the intravenous vitamin therapy practice where services are delivered (the “Center”).

You may enter into a Franchise Agreement that lays out your rights and obligations in the operation of each franchised business (the “**Franchise Agreement**”). A copy of our current Franchise Agreement is attached as Exhibit A. If you enter into a Franchise Agreement, as a franchisee, you will be required to construct or build-out a franchised business in accordance with the requirements of our System. Your rights under the Franchise Agreement will be limited to the establishment and operation of one franchised business. Each Franchise Agreement will be between you and us, and each of your owners will guarantee your obligations to us.

For those who desire and are granted the right, to operate multiple Franchised Businesses within a defined area (the “**Development Area**”), we offer a multi-unit operation program under which you must make a commitment to sign separate Franchise Agreements for, and open, a pre-determined number of Franchised

Businesses (typically either 2, 3, 5 or 10 units) according to a specified development schedule (the “**Development Schedule**”) (see our current form of Multi-Unit Development Agreement in Exhibit B). We will determine the Development Area before you sign the Multi-Unit Development Agreement and it will be set forth in the Multi-Unit Development Agreement. The size of the Development Area will vary depending upon local market conditions and the number of Franchised Businesses to be developed. The Franchise Agreement for your first Franchised Business will be signed at the same time as the Multi-Unit Development Agreement. For each additional Franchised Business developed under the Multi-Unit Development Agreement, you must sign our then-current form of Franchise Agreement that we are then offering to new franchisees, which may be in a different form from the franchise agreement in this offering, but the Royalty Fee and the General Advertising and Marketing Fee will be the same as for your first Franchised Business. You may not open a Franchised Business for business until a fully executed Franchise Agreement is in place for that Franchised Business and the franchise fee has been fully paid.

We also offer area representative rights to certain individuals and companies through a separate Franchise Disclosure Document as a separate line of business. An Area Representative acts as our representative within a defined geographic area to solicit prospective franchisees and to provide support before, during and after a franchisee begins operations. If your franchise is in an area with an Area Representative, they will assist us in providing certain support functions to you. Area Representatives are not management service organizations, and will not provide any medical services or administrative staff and services to you.

### **Competition**

You will face competition from other businesses that are independently owned and operated, part of chains, and franchised or licensed.

### **Regulations**

There may be state and local laws, regulations and ordinances applicable to the operation and management of a DRIPBaR<sup>®</sup>. You should consider these and other applicable laws and regulations when evaluating your purchase of a franchise. Under the Franchise Agreement, you are solely responsible for understanding and complying with the particular laws of your state as they pertain to a DRIPBaR<sup>®</sup> business and general businesses. We advise that you consult with an attorney to ensure compliance with all relevant laws.

Our System and its elements do not constitute the practice of medicine in any states. You may not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your files. Neither you as a Franchisee nor we will control, limit, or in any other way influence the practice of medicine of the Medical Director or interfere with the professional medical relationship between the Medical Director and its patients.

Some states have laws providing restrictions on ownership and control of medical practices by lay persons or corporations. These are referred to as the corporate practice of medicine doctrine (“CPOM”). You must ensure that your corporate structure complies with all state laws regarding the CPOM and/or nursing, fee-splitting, and licensure, if applicable. Some states require a franchisee to be a separate corporation that contracts with a Medical Director for the provision of medical supervision services. You will sign the Franchise Agreement (Exhibit A) and both you and the Medical Director, if necessary, will sign a medical director agreement. We have engaged the services of an approved supplier to provide Medical Director services for franchisees whose state laws permit such engagement; however, you are not required to use our approved Medical Director.

You must ensure that your relationship with the Medical Director for which you manage the business complies with all laws and regulations, and that the Medical Director complies with all laws and regulations and secures and maintains in force all required licenses, permits and certificates relating to the operation of

an I.V. Vitamin Therapy business. Each state has medical, nursing, physician assistant, cosmetology, naturopathic and other boards that determine rules and regulations regarding their respective members and the scope of services that may legally be offered by their members. The laws and regulations generally include requirements for the medical providers to hold required state licenses and registrations to work as licensed healthcare professionals in the state where the business is located, and to hold required certifications by, or registrations in, any applicable professional association or registry.

Herein, in any state in which a naturopathic doctor or nurse practitioner is lawfully able to both enter into a DRIPBaR<sup>®</sup> franchise agreement and supervise I.V. Vitamin Therapy Services, the use of the term “physician” shall include the term “naturopathic doctor” or “nurse practitioner.” The laws of your state may require that a licensed physician, nurse practitioner or naturopath provide medical supervision of I.V. Vitamin Therapy Services.

For uniformity and consistent quality of service, however, we only make DRIPBaR<sup>®</sup> franchises available under the condition that a properly licensed physician (or where allowable, nurse practitioner or naturopath) will provide supervisory services, regardless of whether state law imposes such a requirement. It is important to note that we do not control the practice of those supervisory licensed professionals; we merely refrain from making franchises available in the absence of such supervision. Neither we nor our affiliate will make business or management decisions or engage in any activity that would constitute control over the licensed professional’s practice of medicine.

You must be or become familiar with state and federal fraud and abuse statutes, as well as limitations established by the federal physician self-referral law (the "Stark Law") and any other laws regarding "self-referrals," patient brokering and anti-kickback prohibitions, among others, in the state where you will practice. In addition, you may be subject to federal and state OSHA laws, as well as Medicare and state billing limitations, opt-out rules, and conditions of participation.

Before you purchase a DRIPBaR<sup>®</sup> franchise, you should consult an attorney who is familiar with the applicable state and federal laws and any others which may apply to the relationship between you and our approved Medical Director and its ability to participate with your DRIPBaR<sup>®</sup> Franchisee. It is your responsibility to ensure that you do not violate any federal and state laws related to the practice of medicine, including all rules promulgated by state boards of medicine, and including those related to patient privacy such as the Health Insurance Portability and Accountability Act of 1996 and enabling regulations (“HIPAA”).

## **ITEM 2. BUSINESS EXPERIENCE**

### **Chief Executive Officer: Ben Crosbie**

Mr. Crosbie has served as our Chief Executive Officer since January 1, 2022. Previously he was the Chief Development Officer of the DRIPBaR since January 1, 2020. Concurrently, he has acted as the owner/CEO of Zor411 since September 2019 in Wrentham, MA. Mr. Crosbie was the founder and Chief Development Officer of TOGyms, d/b/a Tapout Fitness and acted in that capacity from January 2014 to January 2019 in Marietta, GA.

**Co-Owner: Kevin Harrington:** Kevin Harrington has been an advisor with DRIPBaR since November 2022. Since July 2002, Kevin has been the owner of Harrington Business Development Inc. in St. Petersburg, FL. Since 1998, Kevin has also been the owner of Harrington Enterprises in St. Petersburg, FL. From 2012 to August 2021, Kevin was a member of the Board of Directors for Celsius, Inc. in Boca Raton, FL.

**President: Kory Angelin**

Kory Angelin has served as our President since January 1, 2023. From June 2022 to January 2023, Kory served as our Director of Sales and Revenue. From December 1, 2021 to July 1, 2022, Kory served as Chief Operating Officer of Volofit in New York, NY. From July 2018 to August 2021, Kory served as the North American Director for F45 in New York, NY. From 2018 to July 2018, Kory served as the North American Director for Les Mills in New York NY.

**Chief Development Officer: Candace Byrnes**

Mrs. Byrnes has served as our Chief Development Officer in Stratham, NH since January 1, 2022. Concurrently, she has acted as the Chief Operating Officer of Zor411 in Wrentham, MA since September 2021. Previously she was the VP of Business Development at Planet Fitness, Inc. in Hampton, NH From April 1999 through August 2020.

**Director of Nurse Training: Leslie Smith**

Ms. Smith has been our Head of Nurse Training since January 2022. She is also the current Medical Director of the DRIPBaR in Jacksonville, FL since June 2021 and Melbourne, FL since October 2021. Leslie is also a Labor and Delivery nurse in Jacksonville, FL since October 2018. Previously she was an ARNP from May 2014 to September 2018 at North Florida OB/GYN in Jacksonville, FL.

**Vice President of Site Development: Kristian Meyers, CFE**

Mr. Meyers has served as our Director of Site Development with us since September 2020. From March 2020 to September 2020, Mr. Meyers was a homemaker. From March 2013 to March 2020, Mr. Meyers served as Vice-President of Bacon Brothers Food Group in Greenville, SC.

**Vice President of Xperience: Regan Cochran**

Ms. Cochran has served as our Head of Marketing since September 2020. From January 2017 to September 2020, she served as a marketing and events coordinator for Great Plains Laboratory in Lenexa, KS.

**Vice President of Site Launch: Emily Conrue**

Ms. Conrue has served as our Operations Coordinator since June 2020. From July 2018 to December 2019, she worked as a warehouse associate with Aldi warehouse in Tully, NY. From June 2015 to July 2018, she served as a brand representative of the Hollister company in Syracuse, NY.

If we have an Area Representative in your area that requires disclosure, its information relating to Item 2 is disclosed in Exhibit D.

**ITEM 3. LITIGATION**

*Fort Collins TDB, LLC and DRIPBaR Franchising, LLC v. Drip Lounge d/b/a Nourish IV Lounge, INAT, LLC, Joshua K. Fulenwider, Stephanie Wuerker, and Kristin Drago Baca*, District Court, Larimer County, Colorado, Case No. 2022CV30536. On October 12, 2022 we and our affiliate, Folt Collins TDB, LLC filed suit against former franchisees, Drip Lounge d/b/a Nourish IV Lounge, INAT, LLC, Joshua K. Fulenwider, Stephanie Wuerker, and Kristin Drago Baca, claiming misappropriation of Trade Secrets and violation of the Colorado Trade Secrets Act; violation of the Defend Trade Secrets Act; breach of the duty of loyalty; breach of contract; conspiracy; violation of the Colorado Cybercrime Act and the Computer Fraud and Abuse Act; unfair competition and misappropriation of Trade Value; civil theft and conversion; unjust enrichment; tortious interference with contract relations; tortious interference with prospective business advantage; aiding and abetting; and indemnification. We and our affiliate are seeking damages, injunctive relief and attorneys fees. On December 5, 2022, Stephanie Wuerker, and Kristin Drago Baca filed a counterclaim against Fort Collins TBD, LLC claiming violation of C.R.S § 8-2-113(8)(a). Stephanie Wuerker, and Kristin Drago Baca are seeking penalties, damages, injunctive relief and attorneys fees.

Currently, the parties are actively discussing settlement of all matters.

*Mark Taylor, Tammy Taylor, and Taylored Franchising LLC v. DRIPBaR Franchising LLC* (AAA Case No. 01-22-0004-7942). On November 14, 2022, Mark Taylor, Tammy Taylor, and Taylored Franchising LLC (“Plaintiffs”), current DRIPBaR franchisees, filed a Demand for Arbitration with the American Arbitration Association, claiming that we misstated and omitted certain information in the Franchise Disclosure Documents that the Plaintiffs received in connection with the sale of a Franchise Agreement and Area Representative Agreement under the (a) Florida Franchise Act, (b) Florida Deceptive and Unfair Trade Practices Act, (c) Massachusetts Chapter 93A Unfair Trade Practices Act, (d) New Jersey Franchise Practices Act, (e) Common Law Fraud and Intentional Omission, and (f) Common Law Breach of Contract. Plaintiffs are seeking (a) recession of the Franchise Agreement and Area Representative Agreements, including expenses, counsel fees, interest and costs, or, in the alternative, damages for breach of contracts and fraud, and (b) an injunction against us. Arbitration is currently scheduled for July 10, 2023.

Other than the above action, no litigation is required to be disclosed in this Item.

**ITEM 4. BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5. INITIAL FEES**

Franchise Fee:

You must pay us an initial Franchise Fee of \$55,000 (the “Franchise Fee”) in lump sum once you sign the Franchise Agreement. The Initial Franchise Fee is uniform, fully earned when paid, and is non-refundable.

U.S. Veteran and First Responder Discount:

If you are a veteran of the U.S. Armed Forces or a first responder then we will grant you a discount on our initial franchise of \$5,000 for your first Franchised Business. “Veteran” means honorably discharged from the U.S. Army, Navy, Air Force, Marines or Coast Guard and can provide proof of veteran or military status by providing a DD214 or military orders. “First Responder” means an individual who is trained according to a national standard curriculum set up by the U.S. Department of Transportation to respond to trauma and medical emergencies.

Multi-Unit Development Agreement:

When you sign the Multi-Unit Development Agreement, you must pay us a development fee (the “Development Fee”) that is calculated based on the total number of Franchise Businesses you commit to develop under the Multi-Unit Development Agreement. The Development Fee will be as follows:

<b>Number of DRIPBaR Locations</b>	<b>Development Fee</b>
2 DRIPBaR Locations	\$95,000
3 DRIPBaR Locations	\$125,000
5 DRIPBaR Locations	\$175,000
10 DRIPBaR Locations	\$300,000

The Development Fee is uniform, fully earned by us upon receipt and is not refundable under any circumstances. The Development Fee is calculated uniformly for all Multi-Unit Operators.

You must sign the Franchise Agreement for the first Franchised Business at the same time you sign the Multi-Unit Development Agreement. The entire Development Fee is payable in full at the time you sign the Multi-Unit Development Agreement.

Except for the U.S. Veteran and First Responder Discount described above, all of the fees described in this Item 5 are uniformly calculated and imposed.

**ITEM 6. OTHER FEES**

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	7% of your Gross Sales <sup>2</sup>	Due Daily.	Remitted by ACH <sup>4</sup>
General Advertising and Marketing Fee	1-2% of your Gross Sales <sup>2</sup>	Due Daily.	1% until December 31, 2023; and 2% thereafter. More information about national marketing fund is contained in Item 11.
Telephone System Fee	Our actual expenses, currently \$35	Due Monthly	We will contract with our approved supplier for phone services and you must reimburse us for our costs and expense incurred. Remitted by ACH
Digital Signage Fee	The then current fee due to our approved vendor, currently \$90	Due Monthly	Paid to Vendor
Technology Fee	\$135	Due Monthly	Paid to Vendor
Mobile & EMR	\$99	Due Monthly	Paid to Vendor
Social & Reputation	The then current fee due to our approved vendor, currently \$290	Due Monthly	Paid to Vendor
Website/ SEO Fee	Our then current fee, currently \$425	Due Monthly	Remitted by ACH
Annual Conference Fee	\$1,000	Annually	Payable to us.
Advanced Business Automation	\$35	Due Monthly	Paid to Vendor
National Medical Director <sup>8</sup>	\$1,200 - \$1,500	As Incurred	Remitted by ACH

Additional Training at your Location	Our then current fee, currently \$500 per day	As Incurred	Remitted by ACH
Transfer Fee (franchise agreement) <sup>5</sup>	\$5,000	Prior to transfer	More information about transferring your franchise is contained in Item 17.
Transfer Fee (MUDA) <sup>5</sup>	50% of the then current initial franchise fee	Prior to transfer	More information about transferring your franchise is contained in Item 17.
Relocation Fee	\$1,500	As incurred	If you request to relocate your Franchised Business, you must pay us a relocation fee.
Interest on Late Payments	1.5% per month or the maximum interest rate allowed by law, whichever is less	On demand	Applies to any and all past due payments to Franchisor.
Indemnification <sup>6</sup>	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims related to your Franchised Business or incur costs in defending them.
Attorneys' Fees and Costs	Varies	As incurred	Applies if we have to enforce the Franchise Agreement due to your breach and in other circumstances
Renewal Fee <sup>7</sup>	\$5,000	Due 15 days prior to the expiration of the current term	More information about renewing your franchise is contained in Item 17.
Supplier Review Fee	\$500	Upon requesting approval of a new supplier, material or service	If new supplier, material, or service is approved then we will refund this fee to you

1. Except as otherwise noted, all amounts are nonrefundable and are uniformly imposed by and payable to us.

2. "Gross Sales" means all revenue that you receive, directly or indirectly, from operating your Business, including all amounts or other consideration you receive from operating the Franchised Business and/or pursuant to a medical director agreement, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Gross Sales includes the proceeds of any business interruption insurance or similar insurance. Gross Sales will also include amounts you earn from the sale of any online group-bought deals and the sale of any gift cards or gift certificates, in each case calculated using our then current guidelines, which may be based on the redeemed value or sale price of the deals, cards or certificates. Gross Sales does not, however, include any federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority. We will require that you provide your profit and loss statements to us on a monthly basis for our review in a manner that we prescribe.

3. We reserve the right to change the definition and duration of an "Accounting Period" to be a monthly or as we otherwise determine.

4. Unless otherwise restricted by applicable banking laws and regulations, we will establish a direct debit program with your bank to allow for the ACH draft of the royalty and any other fees owed to us. You will be required to execute any necessary documents authorizing the ACH draft. We will automatically debit your bank account each Monday morning for the previous week's royalties and national marketing contributions. For all fees to be remitted on a national holiday, fees will be due the following business day.

5. All transfers must be in accordance with the terms and conditions of the Franchise Agreement or MUDA (respectively) and are subject to our prior approval.

6. You must indemnify us from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement that arises out of or is based upon any of the items listed in the sections of the Franchise Agreement entitled "Indemnification." You must also pay for our legal expenses (fees and actual costs) incurred in any matter related to your franchised business and for any damages, costs, and expenses that we incur enforcing any of the provisions of the Franchise Agreement or as a result of your failure to pay amounts when due.

7. You will be required to pay a nonrefundable renewal fee upon the expiration of the initial term of the Franchise Agreement if you are eligible and elect to renew the Franchise Agreement.

8. If you use our preferred medical director then your monthly costs then you will pay \$1,200 to \$1,500 per month; however, if you engage your own medical director then your costs may be higher.

**ITEM 7. ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT – SINGLE UNIT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment<sup>1</sup></b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee	\$50,000 - \$55,000	Lump Sum	Upon execution of Franchise Agreement	Us
Lease Deposit and Payment <sup>2</sup>	\$2,500 - \$5,000	Lump Sum	Lease signing	Landlord
Utility Deposits <sup>3</sup>	\$500 - \$1,000	As arranged	Prior to commencing operations	Vendors
Grand Opening Marketing	\$6,500 - \$11,500	As arranged	As incurred	Vendors
Initial Inventory <sup>4</sup>	\$5,000 - \$6,000	As arranged	Prior to commencing operations	Vendors
Furniture, Fixtures, & Equipment <sup>5</sup>	\$10,000 - \$50,000	As arranged	Prior to commencing operations	Vendors
Computers & Office <sup>6</sup>	\$1,500 - \$3,000	As arranged	Prior to commencing operations	Vendors
Leasehold Improvements/Buildout <sup>7</sup>	\$25,000 - \$200,000	As arranged	As incurred	Vendors

Architectural & Engineering Services <sup>8</sup>	\$8,400 - \$11,000	As arranged	As incurred	Architect and other contractors
Retail and Promotional Inventory	\$2,000 - \$5,000	Lump Sum	Prior to commencing operations	Vendors
Signage <sup>9</sup>	\$12,000 - \$18,000	Lump Sum	Prior to commencing operations	Vendors
Business Insurance <sup>10</sup>	\$1,125 - \$2,500	As arranged	Varies	Insurance Company
Permits and Licenses <sup>11</sup>	\$100 - \$800	As incurred	Prior to commencing operations	Government Authorities
Professional Fees	\$2,500 - \$5,000	As arranged	As incurred	Professionals
Travel and living expenses while training <sup>12</sup>	\$0 - \$1,000	As arranged	Prior to commencing operations	Hotels, Airlines, etc.
Additional Funds – 3 months <sup>13</sup>	\$15,000 - \$30,000	As incurred	As incurred	Vendors, employees, Utilities, etc.
<b>TOTAL</b>	<b>\$142,125 - \$404,800</b>			

**Explanatory Notes:**

1. Except as otherwise provided, none of the amounts payable to us or our affiliates in this table are refundable under any circumstances. All amounts payable to third parties will be paid pursuant to the terms of your agreement with those respective third parties. We do not offer direct or indirect financing for these items.

2. Your landlord may require a lease deposit and will typically require monthly rent in advance. Rent will vary depending upon the location of the premises and other related factors. The prepaid rent is usually nonrefundable, but that will ultimately be determined by the terms of the lease. The improved space for a new franchised business is between 1,000 to 1,500 square feet. We anticipate that you will rent the location's premises. It is possible, however, that you will choose to buy, rather than rent, real estate on which a building suitable for your DRIPBaR<sup>®</sup> franchise already is constructed or could be constructed. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying.

3. Most utilities, such as local water, sewer, gas, electric and telephone companies, require deposits prior to initial services. We have estimated the low-end range at \$0 because, in some instances, you may be able to sign a lease with utilities included within the monthly rent expenses or negotiate for free utilities for a certain period of time.

4. The initial inventory will include vitamins, supplies and supplements. Due to differences in local laws, prices, suppliers, geography and commercial practices, you may elect to carry a larger inventory. The cost of your opening supplies and inventory will depend on the brands purchased, local costs and other factors.

5. This estimate includes the cost of purchasing required equipment. The estimated costs include purchase price, delivery and installation. The low-end estimates financing for the equipment as opposed to

purchasing it outright.

6. This estimate includes the cost of the computer system with one POS system in addition to other office costs.

7. The above leasehold improvements assume a 1,000 to 1,500 square foot location using a “warm vanilla shell” buildout. If your location must be fully demolished or built from a cold dark shell then your leasehold improvement costs may be higher. Leasehold improvement costs, including floor covering, wall treatment, counters, ceilings, painting, window coverings, electrical, carpentry, and similar work, architect’s and contractor’s fees depend on various factors, including: (i) the site’s condition, location, and size; (ii) the demand for the site among prospective lessees; (iii) the site’s previous use; the build-out required to conform the site for your location; and (iv) any construction or other allowances the landlord grants. The lower figures provided here under “Leasehold Improvements” assume that you remodel an existing building that has previously been utilized as a similar business. Construction of a new building on a pad site or otherwise likely would require a greater initial investment than what we have accounted for and would therefore depend on market conditions.

8. Your location may be converted from an existing medical office or similar space. We will provide you with plans or blueprints for the layout of a typical outlet; however, you will be required to work with a licensed architect to build out your location. We have estimated the low-end range at \$0 because, depending on your location, the services of a licensed architect or engineer may not be necessary.

9. The business is generally outfitted with a sign which must be approved by us. The estimated costs represent manufacture and installation.

10. You must obtain and maintain on a primary and non-contributory basis at least a commercial general liability policy, commercial automobile liability policy, commercial property liability policy, workers’ compensation/employer’s liability policy, umbrella liability policy, employment practices liability policy, and cyber and privacy policy. We estimate that you will incur these charges on a monthly basis. See Item 8 for more information regarding your insurance requirements.

11. This amount reflects the estimated fees you will pay to apply for various permits and licenses, such as building permits, sales tax permits, incorporation fees, fire inspection fees and health department inspection fees. The application and fees required will depend upon the regulations of the governing agencies in your area.

12. These expenses include the cost of transportation, meals, accommodations, and similar expenses associated with the attendance of 2 people at the required initial training. More information regarding initial training can be found in Item 11 of this disclosure document.

13. This is an estimate of anticipated working capital that will be required during the first 3 months of operating your franchised business. This is only an estimate and we cannot assure you that you will not incur additional expenses during the period. Our estimates do not include salary or compensation to you as the owner and operator of your franchised business and, accordingly you must account for personal funds that you will require. We have relied on the experience of our affiliate owned locations in making this estimate.

### YOUR ESTIMATED INITIAL INVESTMENT – MULTI-UNIT OPERATOR

Type of Expenditure	Amount	Method of Payment <sup>1</sup>	When Due	To Whom Payment is to be Made
Total Initial Investment for First Location (minus Initial Franchise Fee for First Location) <sup>2</sup>	\$92,125 - \$349,800	See the above chart in this Item 7.		
Development Fee (for 2-10 Franchised Businesses) <sup>3</sup>	\$95,000 - \$300,000	Lump Sum	Upon execution of Multi-Unit Development	Us

			Agreement	
TOTAL	\$187,125 - \$649,800	This is the total estimated initial investment to enter into a Multi-Unit Development Agreement for the right to own a total 2-10 Franchised Businesses, as well as the costs to open and commence operating your initial location for the first three months (as described more fully in the first chart of this Item 7).		

**Explanatory Notes:**

1. Except as otherwise provided, none of the amounts payable to us or our affiliates in this table are refundable under any circumstances. All amounts payable to third parties will be paid pursuant to the terms of your agreement with those respective third parties. We do not offer direct or indirect financing for these items.
2. This amount reflects your Estimated Initial Investment to open your first Franchised Business.
3. This estimate assumes you sign a Multi-Unit Development Agreement for a total of 2-10 Franchised Businesses. The Franchise Fee for your first Franchised Business is counted in the “Total Initial Investment for First Location”.

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

**Required Purchases and Source**

You must buy the equipment and license the software for the required POS system from our current designated suppliers as disclosed in the Manuals. If you, or one of your owners, cannot legally provide services to your Franchised Business then you must contract with a third-party supplier to provide medical director services.

In addition to proprietary items, you must purchase or lease certain products or services required for your franchised business from suppliers and distributors designated and approved by us. We will provide a written list of approved suppliers for services, furniture, fixtures, leasehold improvements, signs, point of sale systems, computer hardware, computer software, and computer services. We will notify you of any additions to or deletions from this list and will provide you with written standards and specifications for your franchised business, your equipment, supplies, inventory and tools, the computer and POS systems, and insurance. We reserve the right, in our sole discretion, to designate and require you to use a single supplier for any services, products, equipment, supplies, or materials.

We reserve the right to require you to purchase additional items from designated sources in the future. We designate these requirements in the Manual. We and our affiliates are approved suppliers for certain equipment and products; however, we and our affiliates are currently not the only approved supplier for these products or services. None of our officers own any interest in any of our approved or designated suppliers.

We estimate that your proportion of required purchases and leases represent approximately 20% to 30% of your total purchases and leases in establishing your franchised business and approximately 20% to 30% of your ongoing operating purchases and leases in operating the business.

We do not allow you to contract with any other vendor or supplier in satisfying your mandatory and ongoing purchases of proprietary products. This is regardless of an alternative supplier’s ability to produce

proprietary products of a similar quality at a competitive price. Except as described in this Item 8, there are no other requirements for you to purchase or lease in accordance with specifications or from approved suppliers.

### **Purchases by Specification**

To ensure that our standards and specifications of quality and service are maintained, and that, at all times, your franchised business maintains a uniform and professional appearance, you must operate your franchised business in strict conformity with the methods, standards, specifications and sources of supply that we designate and prescribe in our Manual. This requirement applies to equipment, supplies, signage, uniforms, the interior décor, advertising and marketing materials and services, inventory and other items.

The corporate practice of medicine doctrine restricts franchisees who are laypersons from dictating the medical equipment and supplies to be used in the operation of the DRIPBaR Business.

Specifications may include minimum standards for quality, quantity, delivery, performance, design, appearance, durability, style, warranties, price range and other related specifications. We consider these specifications to be of critical importance to the success of the system. The Manual sets forth these specifications and we will make available to you a list of approved suppliers. We reserve the right to change the standards and specifications from time to time on written notice to you or as may be specified by the Manual.

### **Product Approval Process**

If you want to purchase or lease any supplies, materials, tools, products or services not previously approved in writing by us as acceptable or from a supplier not approved by us, you can request our approval in writing, at your sole expense. You may need to submit, among other things, sufficient samples, specifications, photographs, drawings and other related information in order for us to determine whether the items meet our specifications and certain information about this proposed supplier. You must pay us a \$500 fee upon submission of a product or supplier for our consideration. We will advise you within a reasonable time (in no event longer than 60 days after receipt of all applicable information required for approval) whether the proposed items and supplier(s) meet our specifications, and our approval will not be unreasonably withheld. The approval time may vary if we determine, in our independent judgment, that additional testing is needed. We will notify you in writing of our approval or disapproval and of revocation of approved suppliers. Suppliers must maintain our standards in accordance with written specifications and any modifications. If a supplier deviates from our specifications, we may terminate the supplier's status as an approved supplier.

When considering and evaluating the approval of a particular supplier, among other things, we apply the following general criteria: ability to produce the products, services, supplies or equipment to meet both our standards and specifications for quality and uniformity and the customers' expectations; production and delivery capabilities and ability to meet supply commitments; financial stability; and the negotiation of a mutually satisfactory approved vendor or supplier agreement, copyright assignment and confidentiality agreement in a form satisfactory to us.

### **Vendor Purchase Arrangements**

We currently negotiate purchase arrangements with manufacturers and suppliers (including pricing terms) for our franchisees' benefit.

We may, from time to time, receive rebates from Approved Suppliers based on the aggregate volume of

items ordered. You will not be entitled to receive any portion of these rebates. We do not currently receive rebates based on purchases by franchisees and are not aware of any rebates that are or have been received by any area representatives. In addition, we may negotiate certain arrangements (including price terms) for the purchase of certain items, such as logoed products with suppliers. We do not provide material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers. There are currently no purchasing or distribution cooperatives for the System. For the fiscal year ending December 31, 2022, we nor any of our affiliates derived no revenue in the form of rebates, revenue, or other material consideration from manufacturers or vendors as a result of required purchases by franchisees.

## **Insurance**

You will be required to procure and maintain insurance in at least the below amounts.

1. General Liability Insurance with minimums of \$1,000,000 per occurrence, \$2,000,000 general and products/completed operations aggregate, \$1,000,000 personal/advertising injury, \$100,000 rented premises damage, and \$5,000 medical expenses. The policy must include additional insured, waiver of subrogation, primary and noncontributory provisions, contractual and independent contractors liability, and be occurrence-based with per-location aggregate. Stop-gap coverage is required for applicable monopolistic states;
2. Medical Malpractice Insurance with minimums of \$1,000,000 per occurrence and \$3,000,000 aggregate. Occurrence-based policies are preferred. When working with a medical director, franchisees must be listed as additional insured on the director's personal Medical Malpractice Insurance policy;
3. Commercial Auto Insurance with a \$1000,000 combined single limit, covering uninsured/underinsured motorists, owned, hired, and non-owned autos. Policies must include additional insured, waiver of subrogation, and primary/non-contributory provisions;
4. Workers' Compensation Insurance with coverage limits of \$1,000,000 for bodily injury by disease per accident, \$1,000,000 policy limit, and \$1,000,000 per employee. The policy must be in place regardless of state laws and cannot exclude owner-operators. It must also include uninsured independent contractors and a waiver of subrogation;
5. Property insurance with coverage for business personal property ( $\geq$  \$75,000), tenant improvements ( $\geq$  \$150,000), business interruption (12 months Actual Loss Sustained), and franchisor royalties;
6. Umbrella Insurance with \$1,000,000 per occurrence and \$1,000,000 aggregate, providing excess coverage over General Liability;
7. Cyber Liability Insurance with minimum coverage limits of \$250,000 per occurrence and \$250,000 aggregate; and
8. Employment Practices Liability Insurance with minimum coverage limits of \$250,000 per occurrence and \$250,000 aggregate. The policy should include 3rd party liability and wage & hour coverage of at least \$25,000. The maximum deductible should not exceed \$10,000.

We reserve the right to modify these insurance requirements at any time for which you will comply upon written notification due to changing or increased risks. You agree to provide us with proof of coverage on demand. (Franchise Agreement – Section 11).

All insurance policies, except your workers compensation and commercial property liability policies, must contain, or be endorsed to contain, a provision naming us and our related entities as an additional insured. Specifically, with respect to liability arising from your premises, operations, products, and completed operations, the general liability policy should include an additional insured – grantor of franchise endorsement.

All required insurance policies, except for your Workers' Compensation policy, must be written by insurance companies with a rating of A-VIII (eight) or better in the most recent A.M. Best's Insurance Report (or other comparable publication we specify). Workers' Compensation policies can be issued by insurance companies with a policyholder rating of B plus (B+) or better. Insurance coverage requirements are more specifically set forth in the Manual and are subject to change from time to time. We may require that you obtain all or a portion of your insurance policies from a supplier designated by us.

**Gift Cards, Loyalty, CRM, Social Media Software, Online and Mobile Ordering Programs**

We currently do not require that you enroll in or subscribe to any CRM, social media analytics and online and mobile ordering software or programs; however, we reserve the right to do so in the future. You may not create or issue any gift certificates or gift cards and may only sell gift certificates or gift cards that have been issued by us that are accepted at all locations. You must participate in all gift certificate and/or gift card administration programs as we may designate from time to time. You must honor all coupons, gift certificates, gift cards and other programs or promotions we direct. You must fully participate in all guest loyalty or frequent customer programs now or in the future adopted or approved by us. You must not issue coupons or discounts of any type for use at your Franchised Location except as approved by us in writing. In addition, you must purchase, enroll in or subscribe to, as applicable, all CRM, social media analytics and online and mobile ordering software or programs that we designate. We may change the designated suppliers of these or similar services in our discretion. You must change, purchase or subscribe to the additional programs or software, as applicable, after we give you notice to do so.

**ITEM 9. FRANCHISEE’S OBLIGATIONS**

**This table lists Your principal obligations under the Franchise Agreement 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.**

**FRANCHISEE’S OBLIGATIONS**

<b>Obligation</b>	<b>Section in Franchise or Other Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	§7	Items 6 and 11
b. Pre-Opening purchases/leases	§§7, 9.20	Item 8
c. Site development and other pre-opening requirements	§7	Items 6, 7, 11
d. Initial and ongoing training	§§8.2, 8.4	Item 11
e. Opening	§1.1	Item 11
f. Fees	§§4.1, 5, 6.2	Items 5, 6 and 11
g. Compliance with standards and policies/operating manual	§9.16	Item 11
h. Trademarks and proprietary information	§§1, 10	Items 13 and 14
i. Restrictions on products/services offered	§9.20	Item 16
j. Warranty and customer service	§9.3	Item 16
k. Territorial development and sales quotas	§1	Item 12
l. Ongoing product/service purchases	§9.20	Item 8
m. Maintenance, appearance and remodeling requirements	§9	Item 11
n. Insurance	§11	Items 6 and 8
o. Advertising	§6	Items 6 and 11
p. Indemnification	§11	Item 6

q. Owner's participation/management/staffing	§9.13, 9.13.2	Items 11 and 15
r. Records and reports	§12	Item 6
s. Inspections and audits	§12	Items 6 and 11
t. Transfer	§13.2	Item 17
u. Renewal	§2.2	Item 17
v. Post-termination obligations	§16, 17	Item 17
w. Non-competition covenants	§17	Item 17
x. Dispute resolution	§18	Item 17

<b>Obligation</b>	<b>Section in Multi-Unit Development Agreement or Other Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Article 7	Items 6 and 11
b. Pre-Opening purchases/leases	Not Applicable	Item 8
c. Site development and other pre-opening requirements	Not Applicable	Items 6, 7, 11
d. Initial and ongoing training	Not Applicable	Item 11
e. Opening	Not Applicable	Item 11
f. Fees	§5, 9, 11	Items 5, 6 and 11
g. Compliance with standards and policies/operating manual	Not Applicable	Item 11
h. Trademarks and proprietary information	§10, 12	Items 13 and 14
i. Restrictions on products/services offered	Not Applicable	Item 16
j. Warranty and customer service	Not Applicable	Item 16
k. Territorial development and sales quotas	§3, 6	Item 12
l. Ongoing product/service purchases	Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	Not Applicable	Item 11
n. Insurance	Not Applicable	Items 6 and 8
o. Advertising	Not Applicable	Items 6 and 11
p. Indemnification	§9.3	Item 6
q. Owner's participation/management/staffing	§9.6	Items 11 and 15
r. Records and reports	Not Applicable	Item 6
s. Inspections and audits	§12	Items 6 and 11
t. Transfer	§11	Item 17
u. Renewal	§4	Item 17
v. Post-termination obligations	§15	Item 17
w. Non-competition covenants	§10, Ex C	Item 17
x. Dispute resolution	§11.5, 17	Item 17

## **ITEM 10. FINANCING**

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

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

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

**Pre-Opening Obligations:**

**Franchise Agreement:** Before you open your Franchised Business, we will:

1. Review your site information and confirm the acceptability of your site subject to our minimum standards and specifications. We will endeavor to approve your site within 30 days of our receipt of your request, provided all required information has been submitted with the request. Factors considered in selection and confirmation of a site include population, traffic count, foot traffic, accessibility, visibility, demographics and competition in the area. You are exclusively responsible for selecting a location for your franchised business. (Franchise Agreement, Section 8.1)
2. Provide you access to the confidential Manual. The Manual currently consists of 291 pages and may be amended from time to time. The Manual is confidential and remains our property because it is our intellectual property. We may modify the Manual from time to time, but these modifications will not alter your status and rights and obligations under the Franchise or Development Agreements. The table of contents for the Manual are attached as Exhibit F to this disclosure document. (Franchise Agreement, Section 8.4)
3. If applicable, provide a set of prototype plans for construction, or guidelines for buildout. These plans and guidelines are for informational purposes only and are not to be relied upon by you in the construction and/or buildout. Your final construction or buildout plans must be confirmed as acceptable by us in advance. You must use an approved architect and an approved civil engineer to customize your construction/buildout plans. (Franchise Agreement, Section 8.7)
4. After you have selected a site, and between 15-60 days before you open for business, provide an initial training program, which must be successfully completed. More details about initial training appear later in this Item 11. You are solely responsible for your travel and lodging expenses for training, if any. (Franchise Agreement, Section 8.2)

**Multi-Unit Development Agreement:** Under the Multi-Unit Development Agreement we will provide you with the following assistance:

1. We will grant to you development rights to a Development Area within which you will assume responsibility to establish and operate an agreed upon number of Franchised Businesses under separate Franchise Agreements (Multi-Unit Development Agreement, Section 2.1).
2. We will review site survey information on sites you select for conformity to our standards and criteria for potential sites and, if the site meets our criteria, approve the site for development of a Franchised Business (Multi-Unit Development Agreement, Section 7.1).
3. We will offer and perform the training, instruction, assistance and other activities set forth in the Franchise Agreements for your Franchised Businesses (Multi-Unit Development Agreement, Section 7.1).

**Continuing Obligations:**

**Franchise Agreement**

During the operation of the Franchised Business, we:

1. Administer the General Advertising and Marketing Fund. (Franchise Agreement, Section 6.2)
2. Will make available additional training. (Franchise Agreement, Section 8.3)
3. Will make available to you from time to time all changes, improvements and additions to the System

and all supplements and modifications to the Manual. (Franchise Agreement, Section 8.5)

4. To the extent permitted by applicable law, we have the right to establish maximum and/or minimum prices that you must follow for services and products that your Business offers. (Franchise Agreement, Section 9.4)

5. May advise you regarding your Location's operation based on your reports and our inspections, and guide you on standards, specifications, and operating procedures and methods. (Franchise Agreement, Section 9.10)

### **Time to Opening**

The typical length of time to open the Franchised Business is 3 to 9 months from the signing of a lease. This time estimate may vary depending on any delays in obtaining governmental approvals and other factors affecting the completion of construction, completing training, and obtaining insurance among other things.

You will not open your Franchised Business before (1) successful completion of the initial training program and all other required training, (2) purchasing all required insurance and providing us, at our option, proof of coverage, (3) obtaining all required licenses, certifications, permits and other governmental approvals. Failure to open within 24 months from the signing of the Franchise Agreement is cause for termination of the Franchise Agreement with no refund due to you.

### **Site Selection**

You must obtain and maintain a site acceptable to us for your Franchised Business. If a site for your Franchised Business has not been selected by the date you sign the Franchise Agreement, you must submit to us a complete report for a site you propose. We will use reasonable efforts to accept or not accept a proposed site within 30 days after receiving your site report. Our determination to approve or disapprove a site may be based on various criteria, which we may change in our discretion, including local demographics of education & household incomes, business count, traffic count, accessibility, parking, visibility, competition and license availability. You must send us all information we require for the proposed site. We do not typically own the site where your Franchised Business is located and lease it to you.

The site selection and approval process for each DRIPBaR Business under a Multi-Unit Development Agreement is the same as that for a single DRIPBaR Business and will be governed by the Franchise Agreement signed for that location.

You must begin actively searching for a site for your Franchised Business no later than 90-days after signing the Franchise Agreement. You must obtain our written approval of a proposed site for your Franchised Business before signing any lease, sublease, or other document for the site. We must also approve the lease for your site. Our approval of a lease is conditioned upon the inclusion of certain lease terms required by us pursuant to a form of Lease Rider attached to the Franchise Agreement as Exhibit E. These lease terms shall include a collateral assignment of the lease. If you have not received our approval of your Franchised Business's proposed site and lease, or we cannot agree on a site, within 12 months after signing the Franchise Agreement, we may terminate the Franchise Agreement upon notice to you with no refund due to you of any amounts paid. (Franchise Agreement, Section 7.1.1).

### **Advertising**

#### **General Advertising and Marketing Fund**

We have established a national marketing fund that we will control and administer. As disclosed in Item 6,

each franchisee must remit to us a continuing nonrefundable General Advertising and Marketing Fee. During the calendar year 2023, each franchisee must remit to us a continuing nonrefundable General Advertising and Marketing Fee of 1% of Gross Sales. Beginning January 1, 2024, each franchisee must remit to us a continuing nonrefundable General Advertising and Marketing Fee of 2% of Gross Sales. General Advertising and Marketing Fees are due at the same time and in the same manner as Royalty payments. (Franchise Agreement, Section 6.2).

We may use the funds contributed to the national marketing fund may, in our sole discretion, for market studies, technology development, advertising and public relations, product and service development, to produce materials, prepare miscellaneous artwork, conduct print, radio and/or television advertising, implement customer service programs or conduct consumer research on a national or regional level, employ an in-house or outside advertising agency and funding any other direct or indirect marketing activity, including funding or operating a charitable foundation or other charitable entities or activities, and administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and public relations materials, and for the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our sole discretion, to be in the best interest of the franchisees and the System. While we do not anticipate that the national marketing fund will be used for advertising that is principally a solicitation for franchisees, we reserve the right to use the national marketing fund for public relations or recognition of our brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.”

During the last fiscal year of the national marketing fund (ending on December 31, 2022), we collected \$17,436.13 from franchisees that went towards the national marketing fund. In the fiscal year 2022, we used 100% of the national marketing fund contributions on website and social media marketing. We may, but are in no way obligated to, also use the funds to place advertising locally based on such formula as we may develop. We do not, however, guarantee that the amounts you remit to us will be used in your marketing area or that our placement activities will be on a pro rata basis.

Our company and affiliate owned locations may, but are not required to, contribute to the national marketing fund on the same basis as franchisees. An unaudited statement of the operations of the national marketing fund will be prepared each year and, upon request, will be available to you. We also reserve the right, but are under no obligation, to obtain and pay for audited financials. We are not required to spend any designated amount of General Advertising and Marketing Funds in your territory. You will be permitted to use advertising materials created from templates that we provide to you. These advertising materials may be tailored to be locally relevant to your location. Otherwise, you are not permitted to use your own advertising materials. No advertising council to provide advice to franchisees on advertising matters has been established. Any contributions not used during the current year will be carried over into the next year's budget.

#### Advertising Cooperative

Currently, no advertising cooperative has been established and franchisees are not required to participate in an advertising cooperative.

#### Local Advertising, Marketing and Promotional Expenditure

You are not required to perform local marketing. However, we recommend that you spend at least 2% of your monthly Gross Sales on monthly local marketing. (Franchise Agreement, Section 6.3).

## Digital Marketing, Social Media and Reputation Management

You must pay us, or our approved vendor, our then-current monthly fee (currently, \$290 per month) for digital and social media marketing and online reputation management. Additionally, you must pay us our then-current ongoing monthly website fee (currently, \$425 per month) for management of your search engine optimization. You may not design, develop or host a website, or any web page, or use any domain name or email address containing the marks or regarding the franchised business other than as approved or required by us. We or our affiliates may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or Google AdWords purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, “**Digital Marketing**”) that are intended to promote the Proprietary Marks, your franchised business, and the entire network of franchised businesses. We, or our approved vendor, will have the sole right to control all aspects of any Digital Marketing, including those related to your franchised business. Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the franchised business. If we do permit you to conduct any Digital Marketing, you must (i) comply with any standards or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such standards or content requirements. We may withdraw our approval for any Digital Marketing at any time. Except as approved in advance in writing by us, you may not establish or maintain a separate website, splash page, profile or other presence on the Internet. If such approval is granted by us, you must: (i) establish and operate such Internet site in accordance with System standards and any other policies we designate in the Operating Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). (Franchise Agreement, Section 6.3).

### Grand Opening Advertising

You must spend between \$6,500 and \$11,500 to conduct Grand Opening Advertising in your territory. You can expend any additional amounts that you wish on Grand Opening Advertising and we estimate that you will do so. (Franchise Agreement, Section 6.1). If you fail to spend the minimum required amount on the Grand Opening Program, we have the right to collect from you the difference between what you actually spent and the minimum required expenditure and contribute such difference to the General Advertising and Marketing Fund.

### Promotional Campaigns

We may conduct promotional campaigns on a national or regional basis to promote products or marketing themes. You must participate in all promotional campaigns which we may establish for the region in which your Franchised Business is located. (Franchise Agreement, Section 6.4).

### Computer Requirements

We may designate the information system used in your Franchised Business, including the computer hardware, software, other equipment and enhancements (the “Information System”). In such event, in connection with the approved Information System, you agree to the provisions set forth below. You will be required to acquire the right to use the Information System, obtain peripheral equipment and accessories and arrange for installation, required maintenance and support services, and interfacing of your Information System with our accounting system, all at your cost. Currently, we require that you purchase and install the following:

- Our then current computer system

- 11" iPad Pro
- Cash Draw
- Credit card reader
- Receipt Printer
- Computer printer

The estimated cost of the required computer system and peripheral equipment is \$1,500 to \$3,000. Installation must be performed by a person we have approved and trained. You must purchase and install certain components of your Information System, including certain computer hardware and software and networking equipment, from us, our affiliate or other mandatory supplier or vendor. You must also pay us, our affiliate or other mandatory supplier or vendor for the shipping, taxes and installation of such components.

We will have the right at all times to access the Information System and to retrieve, analyze, download and use all software, data and files stored or used on the Information System. We may access the Information System in your Franchised Business or from other locations. There are no contractual limits imposed upon us regarding access to the information on your computer system. You will store all data and information on the Information System. As upgrades to the hardware and/or software are developed, we may require you to obtain and install any or all of these upgrades. You are responsible for the cost of all upgrades, including any initial and/or ongoing license, support or service fees.

You must have e-mail and high-speed Internet access capabilities at your Franchised Business location and/or management location. We or our affiliate will provide you with an email address and inbox as part of the Information System. You must purchase any additional email addresses and inboxes you require from us or our affiliate. You are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us or our affiliates as the direct or indirect result of such disruptions, failures or attacks. (Franchise Agreement, Section 9.6)

You are responsible for maintenance, repairs, updates and upgrades to your computer hardware. We estimate the annual cost for any optional or required maintenance, updating, upgrading, or support to the POS system to be \$0. The cost of for any optional or required maintenance, updating, upgrading, or support to the computers system is included in the technology fee, which is \$135 per month. You must also pay our software vendor a monthly software license fee of \$135, or their then-current fee. We will assist you with software updates, however we are not contractually obligated to provide maintenance, repairs, updates or upgrades to your computer system. Currently, there are no contractual limits on the frequency and cost of your obligation to perform maintenance, repairs, updates or upgrades to your computer system. The frequency of computer updates will be based on the computer's ability to run required software.

You may be required to enter into licenses and agreements with us or with designated or approved third party vendors for technical support, warranty service, or collateral software licenses.

## **Training**

You or your Designated Principal must attend and successfully complete to our satisfaction the training program. You are also required to pay all travel and living expenses for your representatives while they attend the training program. There are no additional charges that you must pay for training.

The initial training program will be conducted after you sign the Franchise Agreement and within 60-days of your scheduled opening date. We offer the training program on an as-needed basis. We expect that the

initial training classes will take approximately one week and will be held on-line and will be based on the Operating Manual. We have the right to reduce or extend the duration or content of the Initial Training Program for any trainee based on our assessment of their skill level. The initial training program consists of the following:

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
<b>Introduction:</b> Establishing the Business; Welcome Guide; About the DRIPBaR; Branding Guidelines; and Morrow Hill	3	0	Virtual
<b>Compliance:</b> Policies; 797; HIPAA Training; Bloodborne Pathogens; Anti-Harassment Training; Diversity Training; Cyber Security Training; and Workplace Violence	5.5	0	Virtual
<b>Protocols:</b> Cleaning; Emergency; and Administrative Protocols	1.5	0	Virtual
<b>Products:</b> Memberships and Packages; IV Drips; IM Shots; Boosters; Testing; Supplements; and Additional Services	3	0	Virtual
<b>Operating System:</b> Front Desk and Owner Track	4	0	Virtual
<b>Nurse Operations</b>	.5	0	Virtual
<b>Marketing:</b> 8-Week Social Media Plan; 60-Day Marketing Plan; Promotional Material; and Consumer Fusion	1.5	0	Virtual
<b>Human Resources:</b> Personnel and Employee Sample Handbook	.5	0	Virtual
<b>TOTAL:</b>	<b>19.5</b>	<b>0</b>	

The training program is provided primarily under the direction of Emily Conrue, Leslie Smith, and Regan Cochran. Emily Conrue has served as our Operations Coordinator since June 2020. Leslie Smith has served as our Head of Nurse Training since January 2022. Regan Cochran has served as our Head of Marketing since September 2020. Several other employees of ours assist from time to time on different subjects in the training program. Each of our instructors has a minimum of one year of experience.

The instructional material for the training program shall include on-line courses and material, PowerPoint presentations, pamphlets on specific subjects, handouts, classroom exercises and hands on instruction and demonstration are utilized in the training program. You may not make any disclosure, duplication or other

unauthorized use of any portion of the training materials.

The training program must be successfully completed by all required attendees prior to opening the Franchised Business. Failure to successfully complete any phase of the training program could lead to the need to retrain on certain aspects of the training program at your expense or to a delay of your opening. Failure by you or your Designated Principal to complete the initial training program to our satisfaction is a material breach of the Franchise Agreement and provides us with grounds to terminate the Franchise Agreement.

We also require that you attend our additional training courses described as follows no later than 1 month prior to opening the Franchised Business:

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Introduction	1	2	Virtual
Regulations 797	2	4	Virtual
Supplies and Inventory	1	2	Virtual
Menu of Services	1	2	Virtual
Operations and Best Practices	1	3	Virtual
Marketing	1	2	Virtual
Medical Director & RN Specific Training	1	2	Virtual
<b>TOTAL:</b>	<b>8</b>	<b>17</b>	

We do not currently require refresher courses, but we have the right to do so in the future. You or your Designated Principal must attend such programs, and you are responsible for the reasonable costs of such programs and also for the travel, lodging and living expenses and any other costs incurred during these programs. You must complete this supplemental or additional training within one year of the time in which it is originally requested by us.

We hold regional and/or national conferences that you (or your Principal Owner) must attend, which shall not occur more than one time per year. At our option, we may charge you a conference fee or a proportionate share of our out-of-pocket costs for each annual conference.

## **ITEM 12. TERRITORY**

### **Franchise Agreement:**

We will designate the Territory, in our sole discretion, during the site confirmation process based upon the number of households, traffic count, foot traffic, competition, accessibility of the location, population density and other demographic factors. Because each location is different, the Territory for each Franchised Business will be different. However, each Territory will be a three-mile radius from your approved location or an area comprising 100,000 in population, whichever is less. If your Franchised Business is located at a Non-Traditional Site, then it will not have any designated Territory.

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

neither we, you or other franchisees can control certain marketing channels and the reach of those marketing channels. Additionally, you may have customers that visit your Franchised Business who reside or work within another franchisee's territory.

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

The franchise granted to you under the Franchise Agreement is limited to permitting the use of the system and marks in the operation of the Franchised Business only in the Territory and at the specific location confirmed in advance by us. You must operate the Franchised Business only at this location.

If the site is acquired by a governmental entity through the power of eminent domain or your lease is terminated through no fault or breach by you (a "**Relocation Event**"), we may permit you to request an alternative location within the Territory for our confirmation. You will have 60 days after the date of a Relocation Event to identify a proposed substitute location within the Territory. We will confirm your substitute site, in our sole discretion, after (i) reviewing information you submit to us about the site, including a preliminary site layout drawing and a copy of an executed contingent contract, option, or other commitment for the acquisition of the site, (ii) determining whether a revised area around the new proposed site would overlap with any other territory of franchised businesses, and/or (iii) visiting the proposed site. Within 6 months of the Relocation Event, you must enter into and provide us a copy with a binding lease, in a form that we have approved, for the proposed site and begin constructing the Franchised Business. Within 6 months of acquiring a lease to the site (or sooner if required by the lease), you must open the Franchised Business at the new site. After a Relocation Event, we require an agreed minimum royalty fee and marketing payment for the period the Franchised Business is not in operation.

The Franchise Agreement does not allow you to offer or sell products or services under the marks through any location (other than the Franchised Business) or through any other channels of distribution (such as the Internet, catalog sales, telemarketing or other direct marketing).

We and our affiliates will have the right, in our sole discretion, under the Franchise Agreement to: (i) own and operate businesses at any location(s) outside your Territory under the same or different marks, or to license others the right to own and operate businesses at any location(s) outside your Territory under the same or different marks; (ii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including but not limited to sales via the Internet at any location, including within the Territory; (iii) own and operate businesses, or market similar products and services, at any location(s) inside your Territory under different marks, or to license others the right to own and operate businesses, or market similar products and services at any location(s) inside your Territory under different marks; (v) own and operate or grant franchises to others to operate businesses under the same or different marks in transportation facilities, including airports and train stations; military bases and government offices and facilities; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals and health care facilities; fitness businesses; malls; schools and universities; or any similar captive market or any other location to which access to the general public is restricted (a "Non-Traditional Site"); (vi) acquire, or be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere; and (vii) engage and license other parties to engage in any other activities not expressly prohibited by the Franchise Agreement. Neither we nor our affiliate are required to pay you if we exercise any of the rights specified above.

If any Non-Traditional Site is located within the physical boundaries of your Territory, then the premises of this Non-Traditional Site will not be included in your Territory and you will have no rights to this Non-Traditional Site.

The Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises within the Territory granted or any contiguous territories.

**Multi-Unit Development Agreement:**

Under the Multi-Unit Development Agreement we grant you the right to develop and operate the specified number of Franchised Businesses in a specified Development Area, each as you and we mutually agree upon prior to the execution of the Multi-Unit Development Agreement. The Development Area is typically described in terms of municipal boundaries, county boundaries or specified trade areas within a municipality. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Franchised Businesses in the Development Area for you to meet your Development Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria so you can meet the Development Schedule.

We reserve the right to adjust or reassign any of the trade areas in the Development Area if we believe that this serves your best interest, or if there is a conflict with another multi-unit operator's or franchisee's trade area. We reserve the right to move that trade area to an unoccupied trade area. Other than the above circumstance, the Development Area may not be altered unless we and you mutually agree to do so.

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

Except as described below, during the term of the Multi-Unit Development Agreement, we and our affiliates will not operate or grant a franchise for the operation of Franchised Businesses to be located within the Development Area. However, we have the right to terminate your development rights if you are not in full compliance with all of the terms and conditions of the Multi-Unit Development Agreement (including the agreed upon Development Schedule) and all of the Franchise Agreements signed under it.

Both within and outside of the Development Area, and during or following the Term, we and our affiliates alone may engage in the following activities: (i) own and operate businesses at any location(s) outside your Territory under the same or different marks, or to license others the right to own and operate businesses at any location(s) outside your Territory under the same or different marks; (ii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including but not limited to sales via the Internet at any location, including within the Territory; (iii) own and operate businesses, or market similar products and services, at any location(s) inside your Territory under different marks, or to license others the right to own and operate businesses, or market similar products and services at any location(s) inside your Territory under different marks; (v) own and operate or grant franchises to others to operate businesses under the same or different marks in Non-Traditional Sites; (vi) acquire, or be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere; (vii) engage and license other parties to engage in any other activities not expressly prohibited by the Franchise Agreement; and (viii) allow your Development Area to overlap with another franchisee's Development Area; however, we will not permit multiple Development Area to overlap unless the overlapping area can support the proposed number of DRIPBaR locations between the affected franchisees. In addition, we may purchase, merge, acquire, be acquired by or affiliate with existing competitive or non-competitive franchise or non-franchise and operating those businesses under any name or mark (including the Proprietary Marks)

regardless of the location of that other business' facilities which may be in or immediately proximate to the Development Area. We are not required to pay you any consideration if we exercise any right specified above in the Development Area.

To maintain your rights under the Multi-Unit Development Agreement you must have open and in operation the cumulative number of franchised businesses stated on the Development Schedule by the dates agreed upon in the Development Schedule. If you fail to comply with the Development Schedule, such failure will constitute a material breach of the Multi-Unit Development Agreement, and we will have the right to: (i) reduce, in whole or in part, the size of the Development Area within which you will have rights; (ii) reduce, in whole or in part, the total number of franchised businesses that you will have the right to develop; or, (iii) terminate the Multi-Unit Development Agreement.

Upon completion of the Development Schedule, your development rights under the Multi-Unit Development Agreement with respect to the Development Area will terminate. We and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate locations within the Development Area, subject to the Designated Territories granted to each of your particular franchised businesses under the terms of their Franchise Agreements.

There are no minimum sales goals, market penetration or other contingency that you must meet to keep the development rights to your Development Area, other than your compliance with the Development Schedule.

You are not granted any other option, right of first refusal or similar right to acquire additional franchised businesses in your Development Area under the Multi-Unit Development Agreement, except as described above.

**ITEM 13. TRADEMARKS**

**Registrations and Applications**

Pursuant to the terms of the Franchise Agreement, we will grant you the non-exclusive right and license to utilize the “DRIPBAR®” trademark and those other marks identified in this Item 13 to operate your Franchised Business in accordance with the System.

Our affiliate has filed all affidavits required for our principal trademarks. No trademarks have been renewed as of the issuance date.

As of the Issuance Date, our Affiliate, TDB IP Holding, LLC, a Delaware limited liability company with its principal business address at 236 Franklin St., Wrentham, MA 02093 has registered and/or applied for the following marks on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”):

Mark	Registration/Serial Number	Registration/Filing Date
	6135528	Reg Date: August 25, 2020
Allstar	Reg: 6371895	Reg Date: June 1, 2021
Firm	Reg: 6385108	Reg Date: June 15, 2021
Flu Fighter	Reg: 6474824	Reg Date: September 7, 2021

Jetsetter	Reg: 6377648	Reg Date: June 8, 2021
Powerpack	Reg: 6377634	Reg Date: June 8, 2021
Restoration	Reg: 6371901	Reg Date: June 1, 2021
Shield	Reg: 6579423	Reg Date: December 7, 2021
Soother	Reg: 6377646	Reg Date: June 8, 2021
The Debut	Reg: 6377667	Reg Date: June 8, 2021
Time Machine	Reg: 6371907	Reg Date: June 1, 2021
CellVie	Serial: 90270097	Filing Date: October 21, 2020

The above marks have been registered on the Principal Register of or filed with the U.S. Patent and Trademark Office (“USPTO”):

Our Affiliate, TDB IP Holding, LLC, does not have a federal registration for some of the above trademarks. Therefore, these trademarks do not have many legal benefits and rights as federally registered trademarks do. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Our Affiliate, TDB IP Holding, LLC, has granted us a license to use and sublicense use of the above-mentioned Marks. The term of the license is perpetual. The license agreement may be terminated if we take any affirmative act of insolvency, if a receiver or trustee is appointed to take possession of our properties and is not discharged within 90 days, if we wind up, sell, consolidate or merge our business, or if we breach any of our duties and obligations under the license and do not cure the breach within 60 days following written notice of the breach. Within the license agreement, the term “Marks” includes any other trade names, service marks, trademarks, designs, logos, slogans and commercial symbols now in existence or later adopted by TDB IP Holding, LLC that are used in connection with the System. This license agreement licensed to us any future trademarks acquired by TDB IP Holding, LLC as well. In the event that TDB IP Holding, LLC terminates our agreement with them, they must honor all of our franchise agreements, including each of our franchisees’ right to renew. No other agreements significantly limit our right to use or license the use of our marks.

We have no currently effective material determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board or any state trademark administrator or court. We have no pending infringement, opposition or cancellation proceeding or pending material federal or state court litigation regarding our use or ownership rights in a trademark. We have no actual knowledge of any superior prior rights or infringing uses which could materially affect your use of such marks.

If any administrative or judicial proceeding arising from a claim or challenge to your use of any of our marks, you must immediately notify us, and we may take any such action as we deem appropriate in order to preserve and protect the ownership, identity and validity of the marks. We are only obligated to defend you from any claims arising from your use of our primary marks. If we decide to modify or discontinue the use of any mark and/or use one or more additional or substitute marks, you will be responsible for the tangible costs (such as replacing signs and materials) associated with such a change.

You are required to immediately notify us of any use of, or claims of rights to, a mark identical to or confusingly similar to our marks. We have the right, but not the obligation, to bring any action against any third party using such a similar mark. You are required to participation in any such action we bring against a third party at your own expense. We have the right to control any such litigation or administrative proceedings, including any settlement.

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

No patents are material to the franchise. We do not have any pending patent applications that are material

to the franchise. We and/or our affiliates have copyrighted or may copyright advertising materials and design specifications, our Manual and other written materials and items. We consider this information to be proprietary trade secrets, protectable under common law and applicable state laws. We also claim common law copyrights to the operational and training materials, building plans and specifications, and other proprietary materials specifically created by us in connection with the system, including proprietary advertisements, all materials presented to prospective customers of our brand, all product related marketing research, certain information on web and printed materials and forms used in connection with the operation of a franchised business. The Manual and other proprietary materials have not been registered with any copyright office.

There currently are no effective adverse determinations of the United States Copyright Office (Library of Congress) or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the confidential information or copyrighted materials. We know of no infringing uses of our copyrights which could materially affect your using the copyrighted materials in any state.

You must immediately inform us if you learn of any unauthorized use, infringement or challenge to the copyrighted materials, proprietary or confidential information, including but not limited to our Operations Manual. We will take any and all action(s) (or refrain from same) that we determine, in our sole discretion, to be appropriate. We may control any action we choose to bring. We have no obligation to participate in or indemnify you for any infringement claims in regard to our copyrights. You must modify or discontinue use of the subject matter covered by any copyright if directed by us at your own expense.

In operating a franchised business in accordance with our System, you will obtain access to our confidential information and trade secrets. Except as specifically authorized, you must not communicate, divulge or use such confidential information or trade secrets. Each of your equity owners is required to execute confidentiality covenants and you are required to obtain similar covenants from each of your general and assistant managers.

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

If you are a business entity (e.g., corporation, partnership or limited liability company), you must designate one person who owns at least 50% of your equity interests as your “**Designated Principal.**” The Designated Principal must have the authority to bind you to obligations relating to the Franchise Agreement.

We have granted the franchise to you on the assurance that it will be managed by an active owner/operator. Accordingly, you or your Designated Principal must be actively involved in the management of all aspects of your Franchised Business, or the Franchised Business must be overseen by a manager that we have approved from time to time. Although you may delegate some of your duties under this Agreement to your subordinate managers or employees, you remain fully responsible for your and their performance. On-premises managers are not required to own an equity interest in the franchised business. You must use your best efforts to ensure your personnel do not cause a breach of this Agreement.

If you are a business entity, each of your owners that are active in the Franchised Business at any time during the Term and any owner that has a beneficial ownership interest of 50% or more in you, must personally guarantee, jointly and severally, your obligations under the Franchise Agreement and agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement. This includes both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Your spouse is not required to sign a separate personal guaranty, non-competition agreement, or confidentiality agreement. The form of your Personal Guaranty is attached to the Franchise Agreement, Exhibit A. You also agree to complete and deliver to us a “Principal

Owner’s Statement” in the form attached to the Franchise Agreement, Exhibit A, which describes all of your owners and their interests in you.

Subject to applicable state law, we have the right to require you to obtain covenants against the use and disclosure of any confidential information and covenants not to compete from your owners, managers and any other employees or agents who have received or will have access to our training or confidential information. All of the required covenants must be in substantially the form attached to the Franchise Agreement, Exhibit A.

If your state requires that you have a medical director, you must sign and maintain during the term of your Franchise Agreement, a medical director agreement with a Medical Director to provide services within your state.

In addition, if you enter into a Multi-Unit Development Agreement, we may require you to, at all times employ, at your own expense, a designated operations director to oversee the day to day operation of all of your Franchised Businesses and to serve as our main point of daily contact with authorization to communicate directly with us and to make management decisions in connection with same (the “**Multi-Unit Operations Director**”). Your proposed Multi-Unit Operations Director must satisfy our educational and business criteria, be approved by us in advance, complete our Initial Training Program, and sign our Confidentiality and Non-Competition Agreement.

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

You must only offer the products and services that we authorize. You may not offer or sell products or services not authorized by us and you will ensure that the Medical Director, if required, does not offer or sell products or services not authorized by us. You must offer all goods and services that we designate for your Franchised Business. We may also periodically set maximum or minimum prices for services and products that your Business offers. We may periodically change the required and/or authorized products and services, and there are no limits on our right to do so. You must promptly implement these changes and must discontinue selling any products or services that we at any time decide to disapprove in writing. Items 8, 9 and 12, as well as the Manual, provide additional information regarding your specific obligations and limitations.

If a medical Director is required by your state’s laws, the Medical Director will employ and control any and all licensed healthcare professionals and staff who provide actual I.V. Vitamin Therapy Services. You may not provide any I.V. Vitamin Therapy Services, nor will you supervise, direct, control or suggest, to the Medical Director or its employees the manner in which the Medical Director provides or may provide medical services to its patients.

You must use the Franchised Business premises only for operation of the Franchised Business and for no other unrelated purpose. You may not offer for sale or sell products or services related to the Franchised Business through alternative channels of distribution, such as the Internet, or use newspaper racks, vending machines, gaming machines, and other related items to promote your Business. You must discontinue selling and offering for sale any services or products that we at any time decide to disapprove in writing.

There are no other limitations imposed by us on the persons to whom a franchisee may provide goods and services, except those imposed by the nature of the system itself.

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

**THE FRANCHISE RELATIONSHIP**

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

Provision	Section of Franchise Agreement	Summary
a. Length of the franchise term	§2.1	10 years from signing the Franchise Agreement
b. Renewal or extension of the term	§2.3	2 successor franchise terms of 10 years if you meet certain requirements.
c. Requirements for franchisee to renew or extend	§2.3	<p>The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires. You have the right to renew your franchise for the Franchised Location for two (2) additional ten (10) year terms, provided you meet all of the following conditions: (1) You must give us written notice at least one hundred eighty (180) days prior to the end of the then-current term of your desire to renew; (2) You and all entities you are a member, partner or shareholder of, must be in compliance with all agreements between you and us and between you and our affiliates, if applicable, and there must not have been a series of defaults by you thereunder (i.e., an abnormal frequency of defaults or a default that has occurred repeatedly, or a combination thereof), whether or not were cured; (3) You must make, or provide for in a manner satisfactory to us, such renovation and reequipping of your Franchised Business as we deem appropriate to reflect the then-current standards and image of the system, including, without limitation, renovation or replacement of signs, equipment, furnishings, fixtures and décor; (4) You must pay us a renewal fee at least fifteen (15) days prior to the expiration of the initial term or any subsequent renewal term in an amount equal to \$5,000; (5) You must sign the standard Franchise Agreement then being used by us within thirty (30) days of receipt, provided that you pay the Renewal Fee in lieu of the Initial Franchise Fee set forth in the then-current Franchise Agreement. The terms of such Franchise Agreement may differ materially from the Franchise Agreement in this offering, including higher</p>

		<p>fees and a modification to the Territory based upon our then-current methods of determined Territory areas (and which may include a reduction in the Territory); (6) You must present satisfactory evidence that you have a current lease for the Franchised Business; (7) Your management staff must successfully complete any refresher training prescribed by us at least thirty (30) days prior to the expiration of the term; and (8) at the time you sign the new Franchise Agreement to renew your franchise, you must sign and deliver to us a general release, in the form we prescribe, releasing, to the fullest extent permitted under the laws of the state where your Franchised Business is located, all claims that you may have against us and our affiliates and our respective current and former officers, directors, shareholders, employees, insurers, consultants, contractors and agents, in both their corporate and individual capacities. The term renewal use herein refers to your ability to continue to operate under our marks and processes in accordance with our system standards under the then-current franchise agreement. You will be required to sign our then-current franchise agreement, which may have different material terms than your current franchise agreement.</p>
d. Termination by franchisee	§15	<p>You may terminate the franchise agreement if we violate any material obligation to you and fail to cure such violation within sixty (60) days after our receipt of written notice from you; provided, however, that you must be in compliance with the Agreement at the time of giving each notice and at the time of termination. Your written notice of our alleged violation must identify the violation, demand that it be cured, and indicate your intent to terminate this Agreement if it is not cured.</p>
e. Termination by franchisor without cause	§14	<p>We may not terminate the franchise agreement without cause.</p>
f. Termination by franchisor with cause	§14	<p>The franchise agreement permits us to terminate it for cause during the term and before expiration.</p>
g. "Cause" defined—curable defaults	§14.3	<p>We may terminate the franchise agreement if the following occur and you fail, after thirty days after we deliver written notice to you, to cure them: (1) You fail to construct, build out, and commence operating your Franchised Business within the time provided for in Section 1.1 of the franchise agreement; (2) You fail to pass an inspection by us or a third-party we hire to</p>

		<p>inspect your Franchised Business; (3) You fail, refuse, or neglect to promptly pay when due any monies owing to us, our affiliates, to the Brand Fund (if established), or to other creditors you have, or to submit the financial or other information required under this Agreement; (4) A threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business; (5) You sell non-approved products or services; or (6) You, by act or omission in connection with the operation of your Franchised Business, permit a continuing violation of any applicable law, ordinance, rule, or regulation of a governmental body; provided, however, that if such act or omission damages the goodwill associated with the System or the Marks, we will have the right to terminate this Agreement if you do not cure such default within twenty-four (24) hours after notice from us.</p>
<p>h. “Cause” defined— non-curable defaults</p>	<p>§14.2</p>	<p>We may terminate the franchise agreement without notice to you and without any opportunity for you to cure if the following occur: (1) You are liquidated or dissolved; (2) Your Franchised Business is not constructed strictly according to the plans we have approved and you do not remedy the deficiencies within 30 days after notice from us; (3) You fail to operate for 10 consecutive days (unless prevented from so by fire, flood, or acts of nature), or otherwise abandon your Franchised Business, or forfeit the right to do or transact business in the jurisdiction where your Franchised Business is located, or lose the right to possession of the premises in which your Franchised Business operates; (4) You or any of your owners make an unauthorized Transfer under this Agreement; (5) You or any of your owners are proven to have engaged in fraudulent conduct, or are convicted of, or plead guilty or no contest to a felony or a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks or the goodwill associated therewith; (6) You are given three (3) or more notices of being in material violation of any of the terms or requirements of this Agreement within any 12 month period, whether or not such defaults are timely cured after notice; (7) You misuse or make any unauthorized use of the Marks and do not cease such misuse or unauthorized use within 24 hours’ notice from us; (8) You, by act or omission, materially impair the value of, or the goodwill associated with, any of the Marks or the System.</p>

i. Franchisee’s obligations on termination/non-renewal	§16	<p>Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will terminate, the franchise will revert to us, and you will (1) immediately cease to operate the Franchised Business; (2) immediately and permanently cease to use all confidential information and the Marks; (3) immediately return to us the Manual and destroy or convey to us all signage, advertising materials, stationary, and any other materials bearing the marks; (4) cancel your assumed name that contains the Mark, if applicable; (5) de-identify your business within ten days; (6) pay to us all amounts due within five days; (7) take all further action to transfer to us all telephone numbers as well as any other registrations on technology platforms.</p> <p>Your obligations not to disclose of use for other purposes our trade secrets, confidential business information, or other proprietary materials remains in effect upon and after the termination, expirations or non-renewal of the franchise agreement.</p>
j. Assignment of contract by Franchisor	§13.1	No restriction on our right to assign.
k. “Transfer” by franchisee —definition	§13.2	<p>“Transfer” will mean any sale, lease, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by your disability or death or by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets used to operate your Franchised Business, or of any interest in you, or if you are a corporation, partnership, limited liability company or other entity, a transfer, pledge, assignment, or other disposition of direct or indirect control or ownership of 25% or more of any interest in your entity. In addition, if there are 2 individuals signing this Agreement as Franchisee, and 1 of those individuals is no longer involved in the ownership of your Franchised Business, the withdrawal of that person will be considered a “Transfer.” A “Transfer” will also be deemed to occur when there are more than 2 people listed as the Franchisee and there is a change in the ownership of your Franchised Business such that less than a majority of the original signers continue to have a majority interest in the equity of the business.</p>
l. Franchisor approval of	§13.2	Transfers require our prior written consent, which will not be unreasonably withheld subject to the below

transfer by franchisee		conditions being satisfied.
m. Conditions for franchisor approval of transfer	§§13.2, 13.3	<p>All of the following conditions must be satisfied: (1) you are in full compliance with this Agreement, you have no uncured defaults, and all your debts and financial obligations to us and our affiliates are current; (2) you provide us with all information we may require concerning the proposed transaction (including a copy of the purchase agreement and all related documents), and the proposed transferee; (3) we are satisfied that the proposed transferee (and if the proposed transferee is an entity, all holders of any interest in such entity) meets all of the requirements for our new franchisees, including, but not limited to, good reputation and character, business experience, and financial strength, credit rating and liquidity, and that the sale price is not excessive; (4) you sign a written agreement in a form satisfactory to us in which you and your investors covenant to observe all applicable post-term obligations and covenants contained in this Agreement and release us and our affiliates from any claims you may have against us, or any further obligations we may have to you; (5) the proposed transferee enters into a new franchise agreement with us, on the terms we then generally offer to new franchisees (including fees payable and size of territory); provided, however, that no new initial franchise fee will be required to be paid, and further provided that the term of that franchise agreement, unless otherwise agreed, will be the remaining term of your franchise agreement; (6) the proposed transferee agrees in writing to perform such maintenance, remodeling and re-equipping of your Franchised Business that we determine necessary to bring your Franchised Location in compliance with our then-current standards, including any updates to your technology and security equipment that we determine necessary; (7) prior to the date of the proposed Transfer, the proposed transferee's Designated Principal successfully completes such training and instruction as we deem necessary; (8) you and all holders of an interest in you sign 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 investors may have against us and our affiliates, including our and their respective shareholders, officers, directors and employees, in both their individual and corporate capacities; and (9) prior to the Transfer, you pay us a transfer fee of \$5,000.</p>

n. Franchisor's right of first refusal to acquire franchisee's business	§19	We have a 30-day right of first refusal and can match offers.
o. Franchisor's option to purchase franchisee's business	§16.11	We may purchase your Business at fair market value upon the termination or expiration of the Franchise Agreement, at our discretion. We may exercise this right by giving you written notice of our election within 30 days after the date of the Termination Event.
p. Death or disability of franchisee	§13.4	If a transfer or assignment is caused by your death or incapacity, the provisions of Section 13.2 must be met by the heir or personal representative succeeding to your interest; provided, however, if the heir or personal representative assigns, transfers, or sells its interest in the Franchise and in your Franchised Business within 3 months after your death or incapacity, the transferee, and not the heir or personal representative, must comply with the provisions of Section 13.2.
q. Non-competition covenants during the term of the franchise	§17.1	You will not, directly or indirectly, during the term of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder or member of any other person, firm, entity, partnership, corporation or company, own, operate, lease to or lease from, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in owning, operating, or managing any IV therapy business, wherever located, whether within the Territory or elsewhere. Notwithstanding the foregoing, before you open your Franchised Business (and so long as you do not own any other franchised business that is open under any other agreement with us), you may be employed at another business that offers intravenous therapy that is operated outside of the Territory in which your Franchised Business will be located, provided that (i) neither you nor any of your immediate family owns any equity interest in that business and (ii) you terminate your employment with that business, and any other relationship you have with that business, prior to the date you open your Franchised Business.
r. Non-competition covenants after the franchise is terminated or expires	§17.2	Subject to state law, you will not, directly or indirectly for a period of 2 years after the transfer by you, or the expiration or termination of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation or company, own, operate, lease to or lease from, franchise, conduct, engage in, be connected with,

		have any interest in or assist any person or entity engaged in any business that offers intravenous therapy, which is located within the Territory or within a 25 mile radius of any DRIPBaR business, whether owned by us, our affiliates, or a franchisee, wherever located, whether within the Territory or elsewhere.
s. Modification of the agreement	§20.2	No modification unless by written agreement of both our and your duly authorized officers, but Operations Manual and System Standards subject to change.
t. Integration/merger clause	§20.5	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§§18.1, 18.2, 18.3	All controversies, disputes or claims between us must be mediated. If no resolution is reached by mediation, all such disputes must be submitted for arbitration on demand of either party.
v. Choice of forum	§18.5	Subject to state law, any mediation, arbitration or litigation must be held and conducted in Wrentham, Massachusetts or federal courts over Wrentham, Massachusetts.
w. Choice of law	§20.5	Subject to state law, Massachusetts law will govern.

<b>Provision</b>	<b>Section of Multi-Unit Development Agreement</b>	<b>Summary</b>
a. Length of the franchise term	§3.1	Upon execution of the last Franchise Agreement pursuant to the Development Schedule.
b. Renewal or extension of the term	§3.3	No right to renew.
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by franchisee	Not Applicable	The Agreement does not provide for this. But you may seek to terminate on any grounds available to you at law.
e. Termination by franchisor without cause	Not Applicable	We may not terminate the multi-unit development agreement without cause.
f. Termination by franchisor with cause	§13.1, 13.2 and 13.3	We can terminate if you default.

g. “Cause” defined—curable defaults	§13.3	Except for defaults described in h below, you have 15-days to cure any default under the MUDA.
h. “Cause” defined—non-curable defaults	§13.1 and 13.2	Non-curable defaults include, but are not limited to: general assignment for benefit of creditors, bankruptcy, appointment of a receiver, dissolution, levy/execution on assets; failure to meet Development Schedule; omission or misrepresentation of material fact; upon mutual agreement by the parties; plea to or conviction of a felony; unauthorized transfer; any involvement with a competitive business; unauthorized use of confidential information; failure to obtain executed Confidentiality/ Noncompetition Agreement; fail to obtain our prior approval, as required; unauthorized duplication of Confidential Information; cease to operate all Franchised Businesses; engage in business under marks confusingly similar to Proprietary Marks; open a Franchised Business prior to executing a franchise agreement and paying the initial franchise fee; or engage in conduct that reflects materially and unfavorably upon our reputation, the System or the Franchised Business.
i. Franchisee’s obligations on termination/non-renewal	§14.1	You must pay all money owing to us or our affiliates, and third parties; pay all expenses, including attorney’s and expert’s fees, if we terminate for cause; sign all agreements necessary for termination; comply with the post-termination/ post-expiration covenants not to compete; and continue to abide by restrictions on the use of our Confidential Information. Termination of the Multi-Unit Development Agreement for your failure to comply with the Development Schedule will not terminate any of the Franchise Agreements you already signed with us, so long as you have opened the Franchised Business covered by the signed Franchise Agreements and you are not in default of the Franchise Agreements.
j. Assignment of contract by Franchisor	§10.1	No restrictions on our right to assign.
k. “Transfer” by franchisee—definition	§10.2	Includes any assignment or transfer of your rights and obligations under the MUDA, the Franchised Business, or any interest in the Franchised Business or a Business Entity Franchisee (including any capital stock, membership, partnership or proprietary interest of you or anyone who controls you).
l. Franchisor approval of transfer by	§10.2, 10.3 and 10.4	No transfer without our consent.

franchisee		
m. Conditions for franchisor approval of transfer	§10.2	Conditions for transfer include not being in default, at least 25% of all Franchised Businesses required to be developed are open or under construction, all debts are paid, the transferee meets our current criteria for new Multi-Unit Operators and executes our then-current MUDA, you sign a general release (where legal), payment of transfer fee, buyer personally guarantees all obligations.
n. Franchisor's right of first refusal to acquire franchisee's business	§10.5	We have the right to match the offer to purchase your business.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	§10.4	On the death or disability of your last surviving owner, the rights of such deceased or disabled person shall pass to his or her "Estate". The Estate must transfer said interests to an approved party within 3 months of the date an executor, administrator or personal representative is appointed to the Estate.
q. Non-competition covenants during the term of the franchise	§9.2.1	No diversion of any business to any competitor and no interest in any competing business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	§9.2.2	No involvement in competing business for 2 years within your Development Area, within a 20 mile radius of the perimeter of your Development Area or within a 20 mile radius of the perimeter of (or within) any DRIPBaR business (whether company-owned, franchised or otherwise established and operated). No diversion of business to any competitor and no employment of any current employee or any former employee that worked within the last 90 days.
s. Modification of the agreement	§17.5	No modifications except, in writing, by mutual agreement of the parties.
t. Integration/merger clause	§17.10	Only written terms of MUDA are binding (subject to state law). Any other promises may not be enforceable, except that the MUDA does not disclaim any representations made in this disclosure document.

u. Dispute resolution by arbitration or mediation	§§16.2 and 16.3	All controversies, disputes or claims between us must be mediated. If no resolution is reached by mediation, all such disputes must be submitted for arbitration on demand of either party.
v. Choice of forum	§16.5	Subject to state law, any mediation, arbitration or litigation must be held and conducted in Wrentham, Massachusetts or federal courts over Wrentham, Massachusetts.
w. Choice of law	§16.5 and 17.12	Subject to state law, Massachusetts law will govern.

**ITEM 18. PUBLIC FIGURES**

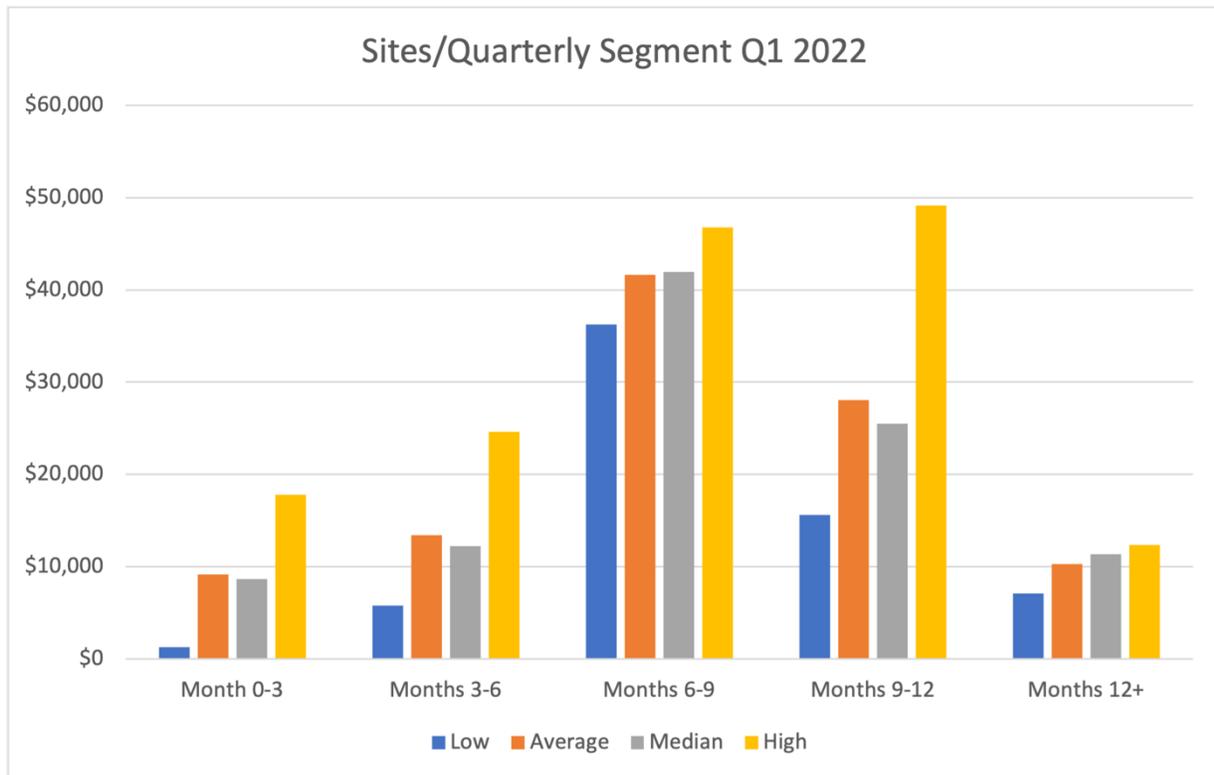
In January 2023, Kevin Harrington acquired a 5% interest in DRIPBaR Franchising, LLC. As an original “shark” on the hit TV show *Shark Tank*, the creator of the infomercial, pioneer of the As Seen on TV brand, and co-founding board member of the Entrepreneur’s Organization, Kevin Harrington has pushed past all the questions and excuses to repeatedly enjoy 100X success. His legendary work behind the scenes of business ventures has produced more than \$5 billion in global sales, the launch of more than 500 products, and the making of dozens of millionaires. He’s launched massively successful products like The Food Saver, Ginsu Knives, The Great Wok of China, The Flying Lure, and many more. He has worked with amazing celebrities turned entrepreneurs including, like Billie Mays, Tony Little, Jack LaLanne, and George Foreman to name a few. Kevin’s been called the Entrepreneur’s Entrepreneur and the Entrepreneur Answer Man, because he knows the challenges unique to start-ups and has a special passion for helping entrepreneurs succeed.

**ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The following financial performance representations disclose the average historical data relating to the operation of franchised DRIPBaR businesses that were open and operating during the 2022 calendar year and from January 1, 2023 to March 31, 2023.

## 2022 1<sup>st</sup> Quarter Performance for DRIPBaR Franchised Locations



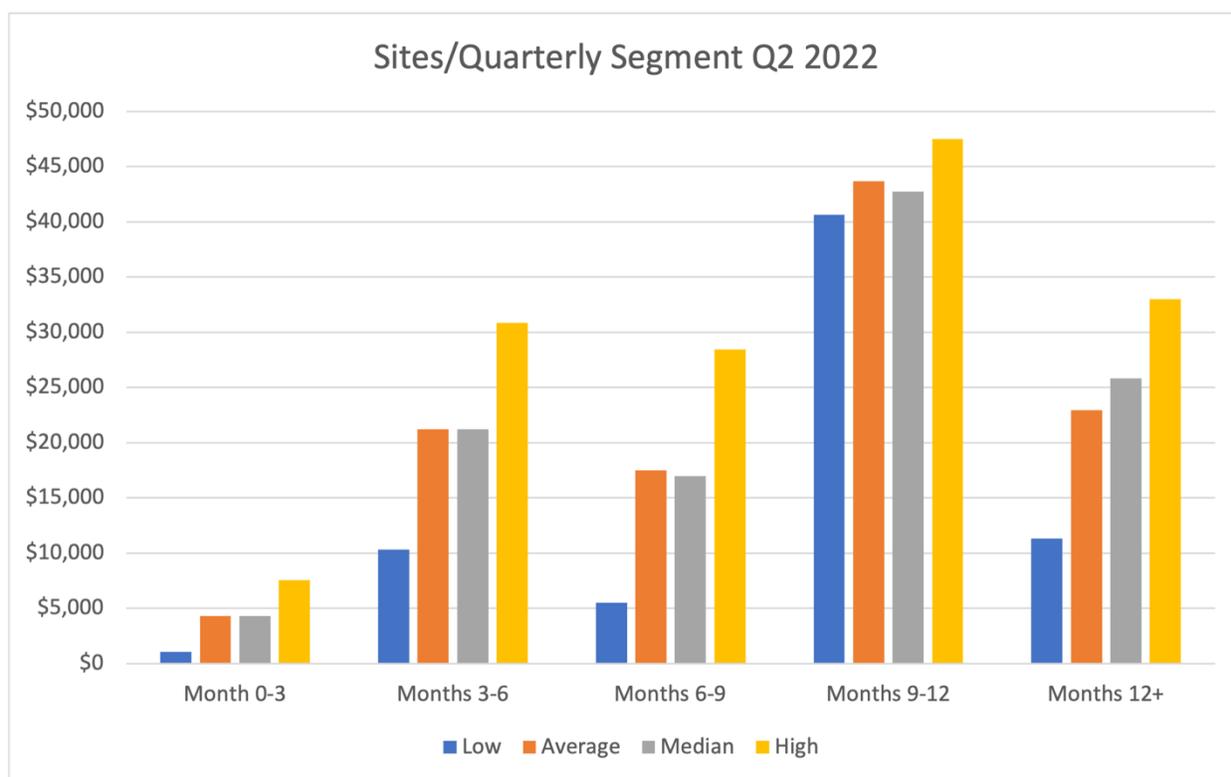
Note: the above chart shows the low, average, high and median for all reported locations that were open during the 1<sup>st</sup> calendar quarter of the 2022 calendar year. Below is the data in numerical format for reference.

	Opened 0-3 Months <sup>1</sup>	Opened 4-6 Months <sup>1</sup>	Opened 7-9 Months <sup>1</sup>	Opened 10-12 Months <sup>1</sup>	Opened 12+ Months <sup>1</sup>
Gross Sales Low	\$1,299	\$5,798	\$36,256	\$15,599	\$7,103
Gross Sales Average	\$9,194	\$13,422	\$41,646	\$28,068	\$10,270
Gross Sales Median	\$8,681	\$12,217	\$41,959	\$25,491	\$11,334
Gross Sales High	\$17,789	\$24,647	\$46,748	\$49,153	\$12,372
Average Age (in months)	1.0	4.4	6.3	10.5	14.5
Number of Locations per Quarter <sup>2</sup>	8	4	2	3	1
Cumulative Number of Locations <sup>2</sup>	18	10	6	4	1

Note 1: This data is for the 3 month period combined for the number of locations per quarter represented.

Note 2: This data is based upon the number of locations that reported data to us and includes data solely based upon data collected during the 1<sup>st</sup> Quarter (January, February and March) of the 2022 calendar year.

## 2022 2<sup>nd</sup> Quarter Performance for DRIPBaR Franchised Locations



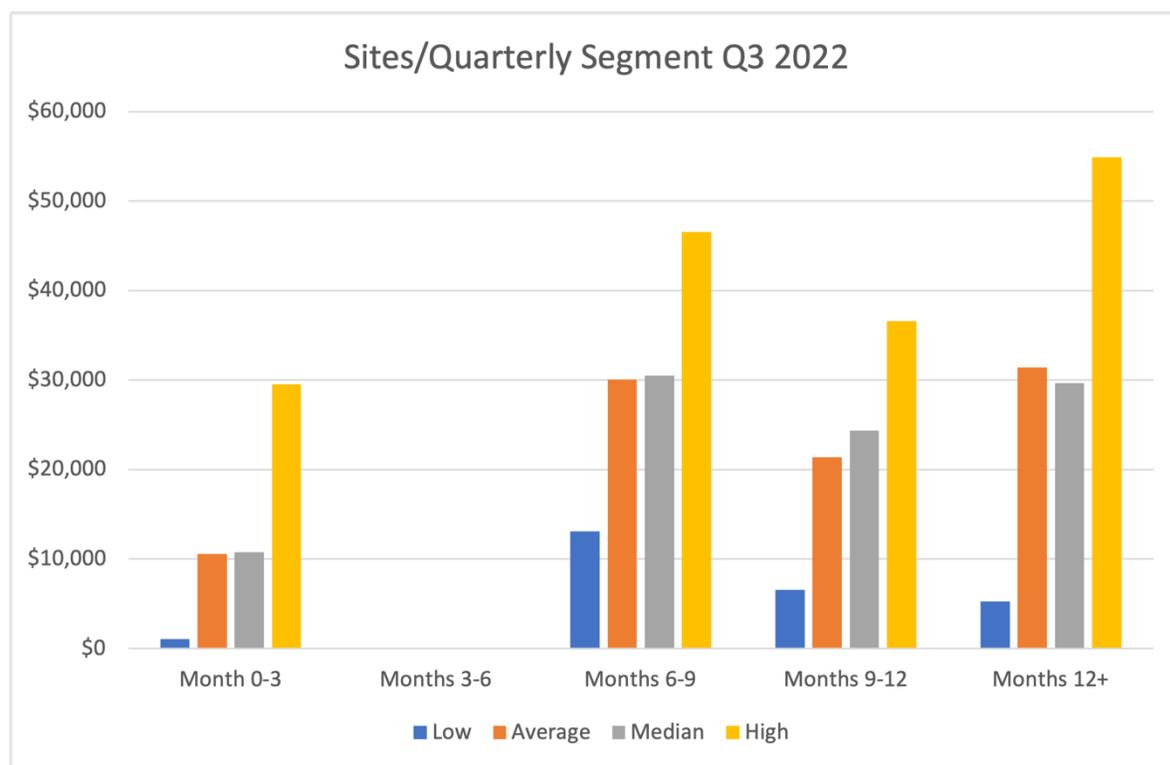
Note: the above chart shows the low, average, high and median for all reported locations that were open during the 2<sup>nd</sup> calendar quarter of the 2022 calendar year. Below is the data in numerical format for reference.

	Opened 0-3 Months <sup>1</sup>	Opened 4-6 Months <sup>1</sup>	Opened 7-9 Months <sup>1</sup>	Opened 10-12 Months <sup>1</sup>	Opened 12+ Months <sup>1</sup>
Gross Sales Low	\$1,071	\$10,329	\$5,492	\$40,641	\$11,308
Gross Sales Average	\$4,308	\$21,218	\$17,496	\$43,695	\$22,943
Gross Sales Median	\$4,308	\$21,216	\$16,973	\$42,741	\$25,799
Gross Sales High	\$7,546	\$30,846	\$28,453	\$47,488	\$32,966
Average Age (in months)	0.5	4.0	7.4	9.3	14.5
Number of Locations per Quarter <sup>2</sup>	1	8	4	2	4
Cumulative Number of Locations <sup>2</sup>	19	18	10	6	4

Note 1: This data is for the 3 month period combined for the number of locations per quarter represented.

Note 2: This data is based upon the number of locations that reported data to us and includes data solely based upon data collected during the 2<sup>nd</sup> Quarter (April, May and June) of the 2022 calendar year.

## 2022 3<sup>rd</sup> Quarter Performance for DRIPBaR Franchised Locations



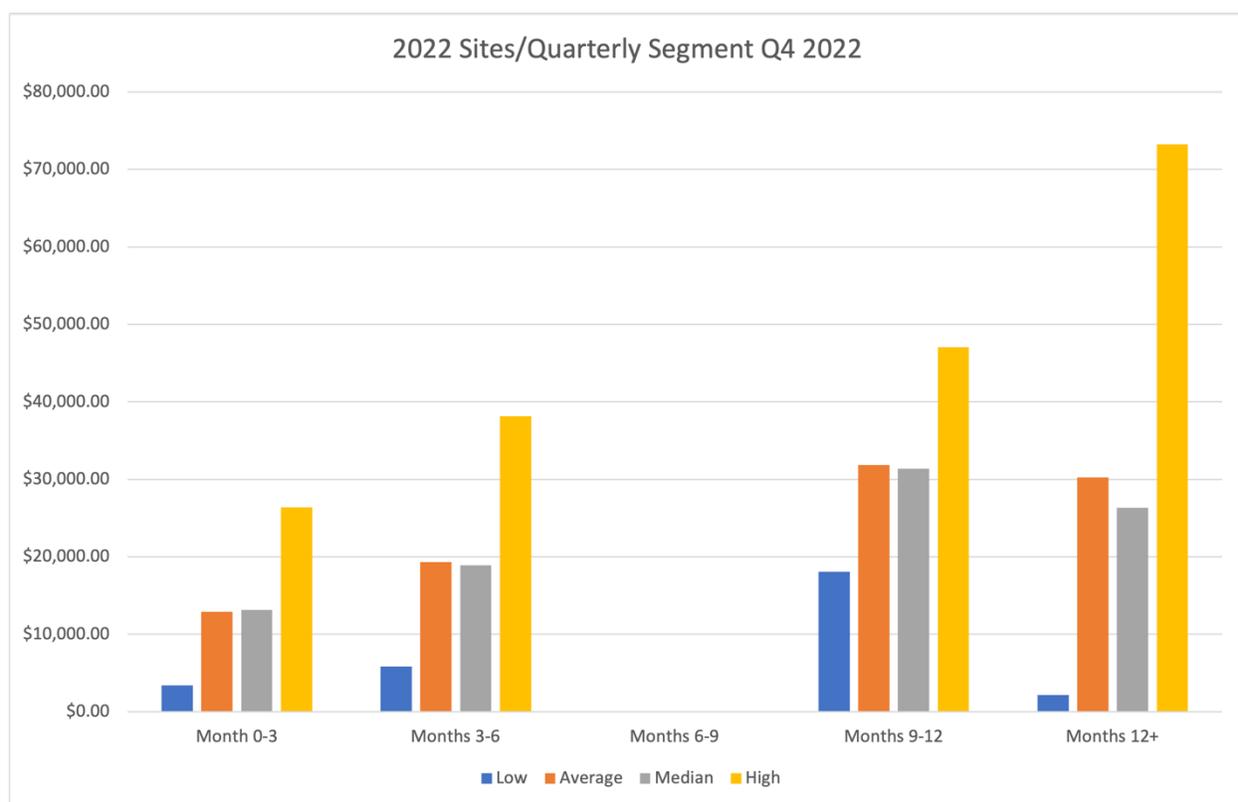
Note: the above chart shows the low, average, high and median for all reported locations that were open during the 3<sup>rd</sup> calendar quarter of the 2022 calendar year. Below is the data in numerical format for reference.

	Opened 0-3 Months <sup>1</sup>	Opened 4-6 Months <sup>1</sup>	Opened 7-9 Months <sup>1</sup>	Opened 10-12 Months <sup>1</sup>	Opened 12+ Months <sup>1</sup>
Gross Sales Low	\$1,091	N/A	\$13,121	\$6,575	\$5,258
Gross Sales Average	\$10,580	N/A	\$30,086	\$21,365	\$31,397
Gross Sales Median	\$10,797	N/A	\$30,492	\$24,390	\$29,692
Gross Sales High	\$29,519	N/A	\$46,536	\$36,573	\$54,883
Average Age (in months)	1.1	N/A	6.8	8.8	11.5
Number of Locations per Quarter <sup>2</sup>	12	0	8	4	6
Cumulative Number of Locations <sup>2</sup>	30	18	18	10	6

Note 1: This data is for the 3 month period combined for the number of locations per quarter represented.

Note 2: This data is based upon the number of locations that reported data to us and includes data solely based upon data collected during the 3<sup>rd</sup> Quarter (July, August and September) of the 2022 calendar year.

## 2022 4<sup>th</sup> Quarter Performance for DRIPBaR Franchised Locations



Note: the above chart shows the low, average, high and median for all reported locations that were open during the 4<sup>th</sup> calendar quarter of the 2022 calendar year. Below is the data in numerical format for reference.

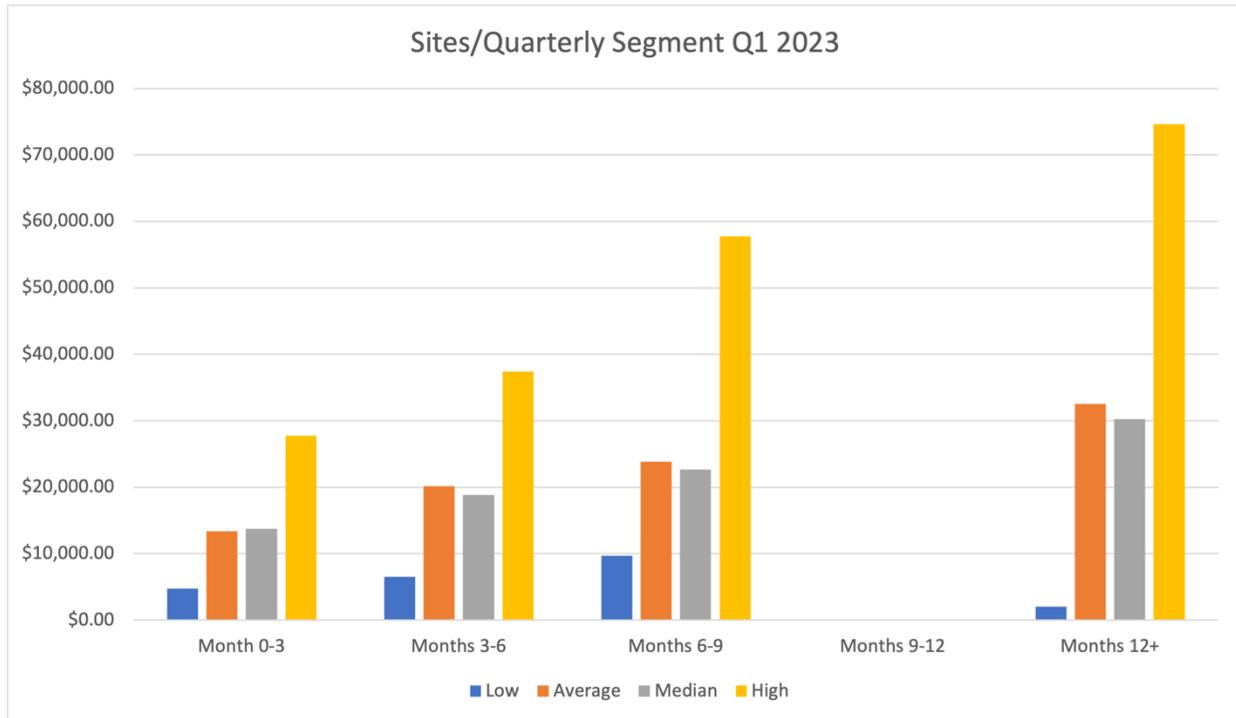
	Opened 0-3 Months <sup>1</sup>	Opened 4-6 Months <sup>1</sup>	Opened 7-9 Months <sup>1</sup>	Opened 10-12 Months <sup>1</sup>	Opened 12+ Months <sup>1</sup>
Gross Sales Low	\$3,376.39	\$5,824.46	N/A	\$18,098.00	\$2,127.60
Gross Sales Average	\$12,915.22	\$19,321.48	N/A	\$31,830.83	\$30,282.19
Gross Sales Median	\$13,142.93	\$18,879.06	N/A	\$31,361.88	\$26,316.80
Gross Sales High	\$26,378.24	\$38,156.52	N/A	\$47,085.78	\$73,232.91
Average Age (in months)	1.6	4.9	N/A	10.0	16.6
Number of Locations per Quarter <sup>2</sup>	8	12	0	8	10
Cumulative Number of Locations <sup>2</sup>	38	30	18	18	10

Note 1: This data is for the 3 month period combined for the number of locations per quarter represented.

Note 2: This data is based upon the number of locations that reported data to us and includes data solely based upon data collected during the 4<sup>th</sup> Quarter (October, November, and December) of the 2022

calendar year.

**Performance for DRIPBaR Franchised Locations open and operational during January 1, 2023 to March 31, 2023**



Note: the above chart shows the low, average, high and median for all reported locations that were open at any point from January 1, 2023 to March 31, 2023. Below is the data in numerical format for reference.

	Opened 0-3 Months <sup>1</sup>	Opened 4-6 Months <sup>1</sup>	Opened 7-9 Months <sup>1</sup>	Opened 10-12 Months <sup>1</sup>	Opened 12+ Months <sup>1</sup>
Gross Sales Low	\$4,726.75	\$6,499.02	\$9,734.90	N/A	\$2,003.75
Gross Sales Average	\$13,391.69	\$20,170.29	\$23,829.26	N/A	\$32,579.10
Gross Sales Median	\$13,763.40	\$18,807.96	\$22,689.17	N/A	\$30,273.13
Gross Sales High	\$27,753.00	\$37,431.64	\$57,773.19	N/A	\$74,615.59
Average Age (in months)	1.3	4.6	7.9	N/A	16.7
Number of Locations per Quarter <sup>2</sup>	11	8	12	0	18
Cumulative Number of Locations <sup>2</sup>	49	38	30	18	18

Note 1: This data is for the 3 month period combined for the number of locations per quarter represented.

Note 2: This data is based upon the number of locations that reported data to us and includes data solely

based upon data collected during the 1<sup>st</sup> Quarter (January, February and March) of the 2023 calendar year.

**Rent analysis for DRIPBaR Franchised Locations open and operational during the 2022 calendar year**

	Number of Units Reporting	Low	High	Average	Median	Percentage that met or exceeded the average
Size of Location*	35	700	3,538	1,546	1,400	28%
Rent Per Square Foot*	35	\$13.44	\$69.33	\$31.44	\$31	42%
Monthly Rent*	35	\$1,310.40	\$7,800	\$4,049.41	\$3,850	47%

\*This data is based upon the number of locations that reported data to us.

**Rent analysis for DRIPBaR Franchised Locations open and operational from January 1, 2023 to March 31, 2023**

	Number of Units Reporting	Low	High	Average	Median	Percentage that met or exceeded the average
Size of Location*	45	700	3,538	1,580	1,400	33%
Rent Per Square Foot*	45	\$11.02	\$69.33	\$30.53	\$31.00	42%
Monthly Rent*	45	\$1,142	\$8,000	\$4,020.20	\$3,726.48	51%

\*This data is based upon the number of locations that reported data to us.

**General Notes**

1. “Gross Sales” means all revenue that the representative franchised DRIPBaR businesses received, directly or indirectly, from operating the franchised DRIPBaR businesses, including all amounts or other consideration received from the Medical Director, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions.
2. The data above reflects Gross Sales data and does not reflect any costs or expenses that must be deducted from Gross Sales to obtain net income or net profit figures.
3. We calculated the figures in this Item 19 using data submitted to us by the representative franchised DRIPBaR businesses. We have not audited or independently verified this data nor have we asked questions of the representative franchised DRIPBaR businesses to determine whether they are in fact accurate and complete.
4. These results represent sales of products and services similar to those that will be available to the franchisee to sell.
5. Written substantiation for these financial performance representations is available upon reasonable request.
6. We recommend that you make your own independent investigation to determine whether or not the

franchise may be profitable, and consult with an attorney and other advisors before signing the Franchise Agreement.

7. **Some outlets have sold or earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.**

Other than the preceding financial performance representation, DRIPBaR Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing 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 Ben Crosbie at 236 Franklin Street, Wrentham, MA 02093 and 833-DRIPBaR, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For years 2020 to 2022**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
<b>Franchised</b>	2020	0	0	0
	2021	0	11	+11
	2022	11	40	+29
<b>Company-Owned</b>	2020	1	1	0
	2021	1	1	0
	2022	1	0	-1
<b>Total Outlets</b>	2020	1	1	0
	2021	1	12	+11
	2022	12	41	+29

**Table No. 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2020 to 2022**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
	2020	0

Colorado	2021	0
	2022	1
Florida	2020	0
	2021	1
	2022	1
Rhode Island	2020	0
	2021	1
	2022	1
<b>Total Transfers</b>	2020	0
	2021	2
	2022	3

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

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Colorado	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Florida	2020	0	0	0	0	0	0	0
	2021	0	4	0	0	0	0	4
	2022	4	4	0	0	0	0	8
Georgia	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	3	0	0	0	0	4
	2020	0	0	0	0	0	0	0

Louisiana	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Maine	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Maryland	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Michigan	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Missouri	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Nevada	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
New Jersey	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Rhode Island	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1

Texas	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	10	0	0	0	0	11
Utah	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
<b>Totals</b>	2020	0	0	0	0	0	0	0
	2021	0	11	0	0	0	0	11
	2022	11	29	0	0	0	0	40

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

<b>State</b>	<b>Year</b>	<b>Outlets at Start of the Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired From Franchisee</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisee</b>	<b>Outlets at End of the Year</b>
Rhode Island	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0
<b>Totals</b>	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0

**Table No. 5**  
**Projected Openings as of December 31, 2021**

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlet In The Next Fiscal Year</b>	<b>Projected New Company-Owned Outlet In the Next Fiscal Year</b>
Alabama	0	1	0
Alaska	1	1	0
Arizona	2	5	0
Arkansas	0	1	0
California	4	8	0
Colorado	1	6	0
Connecticut	0	5	0
Delaware	0	1	0
District of Columbia	0	1	0
Florida	12	21	0
Georgia	7	12	0
Hawaii	1	3	0
Idaho	0	1	0
Illinois	0	4	0
Indiana	1	4	0
Iowa	1	1	0
Kansas	0	1	0
Kentucky	0	1	0
Louisiana	1	5	0
Maine	0	1	0
Maryland	0	2	0
Massachusetts	3	6	0

Michigan	1	4	0
Minnesota	1	2	0
Missouri	0	2	0
Montana	0	1	0
Nevada	2	3	0
New Hampshire	1	1	0
New Jersey	3	3	0
New Mexico	0	1	0
New York	8	12	0
North Carolina	6	6	0
Ohio	1	4	0
Oklahoma	0	2	0
Oregon	0	3	0
Pennsylvania	1	4	0
South Carolina	0	6	0
Tennessee	3	4	0
Texas	10	30	0
Utah	3	3	0
Virginia	2	6	0
Washington	0	2	0
Wyoming	0	1	0
Total	76	191	0

\*Franchisees in Colorado, Florida, Georgia, Indiana, New Jersey, Pennsylvania, Texas, and Utah are operating under a Multi-Unit Development Agreement.

Exhibit D to this Disclosure Document lists the names of all current franchisees and the addresses and telephone numbers of their outlets as of the date of this Disclosure Document. There were no franchisees who had a Franchise Agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed

fiscal year, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the Franchise System.

No franchisee has signed confidentiality agreements during the last 3 fiscal years restricting its ability to speak openly about its experience with our franchise system.

We have established a franchise advisory board made up of franchisees. Below is the contact information for our franchise advisory board:

<b>Board Member Name</b>	<b>Phone Number</b>	<b>Email</b>
Enrique Sanchez	(210) 573-4619	<a href="mailto:Enrique.sanchez@TheDRIPBaR.com">Enrique.sanchez@TheDRIPBaR.com</a>
Danny Grammenopoulos	(704) 777-1197	<a href="mailto:Danny.Grammenopoulos@TheDRIPBaR.com">Danny.Grammenopoulos@TheDRIPBaR.com</a>
Sophia Quintana	(804) 971-1721	<a href="mailto:Sophia.Quintana@TheDRIPBaR.com">Sophia.Quintana@TheDRIPBaR.com</a>
Malia Stocker	(503) 519-0683	<a href="mailto:Malia.Stocker@TheDRIPBaR.com">Malia.Stocker@TheDRIPBaR.com</a>
Manuel Torres	(210) 990-0334	<a href="mailto:Manuel.Torres@TheDRIPBaR.com">Manuel.Torres@TheDRIPBaR.com</a>
Matt Shirley	(318) 265-0220	<a href="mailto:Matt.Shirley@TheDRIPBaR.com">Matt.Shirley@TheDRIPBaR.com</a>
Stacy Iredell	(480) 213-3000	<a href="mailto:Stacy.Iredell@TheDRIPBaR.com">Stacy.Iredell@TheDRIPBaR.com</a>

The following independent franchisee organization has asked to be included in this disclosure document:

DRIPBaR Independent Franchisee Association, Inc.  
Attn: Adam S. Miller  
11011 Domain Drive  
Suite 104  
Austin, TX 78758  
(512) 627-7476

## **ITEM 21. FINANCIAL STATEMENTS**

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Our fiscal year end is December 31. Exhibit C contains our unaudited financial statements from January 1, 2023 through March 31, 2023 and audited financial statements for fiscal years 2022, 2021, and 2020.

## **ITEM 22. CONTRACTS**

Exhibits A, B and I of this Disclosure Document contains all contracts proposed for use or in use regarding the offer of our franchises, including the following agreements:

Exhibit A – Franchise Agreement  
Exhibit B – Multi-Unit Development Agreement

## **ITEM 23. RECEIPTS**

The last two pages of this Disclosure Document are detachable duplicate Receipts that serve as an acknowledgement of your receipt of a copy of this Disclosure Document. You should sign both copies of the Receipt and return one copy to us.

**EXHIBIT A**  
**TO FRANCHISE DISCLOSURE DOCUMENT**

**DRIPBAR FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

## **FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (“Agreement”) is made as of the Effective Date set forth in the Rider attached to this Agreement (the “Rider”) between DRIPBaR Franchising, LLC, a Delaware limited liability company (“we” or “us”) and the person or persons named in the Rider as “Franchisee” (“you”). If you are a corporation, partnership, limited liability company or other entity approved by us to own a Franchised Business (the “Approved Entity”), the term “owners” in this Agreement shall refer to your shareholders, partners, members or other interest holders. Unless otherwise approved by us, the term “Controlling Person” refers to the person who owns forty percent (40%) or more and the largest share of the general partnership interest of such partnership; the equity and voting power of all classes of the issued and outstanding capital stock of such corporation; the membership interests of such limited liability company or the voting and ownership interests of such other entity.

### **INTRODUCTION**

- A. We have invested substantial time, effort and money to develop a system of operating businesses that will either (i) provide Practice Management Support to medical practices and licensed professionals offering and providing intravenous vitamin therapies (“I.V. Vitamin Therapy Services”) or (ii) offer and provide I.V. Vitamin Therapy Services to customers. We grant franchises to qualified candidates for the operation of a DRIPBaR franchise. We license our trademark rights in “DRIPBAR<sup>®</sup>,” as granted to us by our affiliate, and may in the future adopt, use and license additional or substitute trademarks, service marks, logos and commercial symbols in connection with the operation of Franchised Businesses (collectively the “Marks”). Franchised Businesses use our methods, procedures, standards, specifications and the Marks (all of which are collectively referred to as the “System”) which we may improve, further develop or otherwise modify from time to time.
- B. You acknowledge that you have had an adequate opportunity to be thoroughly advised of the provisions of this Agreement and our Franchise Disclosure Document and have had sufficient time and opportunity to evaluate and investigate the System and the procedures and financial requirements associated with the System, as well as the competitive market in which it operates.
- C. You desire to operate a Franchised Business that will conform to our uniform requirements and quality standards as established from time to time by us.

### **1. GRANT OF FRANCHISE AND FRANCHISED LOCATION**

1.1. Grant of Franchise. Subject to the provisions stated below, we license to you a personal franchise to operate a DRIPBaR business (your “Franchised Business”) in conformity with our System at the location described on the Rider (the “Franchised Location”). You accept the license and undertake the obligation to operate your Franchised Business using the System and in compliance with our standards. Unless otherwise agreed in writing by us, you must open your Franchised Business within twenty-four (24) months from the Effective Date. You must thereafter diligently operate your Franchised Business in accordance with this Agreement for the entire remaining term of this Agreement. Notwithstanding the foregoing, if you are entering into this Agreement pursuant to the terms of a Multi-Unit Development Agreement executed between you and us, you will open your Franchised Business on or before the date set forth in the “Development Schedule” (as defined in the Multi-Unit Development Agreement). Your Franchised Business may only be operated at the Franchised Location. If you would like to open a second or subsequent location, you must sign a new franchise agreement on our then-current form for each location and pay the applicable franchise fees for each location.

1.2. Territory. Included in the Rider is a map or description of an area surrounding the Franchised Location (the “Territory”). Except as specified in this Section, during the term of this Agreement, we will not operate or license to anyone else the right to operate a Franchised Business from any other location in the Territory. You acknowledge and agree that (i) we and our affiliates have the right to grant other

franchises or licenses and to operate company or affiliate owned locations outside the Territory even if they compete with your Franchised Business for customers who may live and/or work in or near the Territory, (ii) we and our affiliates have the right to operate, and to grant franchises or licenses to others to operate franchised locations and any other business from locations within and outside the Territory under trademarks other than the Marks, without compensation to you, provided; however, that with respect to this clause (iii), we and our affiliates will not operate franchised locations within the Territory, or grant franchises or licenses to others to operate Franchised Businesses within the Territory, unless we do so through a Non-Traditional Site or after we or our affiliates acquire, or merge with, another business that operates or grants franchises to operate a Competitive Business, or after we are acquired by such a business, in which case we may do so, provided we do not operate those Competitive Businesses in the Territory using the Marks, or license anyone to use the Marks to operate such Competitive Businesses in the Territory. In addition, the boundaries of your Territory may overlap with a territory we grant to another franchisee or to a location we or our affiliates operate, so long as no other location is located within your Territory.

### 1.3. Non-Traditional Sites.

1.3.1. You further understand, acknowledge and agree that we and our affiliates alone have the right, both within and outside of the Territory, to own and operate or grant franchises to others to operate businesses under the same or different marks in transportation facilities, including airports and train stations; military bases and government offices and facilities; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals and health care facilities; fitness businesses; malls; schools and universities; or any similar captive market or any other location to which access to the general public is restricted (a “Non-Traditional Site”).

1.3.2. You understand and acknowledge that if any Non-Traditional Site is located within the physical boundaries of your Territory, then the premises of such Non-Traditional Site will not be included in your Territory, you will have no rights to this Non-Traditional Site, and you cannot hold us in default under the terms of this Franchise Agreement for granting the rights to or opening such Non-Traditional Site.

1.3.3. Notwithstanding the foregoing, you hereby understand, acknowledge and agree that in the event we permit you to operate a Franchised Business at a Non-Traditional Site, which we are under no obligation to do, you will not receive any Territory.

1.4. Additional Reservation of Rights. We and our affiliates reserve any and all rights not expressly granted to you under this Agreement, including, without limitation, the right to sell anywhere (including within the Territory) products and services (including to your customers) under the “DRIPBaR” name, or under any other name, through any channel of distribution.

## 2. TERM AND RENEWAL RIGHTS

2.1. Initial Term. The term of this Agreement is for ten (10) years commencing on the Effective Date of this Agreement, unless terminated earlier as provided in this Agreement.

2.2. Notice of Expiration. If applicable law requires us to give notice of expiration to you at a specified time before the expiration of the Term of this Agreement, and we have not done so, then the Term of this Agreement will be extended on a month-to-month basis until we have given you the required notice of expiration and the required period before the expiration of the Agreement becomes effective has expired.

2.3. Renewal. You have the right to renew your franchise for the Franchised Location for two (2) additional ten (10) year terms, provided you meet all of the following conditions:

2.3.1. You have given us written notice at least one hundred eighty (180) days prior to the end of the then-current term of this Agreement of your desire to renew;

2.3.2. you and all entities you are a member, partner or shareholder of, are in compliance with all agreements between you and us and between you and our affiliates, and there has been no series of defaults by you thereunder (i.e., an abnormal frequency of defaults or a default that has occurred repeatedly, or a combination thereof), whether or not such defaults were cured;

2.3.3. you make, or provide for in a manner satisfactory to us, such renovation and reequipping of your Franchised Business as we deem appropriate to reflect the then-current standards and image of the System, including, without limitation, renovation or replacement of signs, equipment, furnishings, fixtures and decor;

2.3.4. you pay us a renewal fee at least fifteen (15) days prior to the expiration of the initial term of this Agreement in an amount equal to five thousand dollars (\$5,000) (the “Renewal Fee”);

2.3.5. you sign the standard Franchise Agreement then being used by us within thirty (30) days of receipt, provided that you pay the Renewal Fee in lieu of the Initial Franchise Fee set forth in the then-current Franchise Agreement. The terms of such Franchise Agreement may differ from this Agreement, including higher fees and a modification to the Territory based upon our then-current methods of determining Territory areas (and which may include a reduction in the Territory);

2.3.6. you present satisfactory evidence that you have the right to remain in possession of the Franchised Location for the duration of the renewal term, unless we determine that the location of your business is no longer viable for the operation of your Franchised Business, in which case we may condition your right to renew on your obtaining a new site for your Franchised Business that we approve;

2.3.7. your management staff successfully completed any refresher training prescribed by us at least thirty (30) days prior to the expiration of the term of this Agreement; and

2.3.8. at the time you sign the Franchise Agreement to renew your franchise, you sign and deliver to us a general release, in the form we prescribe, releasing, to the fullest extent permitted under the laws of the state where your Franchised Business is located, all claims that you may have against us and our affiliates and our respective current and former officers, directors, shareholders, employees, insurers, consultants, contractors and agents, in both their corporate and individual capacities.

If you fail to timely comply with any provision of this Section, time being of the essence, we will at all times thereafter be permitted to operate or license to someone else the right to operate a Franchised Business from any location in the Territory, and you specifically grant to us and to the owner of that center the right to contact the customers of your Franchised Business, notify them that you have chosen not to renew your relationship with us, and solicit those customers for the benefit of us or another franchisee of the System.

### **3. MARKS AND COPYRIGHTS**

3.1. Identity of Your Franchised Business. Your Franchised Business will be identified by the trademark “DRIPBAR®.”

3.2. Ownership of Mark. You agree that we own or have sublicensed the rights to the Marks and the System. You also agree that any and all improvements and derivations by you relating to the Marks and System are our sole property and you hereby assign to us the same, together with the goodwill associated with the same. We will have the exclusive right to register and protect all such improvements and derivations of the Marks and the System.

3.3. Use. Your right to use and identify with the Marks and System applies only to the Franchised Location and exists concurrently with the term of this Agreement and only so long as you are in complete compliance with our quality standards. You will have the right to use the Marks and System only in the manner prescribed, directed and approved by us in writing. You will not have or acquire any rights in any of the Marks or System other than the right of use as governed by this Agreement. You may not authorize others to use or reproduce our Marks without our prior written consent. Your use of the Marks and any resulting goodwill will be to our exclusive benefit. If, in our judgment, your conduct infringes upon or demeans the goodwill, standards of uniformity or quality, or business standing associated with the Marks or the System, you will immediately, upon written notice from us, modify your use of the Marks and the System in the manner prescribed by us in writing. You will not during or after the term of this Agreement do anything directly or indirectly which would disparage, infringe upon, harm, or contest our rights in, the Marks or System.

3.4. Promotion. You will operate your Franchised Business so that it is clearly identified and advertised as a DRIPBaR business. The style, form and use of the words “DRIPBaR” in any advertising, written materials, products or supplies, including but not limited to any Technology Platform (defined below), must, however, have our prior written approval and comply with our specifications as we may prescribe in writing and as set forth in the Manual, or otherwise. You will use the trademark “DRIPBAR<sup>®</sup>” and the other Marks which now or hereafter may form a part of the System, on all signs, paper supplies, business cards, uniforms, advertising materials, Technology Platforms, signs and other articles in the identical combination and manner as we may prescribe in writing and you will supply to us samples or photographs of the same upon our request. You will comply with all trademark, trade name, service mark and copyright notice marking requirements and you will supply to us samples or photographs of the same upon our request. You will not use the words “DRIPBaR” in your corporate, partnership, limited liability company or other entity name.

3.5. Substitutions of or Adverse Claims to Marks. We have the right to protect and maintain all rights to the Marks against encroachment, misuse or unauthorized use and against all challenges to any rights of its use, as we deem appropriate. If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, or to discontinue using any Mark, or if there is an adjudication by a court of competent jurisdiction that any party’s rights to any of the Marks are superior to ours, then upon written notice from us, you will, at your sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by us in writing, and if the Mark that is changed is the name “DRIPBaR,” then all references in this Agreement to the name “DRIPBaR” will be deemed references to such substitute Mark. If we modify or discontinue use of any Mark, you will immediately cease using the Marks specified by us, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by us in connection with all advertising, marketing and promotion of your Franchised Business. We will have no liability or obligation whatsoever with respect to your modification or discontinuance of any Mark. You will not make any changes or amendments in or to the use of the Marks or System unless directed by us in writing.

3.6. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you with respect to the Marks and will, at your reasonable expense, cooperate in all respects with us in any court or other proceedings involving the Marks. We will pay the cost and expense of all litigation incurred by us, including attorneys’ fees, specifically relating to the Marks. We will have the right to control and conduct any litigation relating to the Marks and be entitled to all recovery related to claims with respect to the Marks. We will defend, indemnify, and hold you and your owners, members, employees, and agents harmless for your authorized use of the Marks. You will also be required to reimburse us for liability arising out of your unauthorized use of any of the Marks.

3.7. Copyrighted Materials. You acknowledge and agree that we may authorize you to use certain copyrighted or copyrightable works (the “Copyrighted Materials”), including the Manual (as defined below). The Copyrighted Materials are our valuable property. Your rights to use the Copyrighted Materials are granted to you solely on the condition that you comply with the terms of this Agreement. Your use of the Copyrighted Materials does not vest you with any interest other than the temporary, non-exclusive license to use the Copyrighted Materials granted in this Agreement. All rights that inure as a result of the use of the Copyrighted Materials belong solely to us.

3.8. Protection. You will sign any documents that we or our counsel deem necessary for the protection of the Copyrighted Materials or the Marks or to maintain their validity or enforceability, or to aid us, at our expense, in acquiring rights in or in registering any of the Marks or any trademarks, trade names, service marks, slogans, logos or emblems that we subsequently adopt.

#### **4. INITIAL FRANCHISE FEE**

4.1. Initial Franchise Fee. You will pay us a non-refundable initial franchise fee (the “Initial Franchise Fee”) as set forth in the Rider. The Initial Franchise Fee will be paid upon the execution of this Agreement,

less any amount applied by us from a development fee paid to us by you pursuant to a multi-unit development agreement, if applicable.

4.2. No Refunds. The Initial Franchise Fee has been fully earned upon our signing of this Agreement and is non-refundable in consideration of the expenses incurred by us in granting this franchise and for the lost or deferred opportunity to franchise others.

## 5. ROYALTY FEE

5.1. Royalty Fee. You will pay us a non-refundable royalty payment (the “Royalty Fee”). Your Royalty Fee may be drawn in real time, daily or weekly. The Royalty Fee will be seven percent (7%) of Gross Sales. We reserve the right to change the frequency at which the Royalty Fee is due.

5.2. Gross Sales Defined. The term "Gross Sales" means all revenue that you receive, directly or indirectly, from operating your Franchised Business, including all amounts or other consideration you receive from the Medical Director, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Gross Sales does not include any sales tax or other tax collected by the Franchised Business and paid to the appropriate taxing authority. Gross Sales will also include amounts you earn from the sale of any online group-bought deals and the sale of any gift cards or gift certificates, in each case calculated using our then current guidelines, which may be based on the redeemed value or sale price of the deals, cards or certificates. Gross Sales does not, however, include any federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority. We will require that you provide your profit and loss statements to us on a monthly basis for our review in a manner that we prescribe.

5.3. Method of Payment. Notwithstanding any designation by you, we have the sole discretion to apply any payments made by you to any of your indebtedness for Royalty Fees, General Advertising and Marketing Fees, purchases from us or our affiliates, vendors, interest, collection costs or any other indebtedness. You agree that you will not withhold payment of any Royalty Fees, General Advertising and Marketing Fees or any other amount due us, and that the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees, General Advertising and Marketing Fees or any other amounts due.

You hereby authorize your billing and payment processor to deduct from any monies it collects on your behalf the amount of all fees and payments you are obligated to pay us and to our affiliates and to pay those fees to us or to our affiliates on the due date of such fee. We also have the right to require you to sign and deliver to us, our bank(s) and your bank, as necessary, all forms and documents that we may request to permit us to debit your account, either by check, via electronic funds transfer or other means or such alternative methods as we may designate (“Payment Methods”) for all fees and payments due to us. We may use the Payment Methods to collect Royalty Fees, advertising fees and any other amounts due to us or our affiliates on the date such amounts become due. You will notify us at least twenty (20) days before closing or changing the account against which such debits are to be made. If such account is closed or ceases to be used, you will immediately provide all documents and information necessary to permit us to debit the amounts due from an alternative account. You acknowledge that these requirements are only a method to facilitate prompt and timely payment of amounts due and will not affect any obligation or liability for amounts owed. You must sign the ACH Authorization form attached hereto as Attachment E.

5.4. Security Interest. You grant us a first priority security interest in your receivables and equipment, whether now existing or hereinafter created, together with all proceeds of such assets. You authorize us to file one or more financing statements to evidence this security interest. However, we will subordinate our first priority interest to a lending institution that provides you financing for your Franchised Business.

5.5. Interest on Late Payments. You will pay us interest equal to one-and-a-half percent (1.5%), or the maximum commercial interest rate, whichever is less, per month of past due amounts if you fail to pay the Royalty Fee and General Advertising and Marketing Fees when due.

## **6. ADVERTISING AND PROMOTION**

6.1. Grand Opening Program. You agree to conduct a grand opening advertising and promotional program (“Grand Opening Program”) for your Franchised Business beginning four (4) weeks prior to your scheduled opening and ending four (4) weeks following the opening of your Franchised Business. The Grand Opening Program must target prospective customers throughout the Territory and meet the standards we establish from time to time. You must spend between six thousand five hundred dollars (\$6,500) and eleven thousand five hundred dollars (\$11,500) on your Grand Opening Program. The amounts you spend on the Grand Opening Program are in addition to the General Advertising and Marketing Fees (defined below) that you must pay to us. Upon request by us, you must provide us with a report itemizing the amounts you spent on the Grand Opening Program. If you fail to spend the minimum required amount on the Grand Opening Program, we have the right to collect from you the difference between what you actually spent and the minimum required expenditure and contribute such difference to the General Advertising and Marketing Fund (defined below).

6.2. General Advertising and Marketing Fee. We have established a general advertising and marketing fund for the common benefit of System franchisees (the “General Advertising and Marketing Fund”), and we require you to contribute a fixed percentage of your Gross Sales each month to the General Advertising and Marketing Fund (the “General Advertising and Marketing Fees”). During the calendar year ending December 31, 2023, each franchisee will contribute one percent (1%) of Gross Sales each month to the General Advertising and Marketing Fund. Beginning January 1, 2024, each franchisee will begin contributing two percent (2%) of Gross Sales each month to the General Advertising and Marketing Fund.

6.2.1. The General Advertising and Marketing Fees are due at the same time and using the same method as your Royalty Fee, but we reserve the right to change the frequency at which they are due. The first payment is not due until the month that begins immediately after the month that your Franchised Business opens. Your obligation to pay the General Advertising and Marketing Fees continues through the term of this Agreement. You will also pay the full amount of the General Advertising and Marketing Fees for the last month of the term of this Agreement, regardless the actual termination date of this Agreement.

6.2.2. We have the right to use General Advertising and Marketing Fund Contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising and public relations materials which promote, in our sole judgment, the products offered by System franchisees. We may use the General Advertising and Marketing Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising. We are not obligated to expend monies from the General Advertising and Marketing Fund in any particular franchisee’s market in proportion to the payments to the General Advertising and Marketing Fund made by the franchisee in that market. We do not represent that we will spend any particular amount of General Advertising and Marketing Funds locally, regionally, or nationally.

6.2.3. We shall administratively segregate all contributions to the General Advertising and Marketing Fund on our books and records. All such payments to the General Advertising and Marketing Fund may be deposited in our general operating account, may be commingled with our general operating funds, and may be deemed an asset of ours, subject to our obligation to expend the monies in the General Advertising and Marketing Fund in accordance with the terms hereof. We may, in our sole discretion, elect to accumulate monies in the General Advertising and Marketing Fund for such periods of time, as we deem necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. We shall spend all amounts collected during the fiscal year in which those amounts are collected. In the event our expenditures for the General Advertising and Marketing Fund in any one fiscal year shall exceed the total amount contributed to the General Advertising and Marketing Fund during such fiscal year, we shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the General Advertising and Marketing Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust.

6.2.4. We use General Advertising and Marketing Fund Contributions to develop and prepare

advertising which we distribute to System franchisees for their placement in the local media. The advertising is prepared by us and by outside sources. If we do not spend all General Advertising and Marketing Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. There is no requirement that the General Advertising and Marketing Fund be audited. Upon your written request, we will provide you with an unaudited accounting of General Advertising and Marketing Fund expenditures.

6.2.5. We have the sole right to determine how to spend the General Advertising and Marketing Fund Contributions, or funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs, provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We are not required, under the Franchise Agreement, to spend any amount of General Advertising and Marketing Fund Contributions in your Territory and not all System franchisees will benefit directly or on a pro rata basis from our expenditures. We have the right to reimbursement from the General Advertising and Marketing Fund Contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the General Advertising and Marketing Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs.

6.3. Local Advertising, Digital Marketing, Social Media and Reputation Management. You are not required to spend any money on local advertising; however, you must pay us, or our approved supplier(s), a monthly fee as stated in the Manual for digital and social media advertising, online reputation management, our business app, and website and search engine optimization services. You may not design, develop or host a website, or any web page, or use any domain name or email address containing the marks or regarding the franchised business other than as approved or required by us. We or our affiliates may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or Google AdWords purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, “Digital Marketing”) that are intended to promote the Proprietary Marks, your franchised business, and the entire network of franchised businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to your franchised business. Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the franchised business. If we do permit you to conduct any Digital Marketing, you must (i) comply with any standards or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such standards or content requirements. We may withdraw our approval for any Digital Marketing at any time. Except as approved in advance in writing by us, you may not establish or maintain a separate website, splash page, profile or other presence on the Internet. If such approval is granted by us, you must: (i) establish and operate such Internet site in accordance with System standards and any other policies we designate in the Operating Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s).

6.4. Promotional Programs. We may conduct promotional campaigns on a national or regional basis to promote products or marketing themes. You must participate in all promotional campaigns which we may establish for the region in which your Franchised Business is located

## **7. BUSINESS PREMISES**

7.1. Site Acquisition. Prior to the acquisition by lease or purchase of the site for your Franchised Business, you will submit to us such information and materials as we may require, which may include, but not be limited to, your proposed lease. We will have ten (10) business days after receipt of the information and materials we requested to approve or disapprove your proposed site. No site will be deemed approved unless it has been expressly approved in writing by us by notice of site approval sent to you. Our examination

and approval of the location of your Franchised Business site does not constitute a representation, guaranty or warranty, express or implied, of the successful operation or profitability of the Franchised Business operated at that location. In addition, we may require you to furnish us with a copy of the signed lease within five (5) days after its execution.

7.1.1. Lease Approval. You must actively begin searching for a site for your Franchised Business no later than ninety (90) days after signing this Agreement. You must obtain our written approval of a proposed site for your Franchised Business before signing any lease, sublease, or other document for the site. We must also approve the lease for your site. We will not unreasonably withhold our approval of. Your proposed site or lease; however, our approval of a lease is conditioned upon the inclusion of certain lease terms required by us pursuant to a form of Lease Rider attached hereto as Attachment E. These lease terms shall include a collateral assignment of the lease. If you have not received our approval of your Franchised Business's proposed site and lease within ten (10) days after providing us with a copy of the lease ready for execution, then it shall be deemed accepted. If you and we cannot agree on a site within twelve (12) months after signing this Agreement, we reserve the right to terminate this Agreement upon delivery of written notice to you. If we terminate this Agreement pursuant to the terms of this Section 7.1.1, you will not be entitled to a refund of any amounts paid to us.

7.2. Opening. You may not initially open your Franchised Business to the public until you have completed all of your pre-opening obligations, and obtain our consent to you opening the business, including your opening date.

7.3. Relocation. You may not move or relocate your Franchised Business without our prior written consent, which consent shall not be unreasonably withheld.

7.3.1. The request for relocation must be made in writing, stating the new location, received by us at least sixty (60) days prior to the date of intended relocation, and be accompanied by a relocation fee of One Thousand Five Hundred Dollars (\$1,500). The new location must be within the Territory (as defined herein), and it may not be located within any territory we grant to any other franchisee. We will refund the relocation fee to you if we do not approve your new location.

7.3.2. Upon receipt of our approval, you must upgrade the new location to comply with all of our current specifications and construct the new premises in the manner required under Section 9.

## **8. FRANCHISOR'S OBLIGATIONS/TRAINING**

8.1. Location and Site Selection. We will provide you with consulting services to assist you in determining the evaluation criteria for selecting the site location for your Franchised Business. Review your site information and confirm the acceptability of your site subject to our minimum standards and specifications. We will endeavor to approve your site within 30 days of our receipt of your request, provided all required information has been submitted with the request. Factors considered in selection and confirmation of a site include population, traffic count, foot traffic, accessibility, visibility, demographics and competition in the area. You are exclusively responsible for selecting a location for your franchised business.

8.2. Initial Training. We will, at our expense, provide an initial training program to educate and acquaint you with the business of operating a Franchised Business. You will not be permitted to start our initial training program more than sixty (60) days from the scheduled opening date of your Franchised Business. The training program will include instruction on basic operating skills and other topics we select. If you have more than one Franchise Agreement with us, we may, at our option, provide this training program one (1) time for multiple agreements. The person you designate as your Designated Principal (whether you, if you are an individual, or one of your majority owners if you are an entity) (the "Designated Principal") must attend our initial training program before you open your Franchised Business, and successfully complete the training program. We have the right to reduce or extend the duration or content of the initial training for any trainee based on our assessment of their skill level. If anyone other than a Principal Owner attends the

training program, we will require they sign a confidentiality agreement that meets our requirement before they may attend, and you must provide us a copy of that agreement. You will be responsible for travel costs, room and board, salaries, fringe benefits, and other expenses incurred by you and your employees in attending the training program. Failure by your Designated Principal to complete the training program to our satisfaction is a material breach of this Agreement and we may terminate this Agreement at our option.

8.3. Additional Training. We will make available additional training which we deem advisable to familiarize you on changes and updates in the System. At your request, we may provide special assistance at your DRIPBaR Business for which you will be required to pay our then current per diem training fees and charges that we may establish from time to time.

8.4. Manual. We will loan you one copy of the manual in which we describe the System operational policies, standards, requirements and practices (the “Manual”). The Manual may be loaned to you by providing you access to an electronic version of the Manual. The Manual contains mandatory and suggested specifications, standards and operating procedures that we have developed for Franchised Businesses and information relating to your other obligations. You will comply with and operate your Franchised Business in conformance with all mandatory provisions of the Manual. We have the right to revise the Manual at any time or add additional manuals. You will incorporate all revisions into the Manual, and at all times the Manual (including any additional manuals) will remain on the premises of your Franchised Business. You will not make copies of any portion of the Manual without our prior written consent. You acknowledge that the required provisions of the Manual are designed to protect our standards and systems and our Marks and to create a uniform customer experience, and not to control the day-to-day operation of your Franchised Business.

8.5. Ongoing Assistance. During the operation of your Franchised Business, we will make available to you from time to time all changes, improvements and additions to the System and all supplements and modifications to the Manual.

8.6. Annual Conference. We require that you attend a mandatory franchisee conference once per calendar year during the Term. You are responsible for your own expenses and those of your employees who attend any such conferences. We require you to pay a fee to attend each conference; however, such fee shall not exceed one thousand dollars (\$1,000) per person, unless otherwise specified in the Manual.

8.7. Nature of Assistance and Training. You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this Agreement. If you believe we have failed to adequately provide any preopening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of your Franchised Business, you must notify us in writing within sixty (60) days following the opening of your Franchised Business or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment, and complied with all representations made to you.

8.8. Buildout. If applicable, we will provide a set of prototype plans for construction, or guidelines for buildout. These plans and guidelines are for informational purposes only and are not to be relied upon by you in the construction and/or buildout. Your final construction or buildout plans must be confirmed as acceptable by us in advance. You must use an approved architect and an approved civil engineer to customize your construction/buildout plans.

## **9. APPEARANCE AND OPERATION OF YOUR FRANCHISED BUSINESS**

The Marks and System licensed to you represent valuable goodwill distinctive of our business and reputation. We will promulgate, from time to time, standards of quality and service regarding the business operations of franchised businesses so as to protect the distinction and goodwill represented and symbolized by the Marks and System. You must abide by those standards and the provisions set forth below unless otherwise authorized by us in writing.

9.1. Construction. Your Franchised Business must be developed in accordance with applicable laws,

regulations, codes and other governing requirements, as well as our mandatory specifications (the “Mandatory Specifications”) that we provide to you, and the center specific layout/design that we may provide to you in our discretion (“Compliance Drawing”). If we elect to provide you with a Compliance Drawing, you will be required to supply us with accurate site information for your proposed location to allow us to create a Compliance Drawing for you. This information will include, but not be limited to, as-built drawings, surveys, technical data, construction documents and site plans. If you are developing a new Franchised Business, we will provide you with one Compliance Drawing at no additional cost.

9.1.1. Promptly after you have obtained possession of the site for your Franchised Business, you will: (i) retain the services of a licensed and qualified architect and/or design professional(s) to create a complete set of detailed construction documents in strict accordance with the Compliance Drawing and our Mandatory Specifications (“Construction Documents”), and to complete construction of your location in accordance with such Construction Documents; (ii) retain the services of a general contractor; (iii) have prepared and submitted for our approval a site survey and basic architectural plans and specifications consistent with our Mandatory Specifications; (iv) purchase or lease, and then, in the construction of your location, use only the building materials, equipment, fixtures, furniture and signs we have approved; (v) complete the construction and/or remodeling, equipment, fixtures, furniture and signage lease in decorating your location in full and strict compliance with the plans and specifications we approve, and with all applicable ordinances, building codes and permit requirements without any alterations; (vi) obtain all customary contractors’ sworn statements and partial and final waivers; and (vii) obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act.

9.1.2. We may designate a construction management services vendor to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits, and to assist you through construction. If we require you to use a designated vendor for construction management services, you must pay such vendor the then-current fee for construction management services.

9.1.3. If this Franchise Agreement is signed as part of the transfer of an existing franchise, or renewal of an existing franchise, then the construction required under this Section shall be the renovation of your Franchised Business in accordance with the provisions of the predecessor franchise agreement.

9.1.4. If your Franchised Business is not constructed strictly according to the plans we have approved and our Mandatory Specifications, we may not approve you to open for business. If we do not approve your opening, you will have thirty (30) days from the date we deny our approval for opening to correct all the construction problems so that your Franchised Business is strictly constructed according to our approved plans. If you fail to correct the problems within this 30-day period, we may immediately terminate this Agreement. If your Franchised Business opening is delayed for these or any other reasons, you will be responsible for any losses or costs relating to such delay.

9.1.5. You will make no changes to any building plan, design, layout or decor, or any equipment or signage in your Franchised Business without our prior written consent, and such changes may not be contrary to the Mandatory Specifications.

9.2. Signs. You will pay our approved vendor a monthly digital signage fee (currently, \$90) for lease and use of all televisions, digital media players, software licenses, content initialization, management of content and service, and 30-minutes of design work per month. You will prominently display, at your expense, both on the interior and exterior of your premises, signs in such form, color, number, location and size, and containing such Marks as we designate. We also may require you to use illuminated signs. You will obtain all permits and licenses required for such signs and will also be responsible for ensuring that all signs comply with all laws and ordinances. You will not display in or upon your premises any sign or advertising of any kind to which we object. We reserve the right to require you to update your signage at any time at your expense.

9.3. Services. You will conform to all quality and customer service standards prescribed by us in writing, provided that the standards are not specifically set for you, but are set for our entire system, or a specific region or market in which other System businesses are operating.

9.4. Pricing. We will set forth in the Manual suggested retail prices for services and products sold at the Franchised Business. We may implement changes to the suggested retail price lists from time to time for specific categories and assortments of services and products as market conditions dictate in our reasonable business judgment in order to enhance sales and maximize profitability of all DRIPBaR businesses. You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the services and products (subject to applicable law) offered and sold at the Franchised Business under this Agreement. With respect to the sale of all such services and products, you will have sole discretion as to the prices to be charged to customers; provided, however, that we will have the right to set maximum or minimum prices on such items (subject to applicable law), to promote inter brand competition. If we impose a maximum price on a particular item, then (subject to applicable law) you may charge any price for that item, up to and including the maximum price we have set. If we impose a minimum price on a particular item, then you may charge any price for that item (subject to applicable law), down to and including the minimum price that we have set

9.5. Maintenance of Premises. You will paint and keep in an attractive, clean and sanitary condition the interior and exterior of your Franchised Business. All equipment will be kept in good working order and will meet our quality standards.

9.6. Approved Information System. We may designate the information system used in your Franchised Business, including the computer hardware, software, other equipment and enhancements (the “Information System”). In such event, in connection with the approved Information System, you agree to the provisions set forth below.

9.6.1. You will be required to acquire the right to use the Information System, obtain peripheral equipment and accessories and arrange for installation, required maintenance and support services, and interfacing of your Information System with our accounting system, all at your cost. Installation must be performed by a person we have approved and trained.

9.6.2. You must purchase and install certain components of your Information System, including certain computer hardware and software and networking equipment, from us, our affiliate or other mandatory supplier or vendor. You must also pay us, our affiliate or other mandatory supplier or vendor for the shipping, taxes and installation of such components.

9.6.3. We will have the right at all times to access the Information System and to retrieve, analyze, download and use all software, data and files stored or used on the Information System. We may access the Information System in your Franchised Business or from other locations. You will store all data and information on the Information System.

9.6.4. As upgrades to the hardware and/or software are developed, we may require you to obtain and install any or all of these upgrades. You are responsible for the cost of all upgrades, including any initial and/or ongoing license, support or service fees.

9.6.5. You must have e-mail and high-speed Internet access capabilities at your Franchised Business location and/or management location. We or our affiliate will provide you with an email address and inbox as part of the Information System. You must purchase any additional email addresses and inboxes you require from us or our affiliate.

9.6.6. You are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us or our affiliates as the direct or indirect result of such disruptions, failures or attacks.

9.7. Billing and Payment Processing Services. We have the right to designate one or more approved vendors for billing and payment processing services. You must use the vendor that we designate (or one of the approved vendors if we designate more than one) for all your billing and payment processing. You must pay the designated vendor their customary charges for these billing and payment processing services, as

well as their customary charges for all other ancillary services they provide.

9.8. Indemnification. You hereby release and agree to hold us and our affiliates, and our respective officers and directors, harmless from and against any and all claims, liability, damages, or causes of action of any nature arising from, or in connection with, the installation, maintenance, or operation of the Information System and its billing and payment processing, except to the extent arising from such party's gross negligence or intentional acts.

9.9. Technology Platforms. Except as described in the Manual or otherwise in writing, we reserve the sole right to advertise the System on the Internet or sell any products or services on the Internet or any mobile or electronic application (or any current or future form of electronic platform or communication). You must participate in any Internet website, home page, web pages, electronic mail, social media sites, applications, online platforms, and other current or future forms of electronic communications that we require (collectively the "Technology Platforms"), as described in the Manual or otherwise in writing. To the extent that you may control or access any Technology Platform, the Technology Platforms must be operated and maintained by you in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards and requirements as we may specify from time to time. You must maintain any Technology Platform you control or access in compliance with all applicable laws, rules, and regulations, including but not limited to those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. You must submit all content for any Technology Platform to us for our prior written approval before using such content. You must pay us or our designee (which may be our affiliate) the then-current fees for the access to, modification of and maintenance of the Technology Platforms which currently include a monthly technology fee of one hundred thirty-five dollars (\$135); a Mobile & EMR fee of ninety-nine dollars (\$99); a Social Media & Reputation Management fee of two hundred ninety dollars (\$290); and a Website/SEO fee of four hundred twenty-five dollars (\$425); and an Advanced Business Automation fee of thirty-five dollars (\$35). We may modify, suspend, replace, discontinue or add to any Technology Platforms at any time and you must comply with such changes at your expense. We retain sole ownership of the Technology Platforms, including any domains names, content, email addresses and information stored on the Technology Platforms. Your access to the Technology Platforms will automatically terminate upon expiration or termination of this Agreement. You hereby release and agree to hold us, our officers and directors, harmless from and against any and all claims, liability, damages, or causes of action of any nature, arising from, or in connection with, the creation, operation, or maintenance of the Technology Platform, unless such liability arises out of our gross negligence or intentional acts.

9.10. Compliance with Our Standards. You will operate your Franchised Business through strict adherence to any mandatory standards, specifications and policies of the System as they exist from time to time, in order to ensure compliance with the quality standards of the System. You may offer from your Franchised Business only those products and services that we approve. We have the right to change the products and services that we require you to offer from your Franchised Business at any time, without limitation. You will at all times be responsible for the conduct of the day-to-day operation of your Franchised Business and for the terms of employment for your employees.

9.10.1. You acknowledge that the mandatory standards, specifications and policies we establish are not aimed at the day-to-day operation of your business, which will solely be within your control, but are merely intended to preserve the goodwill of the System and Marks.

9.10.2. Notwithstanding any requirements in the standards, specifications and policies of the System that require your Franchised Business to be open during the hours we designate in the Manual, which may change from time to time in our sole discretion.

9.10.3. We reserve the right to have someone conduct an inspection of your Franchised Business after you open. We will provide you a copy of the report at your request. If your Franchised Business does not receive a passing score from that visit, a new inspection will be conducted. This process will be repeated until you have received a passing score. At our option, you must pay us for a final inspection fee we establish for each failed inspection to defer any costs we incur in re-inspecting your

Franchised Business after the first inspection. This fee will be payable in the manner we specify.

9.11. Compliance with Laws. You will, at your expense, comply with all applicable local, state, federal and municipal laws, ordinances, rules and regulations pertaining to the operation of your Franchised Business, including, without limitation, any and all licensing and bonding requirements, health and safety regulations, labor and employment laws, and the Americans with Disabilities Act. You will, at your expense, consult an attorney to obtain advice with regard to compliance with all federal and state licensing laws and all other laws relating to the operation of your Franchised Business. Further, you will, at your expense, be exclusively responsible for determining the licenses and permits required by law for your Franchised Business, for filing, obtaining and qualifying for all such licenses and permits, and for maintaining all necessary licenses and permits throughout the term of this Agreement. You must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us immediately of any suspected data breach at or in connection with the Franchised Business.

9.12. Payment of Liabilities. You will timely pay all of your obligations and liabilities, including, without limitation, those due and payable to us, and to your suppliers, lessors and creditors.

9.13. Taxes. You will promptly pay all federal, state and local taxes arising out of the operation of your Franchised Business. We will not be liable for these or any other taxes and you will indemnify us for any such taxes that may be assessed or levied against us which arise or result from your Franchised Business, including any taxes imposed by your state on any royalties or other amounts you are required to pay to us and our affiliates.

9.14. Personnel.

9.14.1. Personnel of the Franchised Business. You are responsible for recruiting, hiring and training employees and others to operate your Franchised Business.

9.14.1.1. The people you retain to work in your Franchised Business will be your agents and employees. They are not our agents or employees and we are not a joint employer of those persons. It will be up to you to determine who to retain, how many people to retain (subject to any minimum staffing requirements we may prescribe), how you compensate these people, terms of employment and working conditions for your employees, when and how to discipline the people you hire, and when and how to terminate the people you hire. However, you are required at all times to comply with all applicable employment laws. You may not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your files. We will not have any duty or obligation to operate your Franchised Business, to direct your employees, to schedule your employees, or to oversee your employment policies or practices.

9.14.1.2. If you are an entity, you will designate an individual owning fifty percent (50%) or more of your equity interests to serve as the Designated Principal of your Franchised Business. The Designated Principal will devote his/her best efforts to the supervision and conduct of the development and operation of your Franchised Business and, as required in this Agreement, will agree to personally be bound by confidentiality and non-competition provisions of this Agreement. The Designated Principal, and anyone owning a controlling interest in your Franchised Business if other than the Designated Principal, will complete our initial training requirements and will complete all additional training as we may reasonably designate. We may, in our sole discretion, allow you to designate a manager to oversee your Franchised Business.

9.14.1.3. We will offer training to your employees from time to time. We may require you to send your employees to training and require you to pay our then-current fees for providing that training. However, the fact that we may offer training to your employees does not relieve you from the primary responsibility to assure your employees are properly trained. You will be solely responsible for all wages, travel, and living expenses, and all other costs incurred by you and your employees in connection with any training or instruction that we provide.

9.14.2. Personnel of the Medical Director. If you are required by your state's laws to retain

the services or engage with a Medical Director, the Medical Director will be responsible for employing and controlling any and all licensed healthcare professionals and staff who provide actual I.V. Vitamin Therapy Services to be delivered at and through the business where you operate your Franchised Business. If you are required by your state's laws to retain the services or engage with a Medical Director, you may NOT provide nor direct the administering of any I.V. Vitamin Therapy Services, nor supervise, direct, control or suggest to the professional corporation or its licensed healthcare professionals the manner in which the professional corporation provides or administers actual I.V. Vitamin Therapy Services to its customers. Due to various federal and state laws regarding the practice of medicine, and the ownership and operation of medical practices and health care businesses that provide I.V. Vitamin Therapy Services, it is critical that you, as non-licensed healthcare professional franchisee, do not engage in practices that are, or may appear to be, the practice of medicine. The Medical Director is responsible for, and must offer all I.V. Vitamin Therapy Services in accordance with all manner of law and regulation.

9.15. Telephone System Fee. You must reimburse us, on a monthly basis our actual costs and expenses incurred for your telephone system for your local telephone number for use by current and prospective customers. As of this date of this Franchise Agreement, this fee is thirty-two (\$32) dollars a month and be remitted by ACH. We reserve the right to increase this fee if needed to cover our reasonable expenses pertaining to the telephone system.

9.16. Photographs. We will have the right to photograph and make video or digital recordings of your Franchised Business premises, you and your employees at all reasonable times. We will have the right to use all photographs and videos or digital recordings of your Franchised Business for such purposes as we deem appropriate, including, but not limited to, use in training, advertising, marketing and promotional materials, and as evidence in any court or arbitration proceeding, to the extent the consent of any of your employees or others is required for our use of these photographs and recordings for commercial purposes, you will use your best efforts to obtain these consents. Neither you nor your employees will be entitled to any right to be compensated by us, our advertising agencies, or other franchisees for any use of such photographs or recordings.

9.17. Ownership of Information. All of the information we or our affiliates obtain from you or about your Franchised Business, and all information in your records or ours concerning the members of your Franchised Business (“the Information”) and all revenues we derive from the Information will be our property. However, you may at any time during the term of this Agreement use in the operation of your Franchised Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Franchised Business, such as customer data. The Information (except for information you provide to us or our affiliates with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or equity members of your entity) will become our property which we may use for any reason as we deem necessary or appropriate in our discretion. You hereby authorize your payment processor to release the information to us at any time. Following termination or expiration of this Agreement, you will no longer use any of the Information, except to comply with your post-term obligations under this Agreement, and you authorize your payment processor to release the Information exclusively to us and/or our designees.

9.18. Manual. You will operate your Franchised Business in accordance with all mandatory provisions of the Manual. You will treat the Manual as confidential and will use all reasonable efforts to maintain the Manual as secret and confidential. You will use the Manual only in the operation of your Franchised Business. The Manual will remain our sole property. We may from time to time revise the contents of the Manual. You agree to comply with each new or changed standard. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us will control. Any required specifications, standards and operating procedures described in the Manual or otherwise exist to protect our interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you.

9.19. Visits. A representative of ours may make visits to your Franchised Business to ensure

compliance with all required standards, specifications and procedures. Our representative will be allowed to inspect the condition and operation of your Franchised Business and all areas of your Franchised Business at any time during your business hours. Such inspections may include, without limitation, conducting any type of audit or review necessary to evaluate your compliance with all required payments, standards, specifications or procedures. We may, from time to time, make suggestions and give mandatory instructions with respect to your operation of your Franchised Business, as we consider necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the goodwill and image of the System. You expressly agree that these visits will not imply that you are in compliance with your obligations under this Agreement or under the law or that we waive our right to require strict compliance with the terms of this Agreement or the Manual. Furthermore, such visits will not create any responsibility or liability in our part. If you request that we make additional visits to your Franchised Business, you will pay the fees we establish for such visits. You will also allow us to visit your Franchised Business with prospective franchisees during your business hours.

9.20. Notices of Default; Lawsuits or Other Claims. You will immediately notify us of and deliver to us a copy of any notice regarding a breach, default, claim, lawsuit, administrative or agency proceedings or investigations, or other actions or proceedings relating to your Franchised Business. Upon request from us, you will provide such additional information as may be required by us regarding the same.

9.21. Your Dealings with Us and Our Affiliates. You acknowledge that when we are required to perform any services for you, we may use any third parties, including affiliates of ours, to perform those services. If you are required to pay us a fee for those services, we may have you pay that fee directly to the affiliate or third party that performs the service. However, if you are not required to pay us a fee for the service, you will not be obligated to pay any parties we contract with for services that we are required to provide to you without charge under this Agreement. We and our affiliates may also receive rebates or compensation from other parties in connection with the provision of such services.

9.22. Purchases. You will purchase only such types, models or brands of fixtures, furniture, equipment, inventory, supplies and other items that we approve for franchised businesses as meeting our standards for quality, design, warranties, appearance, function and performance. Although we do not do so for every item, we have the right to approve the manufacturer of any item used or sold in your Franchised Business. You will not install or maintain at your Franchised Business any newspaper racks, video games, jukeboxes, gaming machines, gum machines, vending machines, video or similar devices without our, and any necessary governmental, prior written approval. We may require you, in our sole discretion, to purchase certain fixtures, furniture, equipment, inventory, supplies, services, and other items used or offered at your Franchised Business from suppliers who have been approved by us, in which case we will provide you with a list of approved suppliers. In some states, the Medical Director can purchase its medical equipment (if any) and supplies, and other supplies, furniture and equipment from any supplier.

9.22.1. You acknowledge and agree that certain products, supplies or other services, including the Information System, you may be required to purchase for use in the operation of your Franchised Business may only be available exclusively from us or our affiliates, or from other mandatory suppliers or vendors that we approve, in our sole discretion.

9.22.2. You may submit, for our consideration, alternative products or suppliers for a fee of five hundred dollars (\$500) (the "Supplier Review Fee"). We will advise you within a reasonable time (in no event longer than sixty (60) days after receipt of all applicable information required for approval) whether the proposed product and supplier meet our specifications, and our approval will not be unreasonably withheld. The approval time may vary if we determine, in our independent judgment, that additional testing is needed. If we approve of the proposed product or supplier then we will refund to you the Supplier Review Fee. We will notify you in writing of our approval or disapproval and of revocation of approved suppliers.

9.22.3. **THOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT**

TO FIXTURES, FURNITURE, EQUIPMENT (INCLUDING WITHOUT LIMITATION ANY AND ALL REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED ITEMS.

9.23. Taxes on Fees. If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you are required to pay an additional amount equal to the amount of this tax. (For purpose of clarification, this does not apply to any federal or state income taxes that we or our affiliates are required to pay.)

9.24. Exclusive Use. The rights and privileges granted to you under this Agreement are personal in nature and may not be used at any location other than the Franchised Location. You do not have the right to delegate, subfranchise, or sublicense any of your rights under this Agreement. Without our written consent, you may not use the Franchised Location for any purpose other than the operation of the Franchised Business.

9.25. Gift Cards. You must accept as payment for products and services any valid gift card or other such indication of prepayment or credit, no matter where such credit was issued or such prepayment was made. You shall be compensated for fulfilling prepaid services at the Franchised Business as specified in the Manual or otherwise in writing by us. You must sell or otherwise issue gift cards or certificates (together “Gift Cards”) that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manuals or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by us via its website, you or another DRIPBaR location. You must sell, issue, and redeem (without any offset against any Royalty or other amounts owed to us) Gift Cards in accordance with procedures and policies specified by us in the Manual or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other DRIPBaR locations and for making timely payment to us, other operators of a DRIPBaR, or a third-party service provider for Gift Cards issued from the Franchised Business that are honored by another DRIPBaR location.

## **10. CONFIDENTIAL INFORMATION/ IMPROVEMENTS**

10.1. You acknowledge that all the information you have now or obtain in the future concerning the System and the concepts and methods of promotion franchised hereunder is derived from us pursuant to this Agreement, and that you will treat such information in confidence. You agree never to, directly or indirectly, engage in or abet the misappropriation (as the term “misappropriation” is defined in the Massachusetts Uniform Trade Secrets Act), or the disclosure, divulgence, or distribution of all or any part of the System and the concepts and methods of promoting franchises hereunder. You will disclose such confidential information only to such of your employees as must have access to it in order to operate your Franchised Business and use it only for the operation of your Franchised Business. At our request, you will be required to deliver to us confidentiality agreements and non-compete agreements in a form satisfactory to us from your owners, the spouses of your owners, and your employees. The scope of the confidentiality agreements shall be consistent with the provisions of this Section, and the scope of the noncompete agreements shall be consistent with the provisions herein.

10.2. Notwithstanding any provisions of Section 10.1, at your discretion, you may allow any financial institution that has loaned money to you or to your business to have access to your books and records to confirm your billings, collections, receivables, and any other financial information you have provided to the financial institution.

10.3. If you conceive or develop any improvements or additions to the System, new trade names, trade and service marks or other commercial symbols related to your Franchised Business, or any advertising and promotion ideas related to your Franchised Business (“Improvements”), you will fully disclose the Improvements to us without disclosure of the Improvements to others, and you will obtain our written approval before using such Improvements. Any such Improvement that we approve may be used by us and all our other franchisees without any obligation to pay you royalties or similar fees. You will assign Improvements to us, and hereby do assign, without charge, any rights, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvement. We, at our

discretion, may make application for and own copyrights, trade names, trademarks and service marks relating to any such Improvement. We also may consider such Improvement as our property and trade secret. We will, however, authorize you to use any Improvement authorized generally for use by our other franchisees.

10.4. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets in limited circumstances, as specified in the Manual.

## **11. INSURANCE; INDEMNIFICATION**

11.1. **Insurance.** You alone will be responsible for any claim, action, loss, damage, liability, injury or death arising out of, or relating to, the operation of your Franchised Business or arising out of, or relating to, your acts or omissions or the acts or omissions of any of your agents, employees or contractors in connection with the operation of your Franchised Business. You agree to indemnify and hold us and our affiliates and our respective officers and directors harmless against and from any and all such claims, actions, losses, liability, damages, injuries, or deaths, including costs and reasonable attorneys' fees. You will obtain and maintain in force and pay the premiums for general liability insurance with complete operations coverage, broad form contractual liability coverage, property damage, and other insurance (including bonds) in such types as we may require (such as cyber insurance and employment practices insurance), or as required by law from time to time. All such policies will have minimum limits we may prescribe from time to time and will be with carriers who have minimum ratings that we may prescribe from time to time in the Manual. All required insurance policies, except for your Workers' Compensation policy, must be written by insurance companies with a rating of A-VIII (eight) or better in the most recent A.M. Best's Insurance Report (or other comparable publication we specify). Workers' Compensation policies can be issued by insurance companies with a policyholder rating of B plus (B+) or better. Such insurance policies will expressly protect both you, us and our affiliates and our respective offices, directors and employees, and will require the insurer to defend both you and us in any action you will submit to us, within thirty (30) days of our request, any and all loss ratios or other information we request in connection with such insurance policies. You will furnish to us a copies of all insurance policies, certificates of insurance, endorsements, or other proof of insurance in the form we require, as set forth above, naming us as an additional insured, and providing that such policy will not be canceled, amended or modified except upon thirty (30) days' prior written notice to us. At our request, you will deliver to us proof of insurance in the form we require and evidence of policy renewals at least thirty (30) business days before expiration. You will have all policies of insurance provide that the insurance company will have no right of subrogation against either party hereto or their respective agents or employees. Maintenance of the insurance requirement will not relieve you of the obligations of indemnification. If you fail to obtain or maintain in force any insurance as required by this Section or to furnish any proof of insurance required hereunder, we may (but have no obligation to), in addition to all other available remedies, obtain such insurance or certificates, and you will promptly reimburse us for all insurance premiums and other costs incurred in obtaining such insurance, including an administrative fee for our time in obtaining the coverage for you. You assume all risks in connection with the adequacy of any insurance or self-insurance program and waive any claim against us for any liability costs or expenses arising out of any uninsured claim, in full or in part, of any nature whatsoever. Your obligation to obtain and maintain these insurance policies in the minimum amounts we require is not limited in any way by reason of any insurance that we may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described in Section 11.2. Your insurance procurement obligations under this Section are separate and independent of your indemnity obligations. We do not represent or warrant that any insurance that you are required to purchase will provide adequate coverage for you. The requirements of insurance specified in this Agreement are for our protection. You should consult with your insurance agents, brokers, attorney or other insurance advisors to determine the level of insurance protection you need in addition to the coverages and limits we require.

11.2. **Relationship; Your Indemnification.** We and you are independent contractors. Neither we

nor you will make any agreements, representations, or warranties in the name of or on behalf of the other or that our relationship is other than franchisor and franchisee. Neither we nor you will be obligated by or have any liability under any agreements, representations or warranties made by the other nor will we be obligated for any damages to any person or property directly or indirectly arising out of the operation of your Franchised Business. You assume sole and complete responsibility for and will defend at your own cost and indemnify, reimburse and hold harmless us, our affiliates and our respective officers and directors from and against all loss, costs, expenses, obligations and damages and liabilities (including defense costs) arising directly or indirectly out of the development or operation of your Franchised Business, including, without limitation, claims relating to your employment practices, equipment selection, and floor plan, you or your employees' actions or inactions and amounts we pay on your behalf. You agree to give us written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification by any Indemnitee within three (3) days of your actual or constructive knowledge of it. You will have the right to defend any such claim against you. We, using our own counsel, by notice to you, may control any matter in which we are named or directly affected, but this will not affect your liability to pay all attorneys' fees we incur in defending ourselves, which obligation is part of your indemnification obligation. The indemnities and assumptions of liabilities and obligations set forth in this Agreement will continue in full force and effect subsequent to the expiration or termination of this Agreement.

11.3. Our Indemnification. We will indemnify you against and reimburse you for any obligations or liability for damages payable to third parties and attributable to agreements, representations or warranties made by us, or caused by our negligence or willful action (so long as such obligations or liabilities are not asserted on the basis of theories such as agency, apparent agency or vicarious liability or claim of negligent failure to compel your compliance with the provisions of this Agreement, the Manual or any other agreement between you and us), and for costs reasonably incurred by you in the defense of any such claim brought against you or in any action in which you are named as a party, provided that we will have the right to participate in and, to the extent we deem necessary, to control any litigation or proceeding which might result in liability of or expense to you subject to such indemnification.

## **12. FINANCIAL STATEMENTS AND AUDIT RIGHTS**

12.1. Financial Statements. Within thirty (30) days following your fiscal year end, you will, at your own expense, provide us with copies of your financial statements (reviewed by your accountant), including an income statement for the fiscal year just ended and a balance sheet, cash flow statement, and any other document accompanying your financial statements, as of the end of such fiscal year, which financial statements will have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. We will also have the right to request other financial statements, reports and information from you during the year, and you will deliver those financial statements, reports and information to us when, and in the form and manner, we require. Also, on or before April 15 of each year, you shall provide us with a copy of your federal tax return and the federal tax returns of your owners for the previous tax year.

12.2. Review Rights. You will make all of your financial books and records available to us and our designated representatives at all reasonable times for review. Your financial books and records for each fiscal and calendar year will be kept in a secure place and will be available for review by us for at least five (5) years after the end thereof.

## **13. ASSIGNMENT AND TRANSFER OF THE FRANCHISE AGREEMENT**

13.1. By Us. We may transfer or assign this Agreement or any or all of the rights, interests, benefits or obligations arising under it without restriction. Upon any transfer or assignment of this Agreement by us, we will be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment.

13.2. Conditions to Your Transfer or Assignment. This Agreement, and your rights and

obligations under it, are and will remain personal to you. As used in this Agreement, the term “Transfer” will mean any sale, lease, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by your disability or death or by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets used to operate your DRIPBaR, or of any interest in you, or if you are a corporation, partnership, limited liability company or other entity, a transfer, pledge, assignment, or other disposition of direct or indirect control or ownership of twenty-five percent (25%) or more of any interest in your entity. In addition, if there are two (2) individuals signing this Agreement as Franchisee, and one (1) of those individuals is no longer involved in the ownership of your Franchised Business, the withdrawal of that person will be considered a “Transfer.” A “Transfer” will also be deemed to occur when there are more than two (2) people listed as the Franchisee and there is a change in the ownership of your Franchised Business such that less than a majority of the original signers continue to have a majority interest in the equity of the business. You (and your shareholders, partners and members) will not directly or indirectly make a Transfer without our prior written consent and any transfer shall be subject to our right of first refusal, as set forth in Section 19 (“Right of First Refusal”) below. Unless otherwise provided in this Agreement, we will not unreasonably withhold, delay or condition our consent to a Transfer, subject to all of the following conditions being satisfied:

13.2.1. you are in full compliance with this Agreement, you have no uncured defaults, and all your debts and financial obligations to us and our affiliates are current;

13.2.2. you provide us with all information we may require concerning the proposed transaction (including a copy of the purchase agreement and all related documents), and the proposed transferee;

13.2.3. we are satisfied that the proposed transferee (and if the proposed transferee is an entity, all holders of any interest in such entity) meets all of the requirements for our new franchisees, including, but not limited to, good reputation and character, business experience, and financial strength, credit rating and liquidity, and that the sale price is not excessive;

13.2.4. you sign a written agreement in a form satisfactory to us in which you and your investors covenant to observe all applicable post-term obligations and covenants contained in this Agreement and release us and our affiliates from any claims you may have against us, or any further obligations we may have to you;

13.2.5. the proposed transferee enters into a new franchise agreement with us, on the terms we then generally offer to new franchisees (including fees payable and size of territory); provided, however, that no new initial franchise fee will be required to be paid, and further provided that the term of that franchise agreement, unless otherwise agreed, will be the remaining term of your franchise agreement;

13.2.6. the proposed transferee agrees in writing to perform such maintenance, remodeling and re-equipping of your Franchised Location that we determine necessary to bring your Franchised Location in compliance with our then-current standards, including any updates to your technology and security equipment that we determine necessary;

13.2.7. prior to the date of the proposed Transfer, the proposed transferee’s Designated Principal successfully completes such training and instruction as we deem necessary;

13.2.8. you and all holders of an interest in you sign 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 investors may have against us and our affiliates, including our and their respective shareholders, officers, directors and employees, in both their individual and corporate capacities; and

13.2.9. prior to the Transfer, you pay us a transfer fee of five thousand dollars (\$5,000).

13.3. Transfer By You – To a Business Entity You Form. We will not unreasonably withhold or delay our consent to your assignment to a business entity that you form solely for the convenience of entity ownership if all the following conditions are met: (i) the business entity is newly formed; (ii) each individual involved in the new entity has the same proportionate ownership interest in the new entity as he or she had in the Franchised Business before the assignment; (iii) you and the new entity sign an agreement with us

under which you and the new entity are jointly and severally liable for all the obligations under this Agreement and bound by all the terms, conditions and covenants of this Agreement; (iv) each present and future equity holder in the new entity signs our then-current form of Confidentiality and Non-Competition Agreement.

13.4. Transfer By You – Transfer Upon Death or Disability. Upon your death or long-term disability (if you are an individual) or the death or disability of your last surviving owner (if you are a business entity), that person's rights will pass to his or her estate, heirs, legatees, guardians or representatives, as appropriate (collectively, the "Estate"). The executor, administrator or personal representative of the Estate shall transfer your or your last surviving owner's interest to a third party, subject to our approve and terms and conditions set forth in Section 13.2 above, within three (3) months of the date such executor, administrator or personal representative is appointed to represent the Estate. Until an executor, administrator or personal representative is appointed to represent the Estate, the Estate will continue the operation of the Franchised Business, and the existing manager will continue to oversee the operations of the Franchised Business developed pursuant this Agreement until the executor, administrator or personal representative of the Estate has consummated the Transfer. If a manager has not been appointed and approved by us, then the Estate must provide a competent and qualified individual acceptable to us to serve as the manager and assume oversight of the operations of the Franchised Business within one (1) month of the date of death or disability. If the manager has been approved by us, he or she will immediately assume, on a full-time basis, the oversight of the operations of the Franchised Business developed pursuant to this Agreement. If we reject the Estate's proposed manager, then the Estate will provide us with another proposed candidate for our consideration within fifteen (15) days of the date of our rejection. Once an acceptable manager has been approved by us, he or she will oversee the operations of the Franchised Business until the executor, administrator or personal representative of the Estate has consummated the Transfer of your or your last surviving owner's interest. If the Estate does not designate aa manager or the Estate's manager does not assume full-time oversight of the operations of the Franchised Business within one (1) month from the date your or your last surviving owner's death or disability, this will be a material breach of this Agreement which, unless cured by the Estate as provided in Section 14.3, will result in this Agreement being terminated immediately. Notwithstanding the foregoing, we may (but are under no obligation) to manage the operations of your Franchised Business developed hereunder, in order to prevent any interruption of the operations of your Franchised Business, which could cause harm to said business. Should we elect to exercise our right to manage your Franchised Business developed hereunder, then all monies from the operation of the Franchised Business shall be kept in a separate account, and we will deduct our expenses for travel, lodging, meals and all other expenses and fees from the Franchised Business's Gross Sales and also pay ourselves a management fee equal to ten percent (10%) of the Franchised Business's monthly Gross Sales ("Management Fee"). This Management Fee will be in addition to any amounts due to us under this Agreement. We will then remit any remaining funds to the Estate. If we undertake the obligation to manage your Franchised Business developed pursuant to this Agreement, we will not be responsible for any operational losses of your Franchised Business, nor will we be obligated to continue operating your Franchised Business developed pursuant to this Agreement. You agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

13.5. Additional Transfer Restrictions. We may expand upon, and provide more details related to, the conditions for transfer and our consent as described in this Section 13.2 and may do so in the Manual or otherwise in writing. You consent to our releasing to any proposed transferee any information concerning your Franchised Business that you have reported to us, or that is in our files or otherwise available to us, including but not limited to financial information. Nothing in this Section 13.2 will be construed as prohibiting your interests from being pledged as security to an institutional lender who has provided financing to or for your Franchised Business, provided the institutional lender accepts such security interest subject to our conditions.

13.6. Acknowledgement of Restrictions. You acknowledge and agree that the restrictions

imposed on transfers are reasonable and necessary to protect the goodwill associated with the System and the Marks, as well as our reputation and image, and are for the protection of us, you, and all other franchisees that own and operate franchised businesses.

#### **14. OUR TERMINATION RIGHTS**

14.1. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

14.2. Without Notice. You will be in default and we may, at our option, terminate this Agreement, without affording you any opportunity to cure the default, effective upon delivery of notice of termination to you, following the occurrence of any of the following events:

- 14.2.1. You are liquidated or dissolved;
- 14.2.2. Your Franchised Business is not constructed strictly according to the plans we have approved, and you do not remedy the deficiencies within thirty (30) days after notice from us;
- 14.2.3. You fail to operate for ten (10) consecutive days (unless prevented from so by Force Majeure), or otherwise abandon your Franchised Business, or forfeit the right to do or transact business in the jurisdiction where your Franchised Business is located, or lose the right to possession of the premises in which your Franchised Business operates as a result of your default of the lease;
- 14.2.4. You or any of your owners make an unauthorized Transfer under this Agreement;
- 14.2.5. You or any of your owners are proven to have engaged in fraudulent conduct, or are convicted of, or plead guilty or no contest to a felony or a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks or the goodwill associated therewith;
- 14.2.6. You are given three (3) or more notices of being in material violation of any of the terms or requirements of this Agreement within any twelve (12) month period, whether or not such defaults are timely cured after notice;
- 14.2.7. You misuse or make any unauthorized use of the Marks and do not cease such misuse or unauthorized use within twenty-four (24) hours' notice from us;
- 14.2.8. You, by act or omission, materially impair the value of, or the goodwill associated with, any of the Marks or the System.

14.3. With Notice and Failure to Cure. Except for those defaults provided for under Section 14.1 above, you will be in default hereunder for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or any other agreement you or any of your affiliates have with us or with any of our affiliates, or in any Manual, policy or procedure statement or other written document provided by us, or to carry out the terms of this Agreement in good faith. Before we terminate this Agreement as a result of such defaults, we will provide you with thirty (30) days written notice of your default. If the defaults specified in such notice are not cured within the thirty (30) day period (either by you or by any financial institution that has loaned money to you or to your business), we may terminate this Agreement upon the expiration of the thirty (30) day period without further notice. Such defaults will include, without limitation, the occurrence of any of the following events:

- 14.3.1. You fail to construct, remodel, and commence operating your Franchised Business within the time provided for in Section 1. of this Agreement;
- 14.3.2. You fail, refuse, or neglect to promptly pay when due any monies owing to us, our affiliates, to the National Marketing Fund, or to other creditors you have, or to submit the financial or other information required under this Agreement;
- 14.3.3. A threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business;
- 14.3.4. You sell non-approved products or services; or
- 14.3.5. You, by act or omission in connection with the operation of your Franchised Business, permit a continuing violation of any applicable law, ordinance, rule, or regulation of a governmental body; provided, however, that if such act or omission damages the goodwill associated

with the System or the Marks, we will have the right to terminate this Agreement if you do not cure such default within twenty- four (24) hours after notice from us.

14.4. Applicable Law. If the provisions of this Section 14 are inconsistent with applicable law, the applicable law will apply.

14.5. Pre-termination Options. Prior to the termination of this Agreement, if you fail to pay any amounts owed to us or our affiliates, fail to comply with any term of this Agreement, or notify us that your Franchised Business is closing, then in addition to our right to terminate this Agreement or to bring a claim for damages, we have the option to:

14.5.1. Prohibit you from selling products and services;

14.5.2. Remove the listing of your Franchised Business from all advertising published or approved by us;

14.5.3. Cease listing your Franchised Business on any Technology Platforms;

14.5.4. Prohibit you from attending any meetings or programs held or sponsored by us;

14.5.5. Terminate your access to any computer system or software we own, maintain, or license to you (whether licensed by us or by one of our affiliates);

14.5.6. Suspend all services we or our affiliates provide to you under this Agreement or otherwise; and/or

14.5.7. Contact your landlord(s), lender(s), suppliers and customers regarding the status of your operations, and provide copies of any default or other notices to your landlord(s), lender(s) and suppliers.

## **15. YOUR TERMINATION RIGHTS**

You may terminate this Agreement if we violate any material obligation to you and fail to cure such violation within sixty (60) days after our receipt of written notice from you; provided, however, that you must be in compliance with the Agreement at the time of giving each notice and at the time of termination. Your written notice of our alleged violation must identify the violation, demand that it be cured, and indicate your intent to terminate this Agreement if it is not cured.

## **16. YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will terminate, the franchise will revert to us, you specifically authorize us to contact your payment processor and cancel any agreement you may have with that payment processor, and you will have the obligations set forth below, which obligations survive the expiration or termination of this Agreement, along with any other provisions of this Agreement which by their nature may or are to be performed following expiration or termination of this Agreement:

16.1. You will immediately cease to operate the business franchised under this Agreement, and will not thereafter, directly or indirectly, represent to the public or hold yourself out as a franchisee of the System with respect to such business.

16.2. You will immediately and permanently cease to use, in any manner whatsoever, all confidential information, approved Information System and related software, methods, procedures and techniques used by or associated with the System, and the Marks and distinctive forms, slogans, signs, symbols, logos and devices associated with the System, as well as any name, mark, symbol, logo or slogan similar to any of the Marks. You will also specifically authorize us to physically remove any signage bearing any of the Marks that you may fail to remove. Further, if we elect to remove such signage, you will, upon demand, reimburse us for any costs we incur in doing so.

16.3. You will immediately return to us the Manual, all copies or excerpts thereof, and any property held or used by you that is owned by us and will cease to use, and either destroy or convey to us, all signs, advertising materials, displays, stationery, forms and any other materials that bear or display the Marks.

16.4. Subject to 16.9 below, you will take such actions as may be necessary to cancel any

assumed name or similar registration that contains the Mark “DRIPBAR<sup>®</sup>” or any other Mark, and will immediately and permanently refrain from and cease all use of the Mark “DRIPBAR<sup>®</sup>” or any other Mark on or in any Technology Platforms and cancel any Technology Platform you control as we direct. You agree and acknowledge that your continued use of the Marks after the expiration or termination of this Agreement will be without our consent and will constitute an “exceptional case” under federal trademark law (15 U.S.C. § 1117) entitling us to recover treble damages, costs and attorneys’ fees.

16.5. You will, within ten (10) days after termination or expiration of this Agreement, make such modifications and alterations to your Franchised Business premises as may be necessary to distinguish the appearance of the premises from all attributes of the System and will make such specific additional changes thereto as we may request. You agree that, at a minimum, such modifications will include: (i) removal of all signage; (ii) alteration of the color scheme and decor; and (iii) discontinuation of the use of any item containing any of the Marks.

16.6. Within five (5) days after termination, you will pay to us all amounts owed to us under this Agreement, including the Royalty Fees and advertising and marketing fees that would be due through the date this Agreement was scheduled to expire. Further, if this Agreement is terminated for any reason other than as a result of a material breach of this Agreement by us that is not cured within thirty (30) days following notice from you, such sums will include all damages, costs, and expenses, including reasonable attorneys’ fees, incurred by us as a result of the default and the termination. You agree that until such obligations are paid in full, you hereby grant us a lien against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by you and located on your Franchised Business premises on the date this Agreement terminates or expires and authorize us to file financing statements and other documents we deem appropriate to perfect such lien.

16.7. If requested by us, you will take all further action and execute all documents necessary to convey and assign to us all telephone and fax numbers that have been used in the operation of your Franchised Business, as well as any other registrations or listings for any Technology Platforms that include the Marks or if we do not so request, you will cease all use of such telephone numbers and Technology Platforms that include the Marks.

16.8. You will comply with the covenants contained in this Agreement, including, but not limited to, the covenants not to compete and the covenants not to disclose trade secrets or confidential information.

16.9. We may, if you fail or refuse to do so, execute in your name and on your behalf, any and all actions and/or documents that may be necessary to affect your obligations under Sections 16.4 and 16.7, and you hereby irrevocably appoint us as your attorney in fact to do so, which appointment is coupled with an interest.

16.10. You will furnish us with written evidence satisfactory to us of compliance with all the obligations set forth in this Section 16 within thirty (30) days after termination or expiration of this Agreement.

16.11. Upon expiration or termination of this Agreement, we have the option, upon thirty (30) days’ written notice from the date of expiration or termination, to purchase from you all or any portion of the tangible and intangible assets relating to the Franchised Business, including your Franchised Business premises if you own the Franchised Business premises (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the “Purchased Assets”) and to an assignment of your lease for (1) the Franchised Business premises (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (2) any other tangible leased assets used in operating the Franchised Business. We may assign to a third party this option to purchase and assignment of leases separate and apart from the remainder of this Agreement.

16.11.1. The purchase price for the assets of the Franchised Business will be the “Book Value” (as defined below) of the Purchased Assets. “Book Value” means the net book value of the Purchased Assets, as disclosed in the last statement of your Franchised Business provided to us under Section 12 before termination or expiration, provided, however, that: (1) each depreciable asset will be valued on a “straight- line” basis without provision for salvage value; (2) we may exclude from the

Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (3) we may exclude from Book Value any provision for goodwill or similar value attributable to intangible property. If we are not satisfied with the accuracy or fairness of any financial statements, or none has been submitted, our regularly employed firm of certified public accountants will determine (by audit) the Book Value. We and you will equally bear the cost of the audit. The results of the audit will be final and binding on both parties.

16.11.2. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur no later than sixty (60) days after we deliver notice of our election to purchase the assets of your Franchised Business, unless Book Value is determined by audit, in which case the closing will occur within a reasonable time, not to exceed sixty (60) days, after the results of the audit are made available. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate your Franchised Business without interruption. We may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates. If we exercise our option to purchase your Franchised Business, we may, pending the closing, appoint a manager to maintain your Franchised Business operations.

16.11.3. If we assume any leases for the premises for your Franchised Business or if we assume the leases for other tangible leased assets used in your Franchised Business under this Section, you will pay, remove or satisfy any liens or other encumbrances on your leasehold interests and will pay in full all amounts due the lessor under the leases existing at or prior to assumption. We are not liable for any obligation you incur before the date we assume any leases.

## **17. YOUR COVENANTS NOT TO COMPETE**

17.1. During Term. Unless you are a licensed physician, you will not, directly or indirectly, during the term of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder or member of any other person, firm, entity, partnership, corporation or company, own, operate, lease to or lease from, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in owning, operating, or managing any other business that primarily offers intravenous therapy, wherever located, whether within the Territory or elsewhere. Notwithstanding the foregoing, before you open your Franchised Business (and so long as you do not own any other franchised business that is open under any other agreement with us), you may be employed at another business that primarily offers intravenous therapy that is operated at a site other than the one at which your Franchised Business will be located, provided that (i) neither you nor any of your immediate family owns any equity interest in that business and (ii) you terminate your employment with that business, and any other relationship you have with that business, prior to the date you open your Franchised Business.

17.2. After Expiration, Termination, or Transfer. Unless you are a licensed physician, you will not, directly or indirectly for a period of two (2) years after the transfer by you, or the expiration or termination of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation or company, own, operate, lease to or lease from, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any business that primarily offers intravenous therapy, which is located within the Territory or within a twenty-five (25) mile radius of any DRIPBaR business, whether owned by us, our affiliates, or a franchisee, wherever located, whether within the Territory or elsewhere.

17.3. Reasonableness. You agree that the scope of the prohibitions set forth in Sections 17.1 and 17.2 are reasonable and necessary to protect us and the System (including other franchisees of the System). You agree that the prohibitions in Section 17.1 must be very broad in order to prevent you from taking information, materials and training we are providing to you on an ongoing basis and using them to either compete with us, or preempt or otherwise restrict our ability to enter new markets. You agree that the time

period and the scope of the prohibitions set forth in Section 17.2 are the reasonable and necessary time and distance needed to protect us if this Agreement expires or is terminated for any reason. You also agree that you have many other opportunities available to earn a living, and that these restrictions will not preclude you from engaging in a lawful trade or business for which you otherwise have training or experience.

17.4. Exception. The purchase of a publicly traded security of a corporation engaged in a competitive business or service will not in itself be deemed violative of this Section 17 so long as you do not own, directly or indirectly, more than five percent (5%) of the securities of such corporation.

17.5. Relief. You agree that damages alone cannot adequately compensate us if there is a violation of these noncompetitive covenants and that injunctive relief is essential for our protection. You therefore agree that in case of your alleged breach or violation of this Section, we may seek injunctive relief, in addition to all other remedies that may be available to us at equity or law. You agree that we are not required to show any actual or threatened harm and that we are not required to furnish a bond or other security. In addition, if you violate the restriction provided for in Section 17.B, the period of time during which the restriction will remain in effect and be extended until two (2) years after you cease violating the restriction.

## **18. ENFORCEMENT**

18.1. Injunctive Relief/Attorneys' Fees. We and you will each be entitled to the entry of temporary restraining orders and temporary and permanent injunctions to (i) enforce your and our rights to terminate this Agreement for the causes set forth in Paragraphs 15 and 16 of this Agreement and (ii) prevent or remedy a breach of this Agreement if that breach could materially impair the goodwill associated with our or your business, including but not limited to, the enforcement of obligations upon termination of this Agreement and the enforcement of the non-compete provisions of this Agreement. You and we will also be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing these provisions. If we are successful in obtaining an injunction, or any other judicial relief or order from an arbitrator against you, or in successfully defending any claim you have brought against us, you will pay us an amount equal to all of our costs of prosecuting and/or defending the action, including reasonable attorneys' fees, costs of investigation, court and arbitration costs, and other litigation or arbitration expenses and interest on such costs. Your and our respective rights to obtain injunctive or other equitable relief is in addition to any other right we or you may have under this Agreement. It will in no way limit or prohibit us from obtaining money damages from you if you breach this Agreement.

18.2. Mediation. Except where it is necessary for either you or us to obtain equitable relief to preserve the goodwill of our respective businesses (including, but not limited to, the enforcement of obligations upon termination of this Agreement and the covenants not to compete contained in this Agreement), you and we each agree to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between us, for a minimum of four (4) hours, prior to initiating any legal action or arbitration against the other.

18.2.1. Upon written notice by either you or us, to the other, of your or our desire to mediate, the party receiving the notice will select an independent entity that provides mediation services to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not name such an organization within ten (10) days from the date the notice of intention to mediate is received, then the other party may proceed as if this Section 18.2 did not exist, or, at its option, make the selection of the organization to provide mediation services. If you or we select an organization that is unwilling to serve as mediator, then the other party may select the organization. Once the organization is designated and agrees to accept the appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to us and to you. The mediation will be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If you and we cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for both of us, given all of the claimed conflicts in dates. The person actually

mediating the dispute will be required to have at least ten (10) years of experience as either a franchisee or franchisor (or as an officer of such an entity) or in franchise law. You and we will equally share the cost of the mediator. The mediator will select the location for the mediation unless you and we both agree otherwise. The mediation will be held in a metropolitan area with at least 250,000 persons that is not located within one hundred (100) miles of either your principal office or our principal office.

18.2.2. Except for the matters identified above where you or we are permitted to seek injunctive relief without first mediating the dispute, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this paragraph (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 18.2), then upon petition of whichever of us has a lawsuit or arbitration proceeding brought against us, the court or arbitrator will dismiss the litigation or arbitration without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to the attorneys' fees and costs the party seeking dismissal incurred. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of the action, or of any award given in the action, the party initiating the litigation or arbitration will be responsible for all attorneys' fees and costs incurred throughout the litigation or arbitration by the other party as damages for failing to comply with the provisions of this Section 18.2.

18.3. Arbitration. Except insofar as you or we elect to enforce this Agreement by judicial process and injunction as provided in Section 18.1 hereof, all disputes and claims arising out of or relating to this Agreement, or to the breach thereof, or to any of our standards or operating procedures, or other obligation of either of yours or ours, or to the breach thereof (including any claim that this Agreement, any provision of this Agreement, any specification, standard, operating procedure or any other obligation of yours or ours is illegal, unenforceable or voidable), or any aspect of the relationship between you and us (even if additional persons are named as parties to such action, but except as may be specifically provided with respect to any financing agreements you have with us or our affiliates, which shall be governed by the enforcement provisions thereof), must be resolved by arbitration in the city in which our principal office is located. It is our intention that state laws attempting to void out of state forum selection clauses for arbitration be preempted by the Federal Arbitration Act and that arbitration be held in the place designated above.

18.3.1. The arbitration will be held in accordance with the United States Arbitration Act (9 U.S.C. § 1 et seq.), if applicable, and the rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise agreements, if any; otherwise, the general rules of commercial arbitration).

18.3.2. The arbitrator appointed must have at least ten (10) years' experience in franchise law, and the arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers and limitations of this Agreement. The arbitrator shall have no authority to add, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties prior to the start of the arbitration hearing. The arbitrator will have the right to award or include in any award the specific performance of this Agreement but will be required to file a reasoned brief with his or her award.

18.3.3. You and we acknowledge that judgment upon an arbitration order may be entered in any court of competent jurisdiction and will be binding, final, and non-appealable, except for mistakes of law, as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section.

18.3.4. Unless this Agreement is terminated in accordance with the provisions of Paragraphs 14 or 15, during the pendency of any arbitration proceeding, you and we will fully perform the requirements of this Agreement.

18.3.5. If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with

the provisions of Section 18.1, the arbitrability of such claim will be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration will be made by the arbitrator appointed in accordance with this Agreement.

18.3.6. All arbitration proceedings will be individual proceedings between you and us, and will not be conducted on a “class” basis, or include any other franchisees or area representatives as named parties unless you and we each agree.

18.3.7. If, after either you or we institute an arbitration proceeding, one or the other asserts a claim, counterclaim or defense, the subject matter of which, under statute or current judicial decision, is non-arbitrable for public policy reasons, the party against whom the claim, counterclaim or defense is asserted may elect to proceed with the arbitration of all arbitrable claims, counterclaims or defenses or proceed to litigate all claims, counterclaims or defenses in a court having competent jurisdiction.

18.4. Waiver of Punitive Damages. You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which it may have against us, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that your recovery shall be limited to your actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, your waiver of any right to claim any consequential damages.

18.5. Venue. We and you (and your owners and guarantors if applicable) each agree that if litigation is permitted under this Agreement, the sole forum for litigation arising under this Agreement, or any aspect of the relationship between us (even if additional parties are named as parties to that litigation) will be the state or federal courts of the county in which our principal office is located. Those actions must be solely and exclusively venued either in the District Courts covering Wrentham, Massachusetts, or the United State District Court for the Wrentham District. You and we each waive any objection you or we may have to either the jurisdiction or the venue of such court (except to the extent jurisdiction is preempted by the arbitration provisions of this Agreement), and you and we each consent to personal jurisdiction and venue in such court. However, if we are permitted to seek injunctive relief under this Agreement, we may, at our option, bring that action in the county in which your Franchised Business is located.

18.6. Jury Waiver. YOU AND WE EACH WAIVE THE RIGHT TO A TRIAL BY JURY. This waiver applies to all causes of action that are or might be included in any such action, including claims related to the enforcement or interpretation of this Agreement, allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action and it applies even if persons that are not a party to this Agreement are named as additional parties in the proceeding.

18.7. Waiver of Collateral Estoppel. The parties agree they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having those disputes directly affect the contract or relationship between us. We and you therefore each agree that a decision of an arbitrator or court of law to which one of us is not a party will not prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any action between us. You and we therefore each waive the right to assert that principles of collateral estoppel prevent either you or us from raising any claim or defense in an action between us if either you or we lost a similar claim or defense in another action.

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

ours or yours, or of any guarantor of your obligations.

## **19. RIGHT OF FIRST REFUSAL**

If, at any time during the Term of this Agreement, you receive a bona fide offer to purchase or lease your Franchised Business (or if you are a company, partnership or other entity, the equity ownership of you), which offer you are willing to accept, you will communicate in writing to us the full terms of the offer and the name of the offeror. We may elect to purchase or lease the business on the terms set forth in the offer. If we elect to purchase or lease the business, we will give you written notice of the election within thirty (30) days after we receive your communication of the offer. If we fail to give written notice of election within thirty (30) days, you may sell or lease to the offeror on the terms offered, subject to the provisions relating to assignment. The sale or lease must, however, be completed within sixty (60) days of the termination of the thirty (30) day period during which we may give written notice of election to purchase or lease; otherwise, an additional notice must be given to us and an additional option period must expire prior to any such transfer. Any material change in the terms of the offer shall be deemed a new proposal subject to our right of first refusal. If we elect to purchase or lease the business, we will match the price of the bona fide offer. For example, we will recognize goodwill and other intangibles associated with the Business, if the same is included in the offer, and we will not decrease the price. We will have the right to substitute equivalent cash for any non-cash consideration included in the bona fide offer to purchase or lease the business and we and you will use our best efforts to complete the purchase or lease within sixty (60) days from the date of our notice of election to purchase or lease.

## **20. MISCELLANEOUS**

20.1. Unpaid Amounts. Any unpaid amounts owed by you to us or any of our affiliates including any Royalty Fee, advertising fees and product purchases will bear interest at the rate of one and one half percent (1.5%) per month or the maximum rate permitted by law, whichever is less. You must reimburse us and our affiliates for all costs incurred in the collection of unpaid amounts, including attorneys' fees.

20.2. Severability. All provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. You and we will substitute a valid and enforceable provision for any specification, standard, operating procedure, rule or other obligation of either of us, which is determined to be invalid or unenforceable and is not waived by the other party. Such modifications to this Agreement will be effective only in such jurisdiction and will be enforced as originally made and entered into in all other jurisdictions.

20.3. Business Judgment. You and we recognize, and any mediator or judge is affirmatively advised, that certain provisions of this Agreement describe our right to take (or refrain from taking) certain actions in the exercise of our business judgment based on our assessment of the overall best interests of the System. Where such discretion has been exercised, and is supported by our business judgment, neither a mediator nor a judge may substitute his or her judgment for the judgment we have so exercised. "Business judgment" is a defined term for the purposes of this Agreement and is not intended to incorporate principles related to the application of any business judgment rule in a corporate law context.

20.4. Cumulative Rights. Except as otherwise set forth in this Agreement, our and your rights under this Agreement are cumulative and no exercise or enforcement of any right or remedy under this Agreement will preclude the exercise or enforcement of any other right or remedy under this Agreement or which we or you are entitled by law to enforce.

20.5. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.) and the Federal Arbitration Act, this Agreement and the franchise relationship will be governed by the laws of the State of Massachusetts. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which your Franchised

Business is located.

20.6. Approvals. Wherever our consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, we have the right to withhold our approval in our discretion, for any reason, or for no reason. When the terms of this Agreement specifically require that we not unreasonably withhold our approval or consent, if you are in default or breach under this Agreement, any withholding of our approval or consent will be considered reasonable. Our approvals and consents will not be effective unless given in writing.

20.7. Interpretation. It is the desire and intent of you and us that the provisions of this Agreement be enforced to the fullest extent possible under the applicable laws and public policies. Therefore, if any provision of this Agreement is determined by a court or arbitrator to be invalid or unenforceable, that determination will apply only to the operation of that provision in the particular proceeding in which the determination is made. We and you agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Agreement will be construed simply according to its fair meaning and not strictly against you or us.

20.8. Force Majeure. Any delay in our or your performance of any duties under this Agreement, or any non-performance of such duties, that is not your or our fault (as applicable) or within your or our reasonable control – including, but not limited to, fire; floods, natural disasters; Acts of God; war; civil commotion; any governmental act or regulation; any delays or defaults in deliveries by common carriers and/or postal services and/or overnight couriers; computer network outages; late deliveries or non-deliveries of goods or non-furnishing of services by third party vendors; strikes; and any other similar event beyond such party's control) will not constitute a breach or cause a default under this Agreement, provided, however, that we or you (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay. Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused. Notwithstanding the foregoing, if any such failure or delay continues for more than one hundred eighty (180) days, we will have the right at any time thereafter during the continuance of such failure or delay to terminate this Agreement upon thirty (30) days' advance written notice to you.

20.9. Waiver. Except as otherwise provided in this Section, neither of us will be deemed to have waived any obligation of the other, or to have agreed to any modification of this Agreement, unless we have done so in writing, and the writing is signed by the person giving the waiver or agreeing to the modification. However, you agree that you will give us immediate written notice of any claimed breach or violation of this Agreement as soon as possible after you have knowledge, or determine, or are of the opinion, that there has been a breach or violation by us of this Agreement. If you fail to give written notice to us of any claimed misrepresentation, violation of law, or breach of this Agreement within one (1) year from the date you have knowledge, determine, are of the opinion, or become aware of facts and circumstances reasonably indicating, that you may have a claim against us or against any of our affiliates under any state law, federal law, or common law, then the misrepresentation, violation of law, or breach will be considered to have been condoned, approved and waived by you, and you will be barred from beginning any legal, arbitration, or other action against us or against our affiliates, or from instituting any counterclaim against us or our affiliates, for the misrepresentation, violation of law, or breach, or from using the alleged act or omission as a defense to any action we may maintain against you.

20.10. Time. Time is of the essence to this Agreement.

20.11. Counterparts. This Agreement may be signed in counterparts, each of which will be considered as an original.

20.12. Entire Agreement. The preambles are a part of this Agreement. This Agreement, together with its attachments, constitutes the entire agreement between you and us with respect to your Franchised Business and any other aspect of the relationship we have with you, and cannot be amended except by a written agreement signed by you and us. This Agreement also supersedes all prior agreements and negotiations we have had with you related to your acquisition of this franchise or your and our rights and obligations. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made to you in the FDD.

20.13. Headings and Terms. The headings of the Sections hereof are for convenience only and do not define, limit or construe the contents of such Sections. The term “you” as used herein is applicable to one or more persons, a corporation, a partnership or limited liability company, and each of their respective owners, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If more than one person executes this Agreement for you, then your obligations are joint and several.

20.14. Patriot Act. You represent and warrant that to your actual and constructive knowledge: (i) neither you (including your directors, officers and managers), nor any of your affiliates, or any funding source for your Franchised Business, are identified on the list at the United States Treasury’s Office of Foreign Assets Control (OFAC); (ii) neither you nor any of your affiliates are directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither you nor any of your affiliates are acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither you nor any of your affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State’s Debarred Lists, or on the U.S. Department of Treasury’s Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the Lists); (v) neither you nor any of your affiliates, during the term of this Agreement, will be on any of the Lists; and (vi) during the term of this Agreement, neither you nor any of your affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. You agree to notify us in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

20.15. Personal Guaranty. All of your owners (if you are a corporation, partnership, limited liability company or partnership, or other entity) will sign the personal guaranty agreement in the form attached to this Agreement (the “Guaranty Agreement”). Any person or entity that at any time after the Effective Date of this Agreement becomes an owner of yours will, as a condition of becoming an owner, sign the Guaranty Agreement.

## **21. NOTICES**

Any and all notices required or permitted under this Agreement will be in writing and will be deemed to have been duly given upon the earlier of (i) when received; (ii) one (1) business day after placement with a reputable national overnight carrier; or (iii) three (3) business days after deposit (not including the day of deposit), if placed in the mail for delivery by certified mail, postage pre-paid, and, in the cases of clauses (ii) or (iii), addressed to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notice to us: DRIPBaR Franchising, LLC  
236 Franklin Street,  
Wrentham, MA 02093

Notice to You: See Rider

## **22. ACKNOWLEDGEMENTS**

22.1.

22.2. **Other Franchises.** You acknowledge that other franchisees of the System have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement. You also acknowledge that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations we grant to our other locations (whether franchised, or centers that we or our affiliates operate), and you will not be entitled to require us to grant similar variations or privileges to you.

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

THIS AGREEMENT CONTINUES WITH THE FOLLOWING ATTACHMENTS, WHICH ARE A PART OF THIS AGREEMENT:

**ATTACHMENT A:** FRANCHISE AGREEMENT RIDER

**ATTACHMENT B:** PERSONAL GUARANTY

**ATTACHMENT C:** SAMPLE GENERAL RELEASE

**ATTACHMENT D:** LEASE RIDER

**ATTACHMENT E:** ACH AUTHORIZATION

**ATTACHMENT A TO THE FRANCHISE AGREEMENT**  
**FRANCHISE AGREEMENT RIDER**

For: \_\_\_\_\_

- 1. Effective Date: \_\_\_\_\_
- 2. Franchisee: \_\_\_\_\_
- 3. Franchised Location:

---

---

If no location has been determined at the time this Franchise Agreement has been executed, then the Franchised Location shall be within the following area, provided the exact location shall be subject to our review and approval:

---

If the above-named location specifies a location yet to be determined, we reserve the right to sell franchises, and grant territories to others who will operate franchised businesses in and around the above-described location. You may then be required to choose a final location outside of any territory given to any other franchisee, and that territory may be outside of the city or areas identified above. Should this happen, you would have to obtain our review and approval for a new location. Likewise, if you choose to move your final address at any time, or if the location set forth above, or any other location we agree upon, becomes unavailable for any reason, it is your obligation to select a new location, and to obtain our approval of that location before you acquire the site, or obtain any rights in the location.

- 4. Territory:

---

---

---

- 5. Ownership: Franchisee represents and warrants that any entity to which this Agreement will be transferred will have the initial ownership set forth below, and that no changes will be made in such ownership without the prior written approval of Franchisor:

Name	Percentage of Ownership
_____	_____
_____	_____
_____	_____

6. Designated Principal: \_\_\_\_\_

7. Initial Franchise Fee: \_\_\_\_\_

8. Address for notice to you: \_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, we and you have signed this Agreement as of the Effective Date set forth above.

FRANCHISOR:  
DRIPBaR Franchising, LLC

FRANCHISEE:

\_\_\_\_\_

\_\_\_\_\_

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

\_\_\_\_\_

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

Its: \_\_\_\_\_

**ATTACHMENT B TO THE FRANCHISE AGREEMENT**  
**PERSONAL GUARANTY**

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

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

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

In addition, the undersigned consents and agrees that: (1) the undersigned’s liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (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 Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty will apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

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

**PERSONAL GUARANTORS:**

\_\_\_\_\_  
Individually

\_\_\_\_\_  
Individually

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

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

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telephone

**ATTACHMENT C TO THE FRANCHISE AGREEMENT**  
**SAMPLE GENERAL RELEASE**

In consideration of the agreement of DRIPBaR Franchising, LLC (“Franchisor”) to allow \_\_\_\_\_ (“Franchisee”) to [RENEW OR TRANSFER] its Franchise Agreement dated \_\_\_\_\_ between Franchisee and Franchisor (“Agreement”), Franchisee hereby releases and forever discharges Franchisor, and its affiliates, as well as their members, directors, officers, employees and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors and assigns, from any and all claims Franchisee may have against such parties known and unknown, foreseen and unforeseen, from the beginning of time to the date hereof, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement or under any other agreement between Franchisee and Franchisor or its affiliates. [FOR TRANSFERS: Further, Franchisee acknowledges that transfer of the Agreement shall terminate Franchisee’s interest in the Agreement, but Franchisee will continue to be bound by all post-termination provisions of the Agreement, including but not limited to the obligations of confidentiality, and the covenant not to compete contained in the Agreement.]

[IN CALIFORNIA: The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him might have materially affected his settlement with the debtor.

You expressly waive the provisions of Section 1542 of the California Civil Code and expressly release each party to be released from all liability or claims arising out of any matters recited in therelease.]

FRANCHISEE:

\_\_\_\_\_

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

Its: \_\_\_\_\_

**ATTACHMENT D TO THE FRANCHISE AGREEMENT**  
**LEASE RIDER**

*[Update defined terms and references, as needed]*

1. **Incorporation and Precedence.** This lease rider ("Lease Rider") is incorporated into that certain Lease (as amended or modified, the "Lease") dated \_\_\_\_\_ by and between \_\_\_\_\_ ("Landlord"), and \_\_\_\_\_ ("Tenant"), and supersedes any conflicting provisions in the Lease. Capitalized terms not otherwise defined in this Lease Rider shall have the meanings ascribed to them in the Lease. Tenant will operate a DRIPBaR franchise at the Premises under that certain franchise agreement (the "Franchise Agreement") dated \_\_\_\_\_ with DRIPBaR Franchising, LLC, a Delaware limited liability company (together with its successors and assigns, "Franchisor").

2. **Marks and Menu.** Landlord consents to Tenant's use and display of such Marks (the "Marks") and signs, decor items, color schemes, plans, specifications and related components as Franchisor may prescribe from time to time.

3. **Notice to Franchisor.** Landlord will give written notice to Franchisor (concurrently with the giving of such notice to Tenant) of any defaults by Tenant under the Lease by certified mail, return receipt requested, or by nationally recognized overnight courier service, at the following address or to such other address as Franchisor may provide to Landlord from time to time:

DRIPBaR Franchising, LLC  
236 Franklin Street  
Wrentham, MA 02093  
Attn: Ben Crosbie

4. **Access to Premises.** During the term of the Lease, Franchisor shall have the right to enter the Premises for the purpose of: (i) making any modification or alteration necessary to protect the Marks; (ii) curing any default by Tenant under the Franchise Agreement or the Lease, and (iii) inspecting the Premises and Tenant's business operations in accordance with the Franchise Agreement. Further, for a period of fifteen (15) days following the expiration or termination of either the Lease or the Franchise Agreement, Landlord shall provide Franchisor full access to the Premises to de-identify and remove from the Premises the Marks and any other trademarked property, proprietary software or equipment. The foregoing rights are conditioned on Franchisor (a) promptly repairing any damage to the Premises caused by Franchisor, and (b) indemnifying and holding Landlord harmless from and against any and all cost, liability, damage or expenses incurred by Landlord in connection with such entry by Franchisor. Neither Franchisor nor Landlord will be responsible to Tenant for any damages that Tenant might sustain as a result of any action taken by Franchisor in accordance with this provision.

5. **Tenant Default; Franchisor's Assumption of Lease.** In the event of a default by Tenant under the Lease, Franchisor has the right, but has no obligation to (i) cure the default within the same cure period afforded to Tenant under the Lease (or if the default cannot reasonably be cured within such time period, then Franchisor shall commence and proceed to act diligently to cure the default within such time as is reasonably necessary to do so), and (ii) provide written notice to Landlord that it has exercised its option under the Franchise Agreement to acquire the Premises from Tenant and assume the Lease. If Franchisor

elects to take the action described in subsection (ii), then: (a) Landlord agrees to recognize Franchisor as the tenant under the Lease, provided Franchisor agrees in writing to assume all obligations of tenant under the Lease; (b) all rights granted to Tenant under the Lease (including, without limitation, renewal options, purchase options, assignment/sublease rights) shall transfer to Franchisor upon its assumption of the Lease; and (c) Franchisor shall thereafter have the right, without Landlord's consent but otherwise subject to the terms set forth in the Lease, to assign or sublease the Premises to an affiliate or designee, provided such affiliate or designee meets all Franchisor's franchisee requirements. Landlord and Tenant stipulate and agree that Franchisor is not currently a party to the Lease and shall have no liability under the Lease unless and until the Lease is assumed by Franchisor.

6. **Landlord's Representations and Covenants.** Landlord hereby represents and covenants as follows: (i) Landlord has no notice of any existing, pending or threatened condemnation actions, violations of any applicable laws, rules and/or regulations, pending or threatened governmental or administrative actions or proceedings, or causes of action, proceedings, suits or judgments with respect to the Premises or Shopping Center, and (ii) Tenant's use of the Premises, as permitted by the terms of this Lease, does not violate any existing exclusive of any other tenant in the Shopping Center.

7. **Assignment by Franchisee.** In addition to any consents that are required from Landlord, Tenant may not assign the Lease or sublet the Premises without Franchisor's prior written consent, and Landlord will not consent to an assignment or subletting by Tenant without first verifying that Franchisor has given its written consent to Tenant's proposed assignment or subletting.

8. **Tenant's floor plans.** Tenant shall supply Landlord with an electronic copy of Tenant's plans upon Landlord's request. Tenant shall not be required to submit hard copies of plans to Landlord. Landlord shall accept plans or propose revisions within five (5) days of receipt of Tenant's plans. Tenant shall submit any revisions to Landlord within fourteen (14) days of receipt.

9. **Tenant's Contractors.** Tenant's contractors and/or subcontractors shall have the right to access the Premises and perform work and/or repairs according to the timeline during normal business hours. Any subcontractor performing work amounting to less than \$10,000 shall not be required to receive approval from Landlord.

10. **Outdoor Seating.** Landlord shall permit Tenant to use common area space directly outside the Premises for the use of outdoor seating. Tenant shall be permitted to place up to 6 tables in the designated seating area.

11. **Miscellaneous Equipment and Structure.** Tenant shall be permitted to place its equipment, including without limitation the Cold Press juicing machine, anywhere within the Premises, in accordance with Tenant's plans and local governmental requirements.

12. **Conflicting Provisions.** The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

13. **Amendments to Lease.** Landlord and Tenant will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Franchisor's prior written consent.

*(Signatures on next page)*

LANDLORD

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

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

Its: \_\_\_\_\_

FRANCHISOR

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

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

Its: \_\_\_\_\_

TENANT

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

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

Its: \_\_\_\_\_

**ATTACHMENT E TO THE FRANCHISE AGREEMENT**

**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION**

**\*\*This form MUST be accompanied by a Printed Voided Check or Bank Letter\*\***

Franchisee Information

<b>Franchisee Name:</b>	
<b>Franchisee Mailing Address:</b>	
<b>Franchisee Phone No.:</b>	
<b>Contact Name:</b>	
<b>Address (if different from above):</b>	
<b>Franchisee Email Address:</b>	

Funds Settlement Information

<b>Bank Name:</b>	
<b>Account Owner:</b>	
<b>Bank Mailing Address:</b>	
Bank Routing No.:	
Bank Account No.:	

Authorization

\_\_\_\_\_ (hereinafter, “User” or “Franchisee”) hereby authorizes DRIPBaR Franchising, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective. Undersigned represents and warrants to Franchisor that the person executing this form is an authorized signatory on the Account referenced above and all information regarding the Account and Account Owner is true and correct.

Account Owner Signature \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name & Title: \_\_\_\_\_

Federal Tax ID Number \_\_\_\_\_

**NOTE FRANCHISEE MUST ATTACH A VOIDED CHECK OR BANK LETTER**

**EXHIBIT B**  
**TO FRANCHISE DISCLOSURE DOCUMENT**  
**MULTI-UNIT DEVELOPMENT AGREEMENT**

## **MULTI-UNIT DEVELOPMENT AGREEMENT**

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (the “Agreement”) is made as of the Effective Date set forth in the Rider attached to this Agreement (the “Rider”) DRIPBaR Franchising, LLC, a Delaware limited liability company (“Franchisor”, “we”, “us” or “our”) and the person or persons named in the Rider as “Franchisee” (“Multi-Unit Operator”, “you” or “your”). If you are a corporation, partnership, limited liability company or other entity approved by us to own a Franchised Business (the “Approved Entity”), the term “owners” in this Agreement shall refer to your shareholders, partners, members or other interest holders. Unless otherwise approved by us, the term “Controlling Person” refers to the person who owns forty percent (40%) or more and the largest share of the general partnership interest of such partnership; the equity and voting power of all classes of the issued and outstanding capital stock of such corporation; the membership interests of such limited liability company or the voting and ownership interests of such other entity.

### **INTRODUCTION**

- A. We have invested substantial time, effort and money to develop a system of operating businesses that will either (i) provide Practice Management Support to medical practices and licensed professionals offering and providing intravenous vitamin therapies (“I.V. Vitamin Therapy Services”) or (ii) offer and provide I.V. Vitamin Therapy Services to customers. We grant franchises to qualified candidates for the operation of a DRIPBaR franchise. We grant franchises to qualified candidates for the operation of a DRIPBaR franchise. We license our trademark rights in “DRIPBAR<sup>®</sup>,” as granted to us by our affiliate, and may in the future adopt, use and license additional or substitute trademarks, service marks, logos and commercial symbols in connection with the operation of Franchised Businesses (collectively the “Marks”). Franchised Businesses use our methods, procedures, standards, specifications and the Marks (all of which are collectively referred to as the “System”) which we may improve, further develop or otherwise modify from time to time.
- B. You acknowledge that you have had an adequate opportunity to be thoroughly advised of the provisions of this Agreement and our Franchise Disclosure Document and have had sufficient time and opportunity to evaluate and investigate the System and the procedures and financial requirements associated with the System, as well as the competitive market in which it operates;
- C. You desire to operate Franchised Businesses that have the right to develop and operate a designated number of Franchised Businesses under the Marks and the System within the geographical area (the “Development Area”) defined below and set forth in Exhibit A pursuant to the development schedule (the “Development Schedule”) defined and set forth below in Exhibit B; and
- D. We wish to grant you the right to open and operate a designated number of Franchised Businesses in the Development Area, pursuant to the Development Schedule and subject to the terms, covenants and conditions set forth in this Agreement.

### **1. GRANT OF MULTI-UNIT DEVELOPMENT RIGHTS**

1.1. **Grant of Multi-Unit Development Rights.** We hereby grant to you, and you accept, subject to the terms and conditions of this Multi-Unit Development Agreement, the right to and obligation to develop, establish and operate the number of Franchised Businesses as set forth in Exhibit B of this Agreement, and to use the System solely in connection therewith at specific locations we approve to be operated pursuant to the terms of separate franchise agreements (referred to individually as a “Franchise Agreement” and collectively as the “Franchise Agreements”) executed between you (or an affiliate of you) and us as provided in Section 2.1 hereof, and pursuant to the Development Schedule established in Exhibit B-2

B of this Agreement. Each Franchised Business developed hereunder shall be located within the Development Area described in Exhibit A of this Agreement.

## **2. DEVELOPMENT AREA**

2.1. Territorial Grant. You undertake to develop, own and operate the number of Franchised Businesses as set forth in Exhibit B of this Agreement within the Development Area set forth by map or written description in Exhibit A to this Agreement. Pursuant to the Franchise Agreements which this Agreement contemplates will be entered into between you (or an affiliate of you) and us, your right to operate the Franchised Businesses will be limited to the locations. We reserve the right to adjust or reassign any of the trade areas in the Development Area if we believe that this serves your best interest, or if there is a conflict with another multi-unit operator's or franchisee's trade area. We reserve the right to move that trade area to an unoccupied trade area.

2.2. Our Restriction. We, our affiliates, subsidiaries and designees (together, the "Affiliates") will not, except as provided in Section 2.3 ("Rights We Reserve"), operate company-owned businesses of the type contemplated by this Agreement and franchises under the Franchise Agreements, or enter into any other agreements granting others the right to own, develop or operate DRIPBaR businesses within the Development Area, so long as you are not in default under this Agreement and all other related agreements. These restrictions will immediately terminate upon the expiration or sooner termination of this Agreement for any reason.

2.3. Rights We Reserve. You agree that we and/or our Affiliates may engage in any business activity whatsoever in or outside the Development Area except as we are restricted by Section 2.2 of this Agreement, and that this Agreement does not confer upon you any right to participate in or benefit from any such other business activity (regardless of whether it is conducted under the Proprietary Marks or not). Our rights to engage in other business activities are specifically reserved and may not be qualified or diminished in any way by implication. We thus may engage in, or authorize others to engage in, any form of business offering and selling any type of product or service except as restricted by Section 2.2 above. By way of example, we and/or our Affiliates may own, operate or authorize others to own or operate any type of business at any location whatsoever, including within your Development Area, so long as such other business does not sell under the Proprietary Marks the type of products or services which your Franchised Businesses offer and sell (except as permitted below). Further, we and/or our Affiliates may own, operate or authorize others to own or operate Franchised Businesses at any location outside of your Development Area (including immediately proximate thereto).

In addition, you understand and agree that we and/or our Affiliates alone have the right to offer and sell within and outside your Development Area, and under the Proprietary Marks, any and all products or services and/or components thereof, (including those used or sold by your Franchised Businesses), and whether or not a part of DRIPBaR System, through any alternate channels of distribution, that is, any method of distribution other than a Franchised Business situated within your Development Area including, without limitation, the internet/worldwide web; any other form of electronic commerce; "800" or similar toll-free telephone numbers; mail order; catalogs; television sales (including "infomercials"); or, any other channel of distribution whatsoever except for a DRIPBaR business.

You further understand, acknowledge and agree that we and our affiliates alone have the right, both within and outside of the Territory, to own and operate or grant franchises to others to operate businesses under the same or different marks in transportation facilities, including airports and train stations; military bases and government offices and facilities; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals and health care facilities; fitness businesses; malls; schools and universities; or any similar captive market or any other location to which access to the general public is restricted (a "Non-Traditional Site").

You also agree that we may purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless

of the location of that other business' facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than, while this Agreement is in effect, the Proprietary Marks, regardless of the location of these businesses and/or facilities, which may be within the Development Area or immediately proximate thereto.

You waive and release any claims, demands or damages arising from or related to any of the above activities and promise never to begin or join in any legal action or proceeding, or register a complaint with any governmental entity, directly or indirectly contending otherwise.

### **3. TERM; RENEWAL**

3.1. Term. Unless sooner terminated in accordance with the terms of this Agreement, the term ("Term") of this Agreement will commence on the Effective Date and end on the date the last Franchised Business is opened pursuant to the Development Schedule, unless terminated sooner pursuant to the terms of this Agreement.

3.2. Notice of Expiration. If applicable law requires us to give notice of expiration to you at a specified time before the expiration of the Term of this Agreement, and we have not done so, then the Term of this Agreement will be extended on a month-to-month basis until we have given you the required notice of expiration and the required period before the expiration of the Agreement becomes effective has expired.

3.3. Renewal. This Agreement shall not be subject to renewal. Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, DRIPBaR businesses within the Development Area subject only to the territorial rights granted to you with respect to Franchised Businesses operated by you pursuant to the Franchise Agreements.

### **4. DEVELOPMENT FEE**

4.1. Development Fee. In consideration of the development rights granted herein, you shall pay to us, simultaneously with the execution of this Agreement a Development Fee as set forth in Exhibit A to this Agreement ("Development Fee"). You recognize that we have incurred administrative and other expenses in relation to this Agreement, and that our development opportunities have been lost or curtailed as a result of the development rights granted to you herein. Therefore, the Development Fee shall be fully earned by us upon execution of this Agreement and shall not be refunded, in whole or in part, under any circumstance.

### **5. DEVELOPMENT SCHEDULE**

5.1. Development Schedule. For as long as this Agreement is in effect and you are not in default under the terms of this Agreement or any Franchise Agreement, you will have the right and obligation to execute Franchise Agreements for and commence operations of Franchised Businesses pursuant to the Development Schedule set forth in Exhibit B. The Development Schedule sets forth the minimum number of Franchised Businesses that you must commence operating by the specified dates. You may not develop or commence operations of more than the number of Franchised Businesses set forth in Exhibit B without first obtaining our written consent. A Franchised Business will be considered "developed" if: (i) the Franchise Agreement for the Franchised Business has been signed by you (or an affiliate of you) and us; and (ii) the Franchised Business has commenced operations in accordance with the Franchise Agreement governing the Franchised Business.

5.2. Failure to Fulfill Development Obligations. Except as provided in Section 15.1 below ("Unavoidable Delay or Failure to Perform (Force Majeure)"), if you fail to adhere to the Development Schedule attached hereto as Exhibit B by either: (i) failing to execute the Franchise Agreement for each Franchised Business; or (ii) failing to commence operations of each Franchised Business on or before the date specified in the Development Schedule, then this will constitute a material breach of this Agreement. Notwithstanding the foregoing, if you fail to comply with the Development Schedule, we will have the

B-4

right to: (i) reduce, in whole or in part, the size of the Development Area; (ii) reduce, in whole or in part, the total number of Franchised Businesses that you will have the right to develop; or, (iii) terminate the Multi-Unit Development Agreement. If we exercise any of the rights in this Section 5.2, you shall not be entitled to a refund of any amount of the Development Fee.

Termination of this Agreement for this reason will not be a termination (constructive or otherwise) of any Franchise Agreement(s) entered into by you (or an affiliate of you) and us thereunder; provided that you have already commenced the operation of the Franchised Business(es) covered by the Franchise Agreement(s) and you have fully performed and otherwise been in compliance with all of your obligations under the Franchise Agreement(s) in question. You will lose both the right to develop the undeveloped Franchised Businesses in the Development Area and the Development Fee attributable to the undeveloped Franchised Businesses, and we may operate or franchise Franchised Businesses anywhere within the Development Area without, in any way, being in violation of this Agreement. This remedy of ours will be in addition to whatever other remedies we may have at law or in equity.

5.3. Time is of the Essence. Subject to the provision of Section 15.1 below (“Unavoidable Delay or Failure to Perform (Force Majeure)”), your timely performance of your obligations under Section 5 of this Agreement is of material importance and is of the essence to this Agreement.

## **6. SELECTION OF SITES; FRANCHISE AGREEMENT**

6.1. Site Approval. You shall assume all responsibility and expense for locating potential sites for Franchised Businesses and submit to us for our evaluation and approval, in the form specified by us, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have the time as stated within the applicable Franchise Agreement to approve or disapprove the site, which consent we will not unreasonably withhold or delay. If the site is approved, you will then be presented with the Franchise Agreement for execution.

6.2. Execution of Franchise Agreement. You and we will execute a Franchise Agreement for each Franchised Business provided for in the Development Schedule. The Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The Franchise Agreement for each additional development right exercised hereunder shall be our then-current Franchise Agreement, modified to state that your Initial Franchise Fee (as defined in the Franchise Agreement) will be modified as specified in Section 4.1 above.

The Franchise Agreement for each additional Franchised Business will be executed according to the following procedure:

6.2.1. Within a period of time we deem appropriate, we will deliver to you (if required under applicable law) a copy of our then-current Franchise Disclosure Document, including our then-current Franchise Agreement, modified as provided above (collectively, the "Franchise Disclosure Document").

6.2.2. Promptly upon receipt of the Franchise Disclosure Document, you must acknowledge receipt by executing the receipt form (“Receipt”) prescribed in the Franchise Disclosure Document and promptly returning the Receipt to us.

6.2.3. No sooner than fourteen (14) business days, but no later than thirty (30) calendar days after you receive our Franchise Disclosure Document, you must, by written notice, notify us as to whether or not you elect to execute our then-current form of Franchise Agreement (modified as provided above) for the Franchised Business.

6.2.4. Promptly upon our receipt of your notice that you elect to execute our then-current form of Franchise Agreement (modified as provided above), we will deliver to you an e copy of the Franchise Agreement. Promptly upon receipt of this execution copy, you must execute it and return it to us.

6.2.5. If you fail to perform any of the acts or fail to deliver any of the notices required pursuant to the provisions of subsections 6.2.1 through 6.2.4 above in a timely fashion, this will be a material and

incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately on notice to you, with no opportunity to cure.

Under no circumstances, however, may you open a Franchised Business unless and until there is a fully executed Franchise Agreement in place for such Franchised Business and the applicable franchise fee has been paid in full.

## **7. OUR DUTIES**

7.1. Duties of Franchisor. So long as you are not in default of this Agreement or the Franchise Agreements, we will grant you the right and obligation to acquire and operate Franchised Businesses in the Development Area and pursuant to the Development Schedule, upon the terms and subject to the provisions of this Agreement and the terms of each Franchise Agreement entered into between you and us and of all documents related to this Agreement and the Franchise Agreement, and to use solely and in connection with these Franchise Agreements. The System as it may be changed, improved, modified or further developed from time to time, in the Development Area as defined in this Agreement and upon the terms and subject to the provisions of this Agreement and the terms of all documents related to this Agreement and the Franchise Agreements. We will review site survey information on sites you select for conformity to our standards and criteria for potential sites and, if the site meets our criteria, approve the site for development of a Franchised Business. Pursuant to the Franchise Agreements and under their terms, we will offer and perform the training, instruction, assistance and other activities for which the Franchise Agreements provide.

## **8. YOUR DUTIES**

8.1. Payments to Us. In addition to all other payments under this Agreement, you agree to pay us (or our affiliates) immediately upon demand:

8.1.1. All sales taxes, trademark license taxes and any other taxes, imposed on, required to be collected, or paid by us or our affiliates (excluding any corporate income taxes imposed on us or our affiliates) because we or our affiliates have furnished services or products to you or collected any fee from you.

8.1.2. All amounts we advanced, or which we have paid, or for which we have become obligated to pay, on your behalf for any reason.

8.1.3. All amounts due to us (or our affiliates) for any other reason.

All payments due to us from you under this Agreement must be paid by check transmitted to our headquarters address, except that we reserve the right to require deposit of payments elsewhere and/or payment by wire transfer or other form of electronic funds transfer.

8.2. Compliance with Franchise Agreements and Laws, Rules and Regulations. You agree to abide by and faithfully adhere to the terms of each Franchise Agreement signed pursuant to this Agreement. You further agree to develop and operate the Franchised Businesses in strict compliance with all applicable laws, rules and regulations of all governmental authorities; to comply with all applicable wage, hour and other laws and regulations of the federal, state and local governments; to prepare and file all necessary tax returns; to pay all taxes imposed upon you related to the Franchised Businesses; and, to obtain and keep in good standing all necessary licenses, permits and other required forms of governmental approval required of you.

8.3. Indemnification. You hereby agree that you will, at your sole cost, at all times defend us, our affiliates, and the corporate affiliates, subsidiaries, successors, assigns and designees of each, and the respective directors, officers, employees, agents, attorneys, shareholders, designees, contractors and representatives of each (we and all others referenced above, the "Indemnitees"), and indemnify and hold harmless us and the other Indemnitees to the fullest extent permitted by law, from all claims, loss, liability and costs (including court costs, attorneys' fees and experts' fees) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether

reduced to judgment) or any settlement which actually or allegedly, directly or indirectly arises out of, is based upon, is a result of or is related to any of the following:

8.3.1. Claims of any type or nature advanced by or against you or any of your officers, directors, shareholders, partners, proprietors, management, agents, employees, affiliates representatives and contractors (or any third party acting on your behalf or at your direction) by a third party (or, as applicable, against a third party) or between or among themselves;

8.3.2. Your alleged or actual infringement or violation of any patent, trademark, service mark, copyright or other intellectual property or proprietary right owned or controlled by third parties;

8.3.3. Your alleged or actual violation or breach of any contract, federal, state, local, foreign or other law, rule or regulation;

8.3.4. Libel, slander or any other form of defamation by you;

8.3.5. Your alleged or actual violation or breach of any warranty, representation, agreement or obligation set forth in this Agreement;

8.3.6. Your ownership and operation of any Franchised Businesses operated pursuant to this Agreement;

8.3.7. Your failure to pay (or withhold) when due any levies, taxes or assessments that you may be required by applicable law to pay (or withhold);

8.3.8. Any acts, errors, neglects or omissions by you and/or your officers, directors, shareholders, management, employees, agents, servants, contractors, partners, proprietors, affiliates or representatives (or any third party acting on your behalf or at your direction); or

8.3.9. Any damage to the property of you, us, any of our affiliates, or their, our or your officers, directors, management, agents, employees and contractors

You agree to give us written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification by any Indemnitee within three (3) days of your actual or constructive knowledge of it. At your expense and risk, we may elect to assume (but under no circumstance will we be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation. However, we will seek your advice and counsel and keep you informed with regard to the defense or contemplated settlements. Our undertaking of defense and/or settlement will in no way diminish your obligation to indemnify us and the other Indemnitees and to hold us and them harmless.

We will have the right, at any time we consider appropriate, to offer, order, consent or agree to settlements or take any other remedial or corrective actions we consider expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our sole judgment, there are reasonable grounds to do so. Under no circumstances will we or the other Indemnitees be required to seek recovery from third parties or otherwise mitigate our or their losses to maintain a claim against you. You agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by us or the other Indemnitees from you. The indemnification obligations of this Section 9.3 will survive the expiration or sooner termination of this Agreement.

8.4. Business Entity Multi-Unit Operator Requirements. In the event that you are a corporation or desire to conduct business in a corporate capacity, said corporate entity or assignment to a corporate entity (which may include a corporation, limited liability company or partnership) must receive our prior written approval and you agree to comply with the provisions hereinafter specified below. As a business entity, you must comply with the following requirements (which will also apply to any business entity assignee of yours):

8.4.1. You or those individuals disclosed on Exhibit C attached hereto shall be the legal and beneficial owner of not less than fifty-one percent (51%) of the outstanding equity of said entity and shall act as such entity's principal officer.

8.4.2. Furnish us with your articles of incorporation, bylaws, partnership, agreement, limited partnership agreement, limited liability company agreement and other governing documents; list of officers, directors, shareholders, partners (limited and general), proprietors or members (including type,

B-7

DRIPBaR Franchising, LLC

2023 FDD | Ex. B – Multi-Unit Development Agreement

number and percentage of interests held); the Confidentiality and Non-Competition Agreements required under Section 10.2; and any other documents we may reasonably request, and any amendments to them.

8.4.3. Confine your activities to the operation of your Franchised Businesses developed hereunder, and your governing documents must provide that your activities are confined exclusively to the operation of your Franchised Businesses developed hereunder.

8.4.4. Maintain stop transfer instructions against the transfer on the records of any of your equity securities, and not issue or have outstanding any securities on the face of which the following printed legend does legibly and conspicuously appear:

"The transfer of this security is subject to the terms and conditions of a Multi-Unit Development Agreement with DRIPBaR Franchising, LLC, dated \_\_\_\_\_. Reference is made to the provisions of this Multi-Unit Development Agreement and to the governing documents of this issuer. This certificate is not transferable and is not subject to sale, assignment, pledge, mortgage, encumbrance, or transfer, by operation of law or otherwise, without the prior written consent of DRIPBaR Franchising, LLC."

8.4.5. Maintain a current list of all owners of record and all beneficial owners of any class of your capital stock, general or limited partnership interests, membership interests or similar interests, and furnish this list to us on request.

8.4.6. Ensure that your organizational documents expressly restrict the transfer (as defined in Section 10.2) of any direct or indirect ownership interest in you, including your equity interests, and provide that such documents may not be modified without our prior written consent.

The assignment to a corporate entity will not relieve you of personal liability to us for performance of any of the obligations under this Agreement. Any subsequent transfer of voting rights of the equity of the entity or assignee entity, and any transfer or issuance of equity of the entity or assignee entity shall be subject to our prior written approval. We agree that we will not unreasonably restrict the issuance or transfer of equity, provided that you comply with the provisions of Article 10 below, and provided that in no event shall any equity of such corporate entity or assignee corporate entity be sold, transferred or assigned to a business competitor of ours.

8.5. Best Efforts; Cooperation with Us. You agree to act in good faith and use your best efforts to comply with your obligations under this Agreement, and to cooperate with us in accomplishing the purposes of this Agreement.

8.6. Your Participation in Operations; Multi-Unit Operations Directors. You agree to devote your full time and efforts to the performance of your duties under this Agreement, and a failure to do so will constitute a material breach of this Agreement, which, unless cured as provided in Section 13.3 of this Agreement, will result in this Agreement being terminated in accordance therewith. Notwithstanding the foregoing, you acknowledge and agree that we may require you to, at all times employ, at your own expense, a designated operations director to oversee the day to day operations of all of your Franchised Businesses and to serve as our main point of daily contact with authorization to communicate directly with us and to make management decisions in connection with same (the "Multi-Unit Operations Director"). Should we require that you hire a Multi-Unit Operations Director, you acknowledge and agree that your proposed Multi-Unit Operations Director must satisfy our educational and business criteria, be approved by us in advance and complete our Initial Training Program. You further agree that you must arrange to have your Multi-Unit Operations Director execute our then-current form of Confidentiality and Non-Competition Agreement.

Upon the death, disability or termination of employment of the Multi-Unit Operations Director, for any cause or reason, you shall immediately notify us, and designate and obtain our prior written approval of an interim or acting Multi-Unit Operations Director and, no later than ninety (90) days following the death, disability or termination of the predecessor Multi-Unit Operations Director, you must designate a successor Multi-Unit Operations Director. Each successor Multi-Unit Operations Director must be certified to manage multi-unit operations and attend and successfully complete our next scheduled Initial Training Program (as described in the first Franchise Agreement we sign for your first Franchised Business, attached hereto as Exhibit D). The failure to employ and train a successor Multi-Unit Operations

Director shall constitute a material breach of this Agreement.

8.7. Patriot Act. You represent and warrant to us that, as of the date of this Agreement and at all times during the Term hereof, and to your actual or constructive knowledge, neither you, any affiliate of yours, any individual or entity having a direct or indirect ownership interest in you or any such affiliate (including any shareholder, general partner, limited partner, member or any type of owner), any officer, director or management employee of any of the foregoing, nor any funding source you utilize is or will be identified on the list of the U.S. Treasury's Office of Foreign Assets Control (OFAC); is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government or by any individual that is subject to an embargo imposed by the United States government; is acting on behalf of any country or individual that is subject to such an embargo; or, is involved in business arrangements or other transactions with any country or individual that is subject to an embargo. You agree that you will immediately notify us in writing immediately upon the occurrence of any event which would render the foregoing representations and warranties incorrect. Notwithstanding anything to the contrary in this Agreement, you may not allow, effect or sustain any transfer, assignment or other disposition of this Agreement to a Specially Designated National or Blocked Person (as defined below) or to an entity in which a Specially Designated National or Blocked Person has an interest. For the purposes of this Agreement, "Specially Designated National or Blocked Person" means: (i) a person or entity designated by OFAC (or any successor officer agency of the U.S. government) from time to time as a "specially designated national or blocked person" or similar status; (ii) a person or entity described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001; or, (iii) a person or entity otherwise identified by any government or legal authority as a person with whom you (or any of your owners or affiliates) or we (or any of our owners or affiliates) are prohibited from transacting business.

You further agree that you will not hire, retain, employ or otherwise engage the services of any individual or entity in contravention of the Patriot Act; any law, rule or regulation pertaining to immigration or terrorism; or, any other legally prohibited individual or entity.

## **9. CONFIDENTIAL INFORMATION; COVENANTS NOT TO COMPETE**

9.1. Restrictions on Use of Confidential Information. You agree that you will not, during the Term of this Agreement or thereafter, divulge to or use for the benefit of yourself or any other person(s), partnership, proprietorship, association, corporation or entity, any confidential information, knowledge or know-how concerning your or our systems of operation, programs, services, products, customers or practices and/or pertaining to the DRIPBaR System which may be communicated to you. Any and all information, knowledge, know-how, techniques and information which we, our affiliates, or their respective officers, designate as confidential will be deemed confidential for the purposes of this Agreement, except information which you can demonstrate came to your attention before our disclosure or which, at or after the time of our disclosure to you, has become a part of the public domain through publication or communication by others.

### **9.2. Covenants Not to Compete.**

9.2.1. During the Term and any Renewal Term of this Agreement, unless you are a licensed physician, you are prohibited from directly or indirectly engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, member, officer, manager, employee, principal, agent, adviser, or consultant. In addition, you agree not to divert any business that should be handled by your franchised business to any other person or entity.

9.2.2. For a continuous uninterrupted period commencing two (2) years immediately following the expiration, termination of or transfer of all your interest in this Agreement for any reason, except as otherwise approved in our sole and absolute discretion, you shall not, directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership, or corporation:

9.2.2.1. divert, or attempt to divert, any business or customer of the Franchised Business(es) hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform,

directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System;

9.2.2.2. subject to state law, employ, or seek to employ, any person who is at that time or was within the preceding ninety (90) days employed by us, or by any other franchisee or multi-unit operator of ours, or otherwise directly or indirectly induce such person to leave that person's employment, except as may be permitted under any existing multi-unit development agreement or franchise agreement between us and you; or

9.2.2.3. own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any Competitive Business, which business is, or is intended to be, located within: (a) your Development Area; (b) twenty-five (25) miles of the perimeter of your Development Area; (c) the county in which any DRIPBaR operated by you (or any affiliate of you) is located; or (d) a twenty-five (25) miles radius of the location of any DRIPBaR business, then-existing or under development, in the System (whether company-owned, franchised or otherwise established and operated).

9.2.2.4. For the purposes of this Article 9, the term "Competitive Business" shall refer to any other business that primarily offers intravenous therapy.

9.2.3. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or the provision of any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing in this Section will prevent you from owning for investment purposes no more than an aggregate of five percent (5%) of the capital stock of any Competitive Business you do not control and whose stock is listed on the New York Stock Exchange or the National Association of Securities Dealers Automated Quotation System. It is the intention of these provisions that any person or entity with any legal or beneficial interest in or traceable to or through you be bound by the provisions of this covenant.

9.2.4. You agree to obtain the execution of our Confidentiality and Non-Competition Agreement attached hereto as Exhibit D from the following persons and to cause them to refrain from the competitive activities described above: (i) before employment or any promotion: (1) your General Manager and Assistant General Managers; (2) any personnel you employ who have received or will receive training from us; (3) all your other managerial employees; and (4) any other persons to whom you grant access to Confidential Information; and (b) if you are a Business Entity, all your officers, directors, equity holders, members and those of any Business Entity directly or indirectly controlling you, at the same time as the execution of this Agreement (or at such later time as they assume such status). You must furnish us with copies of all signed Confidentiality and Non-Competition Agreements no later than ten (10) days following their execution. You agree to prosecute to the fullest extent permitted by law breaches of any Confidentiality and Non-Competition Agreement executed pursuant to this Section 9.2 and you acknowledge our right, to be exercised in our sole business judgment, to ourselves enforce the terms of each executed Confidentiality and Non-Competition Agreement.

9.2.5. If all or any portion of the covenants not to compete set forth in this Article 9 are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. You agree to be bound by any lesser covenant subsumed within the terms of this Article 9 as if the resulting covenants were separately stated in and made a part of this Agreement.

9.3. Enforcement of Confidentiality Covenant and Covenants Not to Compete. You acknowledge that violation of the covenants in Section 9.1 and 9.2 of this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. You therefore consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of these covenants, without the necessity of our posting any bond or security. You agree that it may conclusively be presumed that any violation of the terms of the covenants not to compete was

B-10

accomplished by and through your unlawful use of our Confidential Information, know-how, methods and procedures. You also agree that any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants not to compete in this Agreement. You agree to pay all costs and expenses, including reasonable attorneys' and experts' fees that we incur, in connection with the enforcement of the covenants not to compete set forth in this Agreement.

## **10. TRANSFER OF INTEREST**

10.1. Transfer By Us. We may transfer or assign this Agreement or any or all of the rights, interests, benefits or obligations arising under it without restriction. Upon any transfer or assignment of this Agreement by us, we will be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment.

10.2. Transfer By You – General. This Agreement, and your rights and obligations under it, are and will remain personal to you. As used in this Agreement, the term “Transfer” will mean any sale, lease, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by your disability or death or by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets used to operate your DRIPBaR, or of any interest in you, or if you are a corporation, partnership, limited liability company or other entity, a transfer, pledge, assignment, or other disposition of direct or indirect control or ownership of twenty-five percent (25%) or more of any interest in your entity. In addition, if there are two (2) individuals signing this Agreement as Franchisee, and one (1) of those individuals is no longer involved in the ownership of your Franchised Business, the withdrawal of that person will be considered a “Transfer.” A “Transfer” will also be deemed to occur when there are more than two (2) people listed as the Franchisee and there is a change in the ownership of your Franchised Business such that less than a majority of the original signers continue to have a majority interest in the equity of the business. Unless otherwise provided in this Agreement, we will not unreasonably withhold, delay or condition our consent to a Transfer, subject to all of the following conditions being satisfied:

10.2.1. you are in full compliance with this Agreement, you have no uncured defaults, and all your debts and financial obligations to us and our affiliates are current;

10.2.2. you provide us with all information we may require concerning the proposed transaction (including a copy of the purchase agreement and all related documents), and the proposed transferee;

10.2.3. we are satisfied that the proposed transferee (and if the proposed transferee is an entity, all holders of any interest in such entity) meets all of the requirements for our new Multi-Unit Operators, including, but not limited to, good reputation and character, business experience, and financial strength, credit rating and liquidity, and that the sale price is not excessive;

10.2.4. you sign a written agreement in a form satisfactory to us in which you and your investors covenant to observe all applicable post-term obligations and covenants contained in this Agreement and release us and our affiliates from any claims you may have against us, or any further obligations we may have to you;

10.2.5. the proposed transferee enters into a new Multi-Unit Development Agreement with us, on the terms we then generally offer to new Multi-Unit Operators (including fees payable and size of territory); provided, however, the term of that Multi-Unit Development Agreement, unless otherwise agreed, will be the remaining term of your Multi-Unit Development Agreement;

10.2.6. prior to the date of the proposed Transfer, the proposed transferee’s Designated Principal successfully completes such training and instruction as we deem necessary;

10.2.7. you and all holders of an interest in you sign 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 investors may have against us and our affiliates, including our and their respective shareholders, officers, directors and employees, in both their individual and corporate capacities; and

10.2.8. prior to the Transfer, you pay us a transfer fee of fifty percent (50%) of our then current

initial franchise fee (the “Transfer Fee”) to cover our reasonable costs in effecting the Transfer.

Our consent to a Transfer of any interest in you, this Agreement or in the development rights pursuant to this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

10.3. Transfer By You – To a Business Entity You Form. We will not unreasonably withhold or delay our consent to your assignment to a business entity that you form solely for the convenience of entity ownership if all the following conditions are met: (i) the business entity is newly formed; (ii) each individual involved in the new entity has the same proportionate ownership interest in the new entity as he or she had in the Business before the assignment; (iii) you and the new entity sign an agreement with us under which you and the new entity are jointly and severally liable for all the obligations under this Agreement and bound by all the terms, conditions and covenants of this Agreement; (iv) each present and future equity holder in the new entity signs our Confidentiality and Non-Competition Agreement in the form of Exhibit D to this Agreement.

10.4. Transfer By You – Transfer Upon Death or Disability. Upon your death or long-term disability (if you are an individual) or the death or disability of your last surviving owner (if you are a business entity), that person's rights will pass to his or her estate, heirs, legatees, guardians or representatives, as appropriate (collectively, the "Estate"). The executor, administrator or personal representative of the Estate shall transfer your or your last surviving owner's interest to a third party, subject to our approve and terms and conditions set forth in Section 10.2 above, within three (3) months of the date such executor, administrator or personal representative is appointed to represent the Estate.

Until an executor, administrator or personal representative is appointed to represent the Estate, the Estate will continue the operation of the Franchised Businesses, and the existing Multi-Unit Operations Director will continue to oversee the operations of the Franchised Businesses developed pursuant this Agreement until the executor, administrator or personal representative of the Estate has consummated the Transfer. If an Multi-Unit Operations Director has not been appointed and approved by us, then the Estate must provide a competent and qualified individual acceptable to us to serve as the Multi-Unit Operations Director and assume oversight of the operations of the Franchised Businesses within one (1) month of the date of death or disability. If the Multi-Unit Operations Director has been approved by us, he or she will immediately assume, on a full-time basis, the oversight of the operations of the Franchised Businesses developed pursuant to this Agreement. If we reject the Estate's proposed Multi-Unit Operations Director, then the Estate will provide us with another proposed candidate for our consideration within fifteen (15) days of the date of our rejection. Once an acceptable Multi-Unit Operations Director has been approved by us, he or she will oversee the operations of the Franchised Businesses until the executor, administrator or personal representative of the Estate has consummated the Transfer of your or your last surviving owner's interest. If the Estate does not designate an Multi-Unit Operations Director or the Estate's Multi-Unit Operations Director does not assume full-time oversight of the operations of the Franchised Businesses within one (1) month from the date your or your last surviving owner's death or disability, this will be a material breach of this Agreement which, unless cured by the Estate as provided in Section 13.3, will result in this Agreement being terminated immediately.

Notwithstanding the foregoing, we may (but are under no obligation) to manage the operations of your Franchised Businesses developed hereunder, in order to prevent any interruption of the operations of your Franchised Businesses, which could cause harm to said businesses. Should we elect to exercise our right to manage your Franchised Businesses and/or your existing Franchised Businesses developed hereunder, then all monies from the operation of the Franchised Businesses shall be kept in separate accounts, and we will deduct our expenses for travel, lodging, meals and all other expenses and fees from each Franchised Businesses respective Gross Sales and also pay ourselves a management fee equal to ten percent (10%) of each Franchised Businesses monthly Gross Sales (“Management Fee”). This Management Fee will be in addition to any amounts due to us under each Franchised Businesses respective Franchise Agreement. We will then remit any remaining funds to the Estate. If we undertake the obligation to manage your

B-12

DRIPBaR Franchising, LLC

2023 FDD | Ex. B – Multi-Unit Development Agreement

Franchised Businesses developed pursuant to this Agreement, we will not be responsible for any operational losses of your Franchised Businesses, nor will we be obligated to continue operating your Franchised Businesses developed pursuant to this Agreement. You agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

10.5. Our Right of First Refusal. If you receive from an unaffiliated third party and desire to accept a bona fide written offer to purchase your development rights, your Franchised Businesses, any interest in the Franchised Businesses developed hereunder, you (if you are a business entity) (including any capital stock, membership, partnership or proprietary interest of you or anyone who controls you) or any other interest hereunder, voluntarily or by operation of law (as provided above), such transfer shall be subject to our right of first refusal, except in the instance of your Transfer pursuant to Section 11.3, (the "Right of First Refusal"), which Right of First Refusal we may freely assign to any individual or entity. Should we elect to exercise our Right of First Refusal, we will exercise such right in the following manner:

10.5.1. You must deliver to us a true and complete copy of the proposed transferee's offer (the "Offer") including all its material terms and furnish to us any additional information concerning the proposed transaction and the proposed transferee that we reasonably request. In order that we may have information sufficient to enable us to determine whether to exercise this option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request.

10.5.2. Within thirty (30) days after our receipt of the Offer (or, if we request additional information, within thirty (30) days after receipt of the additional information), we may either consent or withhold our consent to the Transfer, in accordance with this Article, or at our option accept the Transfer to ourselves or to our designee, on the terms and conditions specified in the Offer. If we or our designee accept the Transfer, we will be entitled to all of the customary representations and warranties given by the seller of development rights. Any dispute regarding the value of all or any part of the development rights proposed to be transferred and/or the consideration proposed to be paid or payable to you or any third party in connection with the proposed transfer shall be determined by a reputable independent appraiser we select, and you and we equally share the expense of, whose determination will be final and binding on us.

10.5.3. Our credit will be considered at least equal to the credit of any proposed transferee. We may substitute cash for the fair market value of any other form of payment proposed in the offer.

10.5.4. If we give notice of exercise of our Right of First Refusal, we will be given at least sixty (60) days after our notice to prepare for closing.

10.5.5. If we elect not to exercise our Right of First Refusal and we consent to the proposed Transfer, then you will, subject to the provisions of this Article, be free to assign this Agreement, your development rights, the Franchised Businesses developed hereunder, any interest in the Franchised Businesses developed hereunder or you to your proposed transferee on the terms and conditions specified in the Offer if you satisfy the conditions of Section 11.2 for our approval of a Transfer and if you close the transaction within sixty (60) days (or such further time as may be stipulated by law, rule or regulation). If, however, the terms specified in your notice are changed, the changed terms will be considered a new offer, and we will have an identical Right Of First Refusal with respect to this new offer. Further, if you fail to close the assignment transaction within sixty (60) days (or such further period of time as may be stipulated by applicable law, rule or regulation), then our Right Of First Refusal hereunder shall be restored and we may elect to exercise same within thirty (30) days thereafter.

Our election not to exercise our Right Of First Refusal with regard to any offer will not affect our Right Of First Refusal with regard to any later or modified offer. If we do not exercise our Right Of First Refusal, this will not constitute approval of the proposed transferee or the transaction itself. You and any proposed transfer must comply with all the criteria and procedures Transfer of this Agreement, your development rights, your Franchised Businesses developed hereunder, any interest in the Franchised Businesses developed hereunder or you as specified in this Article 11.

10.6. No Encumbrance. You will have no right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement or the Franchise Agreements in any manner without our prior written permission, which we may withhold for any reason.

## **11. PROPRIETARY MARKS**

11.1. Not a License of the Proprietary Marks. You acknowledge and agree that nothing contained in this Agreement will be deemed to constitute a license to you to use or display any of the Proprietary Marks in any manner. You will acquire a limited, non-exclusive license to use the Proprietary Marks only pursuant to, and to the extent that these rights are granted by, Franchise Agreements executed by you and us pursuant to this Agreement

11.2. Non-Use of Trade Name. If you are a business entity, you may not use our Proprietary Marks or any confusingly similar words or symbols, in your entity name.

11.3. Injunction. You explicitly affirm and recognize the unique value and secondary meaning attached to the System and the Proprietary Marks. Accordingly, you agree that any non-compliance by you with the terms of this Agreement, or any unauthorized or improper use of System or the Proprietary Marks by you, will cause irreparable damage to us and other multi-unit operators and franchisees. You therefore agree that if you engage in this non-compliance, or unauthorized and/or improper use of System or the Proprietary Marks, during or after the period of this Agreement, we will be entitled to both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law. You consent to the entry of these temporary and permanent injunctions without the requirement that we post a bond of any type or nature, or any other form of security, and without the requirement to prove the adequacy of money damages as a remedy, and without waiving any other rights or remedies at law or in equity. You will be responsible for payment of all costs and expenses, including reasonable attorneys' and expert fees, which we and/or our affiliates may incur in connection with our efforts to secure such injunctive relief.

## **12. RELATIONSHIP OF THE PARTIES**

12.1. Contractor; No Third Party Beneficiaries. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them. You are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose. You will be solely responsible for your employees and all employment related decisions, including, without limitation, decisions concerning wages and benefits, hiring and discharging, training and supervision and work schedules of employees. You are not empowered to, and may not, make any express or implied agreements, warranties, guarantees or representations or incur any debt or other obligations in our name or for our account (or for those of any of our affiliates). Except as expressly provided in this Agreement, we will have no control or access to your funds or their expenditure or in any other way exercise control over your Businesses.

You agree to conspicuously identify yourself, your Franchised Businesses, and any other facilities of your Franchised Businesses in all dealings with third parties as an independent contractor and to place notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials in the manner that we specify and require from time to time, in our Manual or otherwise.

All of our obligations under this Agreement are to you alone and no other party is entitled to rely on, enforce or obtain relief for breach of any of our obligations hereunder, either directly or by subrogation.

12.2. Your Required Means of Identification. You agree that you will do business and be identified as a Multi-Unit Operator, but not an agent of, DRIPBaR Franchising, LLC.

### **13. DEFAULT AND TERMINATION**

13.1. Termination By Us – Automatic Termination Without Notice. You will be in default of this Agreement, and all rights granted in this Agreement will immediately and automatically terminate and revert to us without notice to you, if:

- 13.1.1. you or your Franchised Business is adjudicated as bankrupt or insolvent;
- 13.1.2. all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor;
- 13.1.3. a petition in bankruptcy is filed by or against you, the Franchised Businesses developed hereunder and is not immediately contested and/or dismissed within sixty (60) days from filing;
- 13.1.4. a bill in equity or other proceeding for the appointment of a receiver or other custodian of you, any of the Franchised Businesses developed hereunder or assets of such businesses is filed and consented to by you;
- 13.1.5. a receiver or other custodian (permanent or temporary) of all or part of your assets or property is appointed by any court of competent jurisdiction;
- 13.1.6. proceedings for a composition with creditors under any state or federal law are instituted by or against you, any of the Franchised Businesses developed hereunder;
- 13.1.7. you are liquidated or dissolved;
- 13.1.8. execution is levied against you, any of the Franchised Businesses or your property; or,
- 13.1.9. the real or personal property of or any of the Franchised Businesses is sold after levy thereon by any governmental body or agency, sheriff, marshal or constable.

13.2. Termination By Us Upon Notice – No Opportunity To Cure. You will have materially breached this Agreement and we will have the right to terminate this Agreement and all rights granted under this Agreement, without giving you any opportunity to cure the breach, effective immediately upon your receipt of notice (which, whether sent by certified mail, registered mail, overnight courier or personal physical delivery, will be deemed to have been received by you upon delivery or first attempted delivery of the notice to you) upon the occurrence of any of the following events:

- 13.2.1. You fail to meet the Development Schedule.
- 13.2.2. You omit or misrepresent any material fact in the information that you furnished to us in connection with our decision to enter into this Agreement, approve any site for your Franchised Businesses or enter into a Franchise Agreement for any Franchised Business.
- 13.2.3. We and you agree in writing to terminate this Agreement.
- 13.2.4. You (or any principal of a corporate, partnership, proprietorship or other entity multi-unit operator) are convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which we reasonably believe is related to your duties under this Agreement and/or your operation of any of the Franchised Businesses, or is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated with the Proprietary Marks or our interest in the System or Proprietary Marks.
- 13.2.5. You (or any principal of a corporate, partnership, proprietorship or other entity franchisee) purport to transfer any rights or obligations under this Agreement, any interest in you or any of the Franchised Businesses to any third party in violation of the terms of this Agreement.
- 13.2.6. You do not comply with the covenant not to compete during the term of this Agreement; violate the restrictions pertaining to the use of Confidential Information contained in this Agreement; or, do not obtain the execution of the additional covenants required in Article 10 of this Agreement.
- 13.2.7. You fail to obtain our prior written approval, including, but not limited to, site approval, as expressly required by this Agreement.
- 13.2.8. You use or duplicate any aspect of our System, services, programs or products in an unauthorized fashion.
- 13.2.9. If you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the Franchised Businesses opened pursuant to the terms of this Agreement.
- 13.2.10. If you open any Franchised Business for business before a Franchise Agreement for such Franchised Business has been fully executed and the initial franchise fee due to us has been paid.

13.2.11. You engage in any business or market any service or product under a name or mark which, in our opinion, is confusingly similar to our Proprietary Marks.

13.2.12. You engage in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Businesses, us or the System.

13.3. Termination By Us – Fifteen Days to Cure. Except as specifically provided elsewhere in this Agreement, you will have fifteen (15) calendar days following our delivery of written notice to you to cure any default under this Agreement and provide us with evidence that you have done so. If you have not cured any default within that time, this Agreement will terminate immediately upon expiration of the fifteen (15) day period, unless we otherwise agree in writing. You will be in default of this Agreement for any failure to comply with any of your obligations under this Agreement.

13.4. Your Termination Rights. You may terminate this Agreement if we violate any material obligation to you and fail to cure such violation within sixty (60) days after our receipt of written notice from you; provided, however, that you must be in compliance with the Agreement at the time of giving each notice and at the time of termination. Your written notice of our alleged violation must identify the violation, demand that it be cured, and indicate your intent to terminate this Agreement if it is not cured.

13.5. Description of Default. The description of any default in any notice that we transmit to you will in no way preclude us from specifying additional or supplemental defaults under this Agreement or any related agreements in any action, proceeding, hearing or lawsuit relating to this Agreement or the termination of this Agreement.

13.6. Cross Default. Any default or breach by you (or any of your affiliates) of any other agreement between us or our Affiliates and you (or any of your affiliates) will be considered a default under this Agreement, and any default or breach of this Agreement by you will be considered a default or breach under any and all other agreements between us (or any of our Affiliates) and you (or any of your affiliates). If the nature of the default under any other agreement would have permitted us to terminate this Agreement if the default had occurred under this Agreement, then we (or our Affiliate) will have the right to terminate all the other agreements between us (or any of our Affiliates) and you (or any of your affiliates) in the same manner provided for in this Agreement for of this Agreement. Your “affiliates” include any persons or entities controlling, controlled by, or under common control with you.

13.7. Notice Required By Law. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits our rights of termination under this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions upon termination required by the laws and regulations. We will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

#### **14. OTHER OBLIGATIONS AND RIGHTS ON TERMINATION OR EXPIRATION**

14.1. Other Obligations and Rights on Termination or Expiration. The termination of this Agreement upon breach of your development obligations, as set forth in Exhibit B, will not terminate any of the Franchise Agreements executed by you before the effective date of termination of this Agreement and for which you have already commenced the Franchised Business(es) covered by the Franchise Agreement(s), but after the effective date of the termination, you will have no right to develop or operate any additional Franchised Business without first obtaining our express written consent, which we may withhold without cause.

Upon expiration or earlier termination of this Agreement for whatever reason, you agree to:

14.1.1. You will immediately cease to operate under this Agreement, and will not thereafter, directly or indirectly, represent to the public or hold yourself out as a Multi-Unit Operator of the System with respect to such business.

14.1.2. Within five (5) days after termination, pay all sums due and owing to us or our affiliates, plus interest, and all sums due and owing to any landlord, employees, taxing authorities, advertising agencies and all other third parties.

14.1.3. If we terminate because of your default, pay us all losses and expenses we incur as a result of the default or termination, including all damages, costs, and expenses, and reasonable attorneys' and experts' fees directly or indirectly related thereto, such as (without limitation) lost profits, lost opportunities, damage inuring to our Proprietary Marks and reputation, travel and personnel costs and the cost of securing a new multi-unit operator for the Development Area. This obligation will give rise to and remain, until paid in full, a lien in our favor against any and all of assets, property, furnishings, equipment, signs, fixtures and inventory owned by you and any of the Franchised Businesses at the time of termination and against any of your money which we are holding or which is otherwise in our possession.

14.1.4. Immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner.

14.1.5. Strictly comply with the post-termination/post-expiration covenants not to compete set forth in Article 14 of this Agreement.

14.1.6. Continue to abide by those restrictions pertaining to the use of our Confidential Information, trade secrets and know-how set forth in this Agreement.

14.2. No Prejudice. The expiration or termination of this Agreement will be without prejudice to our rights against you, and will not relieve you of any of your obligations to us at the time of expiration or termination, or terminate your obligations which by their nature survive the expiration or termination of this Agreement.

## **15. UNAVOIDABLE DELAY OR FAILURE TO PERFORM**

15.1. Unavoidable Delay or Failure to Perform (Force Majeure). Any delay in our or your performance of any duties under this Agreement, or any non-performance of such duties, that is not your or our fault (as applicable) or within your or our reasonable control – including, but not limited to, fire; floods, natural disasters; Acts of God; war; civil commotion; any governmental act or regulation; any delays or defaults in deliveries by common carriers and/or postal services and/or overnight couriers; computer network outages; late deliveries or non-deliveries of goods or non-furnishing of services by third party vendors; strikes; and any other similar event beyond such party's control) will not constitute a breach or cause a default under this Agreement, provided, however, that we or you (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay.

Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

Notwithstanding the foregoing, if any such failure or delay continues for more than one hundred eighty (180) days, we will have the right at any time thereafter during the continuance of such failure or delay to terminate this Agreement upon thirty (30) days' advance written notice to you.

## **16. ENFORCEMENT**

16.1. Injunctive Relief/Attorneys' Fees. We and you will each be entitled to the entry of temporary restraining orders and temporary and permanent injunctions to (i) enforce your and our rights to terminate this Agreement for the causes set forth in Articles 13.1 through 13.4 of this Agreement and (ii) prevent or remedy a breach of this Agreement if that breach could materially impair the goodwill associated with our or your business, including but not limited to, the enforcement of obligations upon termination of this Agreement and the enforcement of the non-compete provisions of this Agreement. You and we will also be entitled to the entry of temporary restraining orders and temporary and permanent injunctions

B-17

enforcing these provisions. If we are successful in obtaining an injunction, or any other judicial relief or order from an arbitrator against you, or in successfully defending any claim you have brought against us, you will pay us an amount equal to all of our costs of prosecuting and/or defending the action, including reasonable attorneys' fees, costs of investigation, court and arbitration costs, and other litigation or arbitration expenses and interest on such costs. Your and our respective rights to obtain injunctive or other equitable relief is in addition to any other right we or you may have under this Agreement. It will in no way limit or prohibit us from obtaining money damages from you if you breach this Agreement.

16.2. Mediation. Except where it is necessary for either you or us to obtain equitable relief to preserve the goodwill of our respective businesses (including, but not limited to, the enforcement of obligations upon termination of this Agreement and the covenants not to compete contained in this Agreement), you and we each agree to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between us, for a minimum of four (4) hours, prior to initiating any legal action or arbitration against the other.

16.2.1. Upon written notice by either you or us, to the other, of your or our desire to mediate, the party receiving the notice will select an independent entity that provides mediation services to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not name such an organization within ten (10) days from the date the notice of intention to mediate is received, then the other party may proceed as if this Section 16.2 did not exist, or, at its option, make the selection of the organization to provide mediation services. If you or we select an organization that is unwilling to serve as mediator, then the other party may select the organization. Once the organization is designated and agrees to accept the appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to us and to you. The mediation will be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If you and we cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for both of us, given all of the claimed conflicts in dates. The person actually mediating the dispute will be required to have at least ten (10) years of experience as either a franchisee or franchisor (or as an officer of such an entity) or in franchise law. You and we will equally share the cost of the mediator. The mediator will select the location for the mediation unless you and we both agree otherwise. The mediation will be held in a metropolitan area with at least 250,000 persons that is not located within one hundred (100) miles of either your principal office or our principal office.

16.2.2. Except for the matters identified above where you or we are permitted to seek injunctive relief without first mediating the dispute, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this paragraph (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 16.2), then upon petition of whichever of us has a lawsuit or arbitration proceeding brought against us, the court or arbitrator will dismiss the litigation or arbitration without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to the attorneys' fees and costs the party seeking dismissal incurred. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of the action, or of any award given in the action, the party initiating the litigation or arbitration will be responsible for all attorneys' fees and costs incurred throughout the litigation or arbitration by the other party as damages for failing to comply with the provisions of this Section 16.2.

16.3. Arbitration. Except insofar as you or we elect to enforce this Agreement by judicial process and injunction as provided in Section 16.1 hereof, all disputes and claims arising out of or relating to this Agreement, or to the breach thereof, or to any of our standards or operating procedures, or other obligation of either of yours or ours, or to the breach thereof (including any claim that this Agreement, any provision of this Agreement, any specification, standard, operating procedure or any other obligation of yours or ours is illegal, unenforceable or voidable), or any aspect of the relationship between you and us (even if additional persons are named as parties to such action, but except as may be specifically provided with respect to any financing agreements you have with us or our affiliates, which shall be governed by the enforcement provisions thereof), must be resolved by arbitration in the city in which our principal office is

located. Our principal office is currently located in Wrentham, Massachusetts. It is our intention that state laws attempting to void out of state forum selection clauses for arbitration be preempted by the Federal Arbitration Act and that arbitration be held in the place designated above.

16.3.1. The arbitration will be held in accordance with the United States Arbitration Act (9 U.S.C. § 1 et seq.), if applicable, and the rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise agreements, if any; otherwise, the general rules of commercial arbitration).

16.3.2. The arbitrator appointed must have at least ten (10) years' experience in franchise law, and the arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers and limitations of this Agreement. The arbitrator shall have no authority to add, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties prior to the start of the arbitration hearing. The arbitrator will have the right to award or include in any award the specific performance of this Agreement but will be required to file a reasoned brief with his or her award.

16.3.3. You and we acknowledge that judgment upon an arbitration order may be entered in any court of competent jurisdiction and will be binding, final, and non-appealable, except for mistakes of law, as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section.

16.3.4. Unless this Agreement is terminated in accordance with the provisions of Article 13, during the pendency of any arbitration proceeding, you and we will fully perform the requirements of this Agreement.

16.3.5. If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with the provisions of Section 16.1, the arbitrability of such claim will be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration will be made by the arbitrator appointed in accordance with this Agreement.

16.3.6. All arbitration proceedings will be individual proceedings between you and us, and will not be conducted on a "class" basis, or include any other of our franchisees as named parties unless you and we each agree.

16.3.7. If, after either you or we institute an arbitration proceeding, one or the other asserts a claim, counterclaim or defense, the subject matter of which, under statute or current judicial decision, is non-arbitrable for public policy reasons, the party against whom the claim, counterclaim or defense is asserted may elect to proceed with the arbitration of all arbitrable claims, counterclaims or defenses or proceed to litigate all claims, counterclaims or defenses in a court having competent jurisdiction.

16.4. Waiver of Punitive Damages. We and you (and your owners and guarantors if applicable) agree to waive, to the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against the other and against any affiliates, owners, employees, or agents of the other and agree that in the event of a dispute between us, each of us will be limited to the recovery of any actual damages sustained by it.

16.5. Venue. Any litigation arising out of or related to this Agreement; any breach of this Agreement; the relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in Wrentham, Massachusetts. You agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a state or federal court of competent jurisdiction situated in state, county and judicial district in Wrentham, Massachusetts. You (and your affiliates, and the owners, members, officers, directors or managers of each of the foregoing) hereby irrevocably submit themselves to the jurisdiction of any such court and waive all questions of personal jurisdiction for the purpose of carrying

out this provision. You, on behalf of yourself and your affiliates, and the owners, members, officers, directors or managers of each of the foregoing, hereby waive and covenant never to assert or claim that the venue designated for litigation by this Agreement is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including any claim under the judicial doctrine of “forum non conveniens”). The parties agree that this Section 17.14 shall not be construed as preventing either party from removing an action or proceeding from state to federal court. Notwithstanding the foregoing, however, with respect to any action for monies owed, injunctive or other extraordinary or equitable relief, or involving possession or disposition of, or other relief relating to, your Franchised Business, we may bring such an action in any state or federal district court which has jurisdiction.

16.6. Waiver of Jury Trial. The parties to this Agreement (as denominated in the preamble hereto) explicitly waive their respective rights to a jury trial in any litigation between them and hereby stipulate that any such trial shall occur without a jury.

16.7. Limitations of Actions. Subject to applicable state law, any and all legal actions or proceedings brought by you against us or our Affiliates, owners, members, officers, directors or managers arising out of or related to this Agreement, the Franchised Business(es) or any related agreement; any breach of this Agreement or any related agreement; the relations between such parties; and, any and all disputes between such parties, whether sounding in law or equity, must be commenced within one (1) year from the occurrence of the acts, errors and/or omissions giving rise to such legal action or proceeding. If not, then you irrevocably covenant and agree that such action or proceeding shall be barred.

16.8. Waiver of Collateral Estoppel. The parties agree they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having those disputes directly affect the contract or relationship between us. We and you therefore each agree that a decision of an arbitrator or court of law to which one of us is not a party will not prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any action between us. You and we therefore each waive the right to assert that principles of collateral estoppel prevent either you or us from raising any claim or defense in an action between us if either you or we lost a similar claim or defense in another action.

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

## **17. MISCELLANEOUS**

17.1. Waiver and Delay. No waiver or delay in either party's enforcement of any breach of any term, covenant or condition of this Agreement will be construed as a waiver by that party of any preceding or succeeding breach, or any other term, covenant or condition of this Agreement. Without limiting any of the foregoing, the acceptance of any payment specified to be paid by you under this Agreement will not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement.

17.2. Notice of Our Alleged Breach. You agree to give us immediate written notice of any alleged breach or violation of this Agreement after you have constructive or actual knowledge of, believe, determine or are of the opinion that there has been an alleged breach of this Agreement by us, including any acts of misfeasance or nonfeasance. If you do not give written notice to us of any alleged breach of this Agreement within one year from the date that you have knowledge of, believe, determine or are of the opinion that there has been an alleged breach by us, then our alleged breach will be considered to be condoned, approved and waived by you and will not be considered to be a breach of this Agreement by us, and you will be permanently barred from commencing any action against us for the alleged breach or violation.

17.3. Our Right To Cure Defaults. In addition to all other remedies granted pursuant to this Agreement, if you default in the performance of any of your obligations, or breach any term or condition of this Agreement or any related agreement, then we may, at our election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to you, cure the default on your behalf. Our cost of curing the default and all related expenses will be due and payable by you on demand.

17.4. Our Withholding of Consent – Your Exclusive Remedy. If you make any claim or assertion that we have unreasonably withheld or delayed any consent or approval to a proposed act by you under the terms of this Agreement, you agree that your sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

17.5. Integration of Agreement; No Oral Agreements or Representations. Neither you nor we wish to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, all Exhibits to this Agreement and all related agreements signed at the same time as this Agreement: (a) constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements, and (b) supersede and cancel any prior and/or contemporaneous oral or written communications (whether described as representations, inducements, promises, agreements or any other term) between you or anyone acting on your behalf and us or anyone acting on our behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties with respect to the subject matter hereof and that no reliance is being or will be placed on any such written or oral communications; provided, however, that nothing in this or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we provided to you.

No change, modification, amendment or waiver of any of the provisions of this Agreement will be effective and binding upon either party unless it is in writing, specifically identified as an amendment to this Agreement or waiver of any of the provisions of this Agreement, and signed by the party against whom enforcement of such writing is sought.

17.6. Notices. Any notice required or permitted to be given under this Agreement must be in writing; must be delivered to the other party either personally, by certified mail (return receipt requested, postage prepaid), or by documented overnight delivery with a reputable carrier; and, will be effective on the date that delivery is documented to have been first attempted. Any notice to us will be addressed to us at:

Notices to Franchisor: DRIPBaR Franchising, LLC  
236 Franklin Street  
Wrentham, MA 02093

Any notice to you will be addressed to your address as set forth on the first page of this Agreement. Either party to this Agreement may, in writing, on ten (10) days' notice, inform the other of a new or changed address or addressee(s) to which notices under this Agreement should be sent. We may provide any notice under this Agreement (including, without limitation, any notice of termination) sufficiently in advance of any event to permit compliance with any notice requirements under state or other laws.

17.7. Execution, Construction and Interpretation; Further Acts.

17.7.1. This Agreement may be executed in multiple counterparts, each of which will be considered an original and all of which together will constitute one and the same instrument. Facsimile execution signatures will be considered as binding and conclusive as if original, provided, however, that any party so executing must use all commercially reasonable efforts to furnish to the other party(ies) the originally executed document(s) at the earliest opportunity.

B-21

17.7.2. The titles and subtitles of the various articles and sections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement. The language of this Agreement will in all cases be construed simply according to its fair and plain meaning and not strictly for or against us or you.

17.7.3. It is agreed that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

17.7.4. The parties agree to execute all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

17.7.5. Each reference in this Agreement to a corporation or partnership will also refer to a limited liability company, general or limited partnership, and any other entity or similar organization. Each reference to the organizational documents, shareholders, directors, officers and stock of a corporation in this Agreement will also refer to the functional equivalents of the organizational documents, shareholders, directors, officers and voting and/or equity rights, as applicable, in the case of a limited liability company, general partnership, limited partnership or any other entity or similar organization (this specifically includes members and managers, general and limited partners, membership interests and general and limited partnership interests).

17.8. Business Judgment. You and we recognize, and any mediator or judge is affirmatively advised, that certain provisions of this Agreement describe our right to take (or refrain from taking) certain actions in the exercise of our business judgment based on our assessment of the overall best interests of the System. Where such discretion has been exercised, and is supported by our business judgment, neither a mediator nor a judge may substitute his or her judgment for the judgment we have so exercised. "Business judgment" is a defined term for the purposes of this Agreement and is not intended to incorporate principles related to the application of any business judgment rule in a corporate law context.

17.9. Exercise of Rights. You understand and agree that whenever we have reserved a right in this Agreement, we have the uncontrolled and unfettered right to do what we have reserved.

17.10. Severability. Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

17.11. Attorneys' Fees and Costs of Enforcement. The prevailing party will be entitled to recover from the other party reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation in any action instituted against the other party to secure or protect the prevailing party's rights under this Agreement, to enforce the terms of this Agreement, or in any action commenced or joined in by the other party against the prevailing party.

17.12. Governing Law. This Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Massachusetts without recourse to Massachusetts (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Massachusetts, and if the Franchised Business(es) is located outside of Massachusetts and the provision would be enforceable under the laws of the state in which the Franchised Business(es) is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section 17.13 is

B-22

intended to invoke the application of any franchise registration and disclosure, franchise relationship, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Massachusetts, or any other state, which given its jurisdictional scope (and absent this choice of law provision) would not otherwise apply, and Multi-Unit Operator agrees to never contend otherwise.

17.13. Guarantee. If you are a business entity, the following persons must sign our standard form Guarantee, attached hereto as Exhibit E, at the same time as the execution of this Agreement or at such later time as they assume such status: (i) if you are a corporation or limited liability company, all shareholders or members (as applicable) owning 5% or more of your issued and outstanding stock or membership interests, as applicable; (ii) if you are a partnership, all general partners owning a 5% or greater interest in you; and, (iii) if you are a limited partnership, the general partner and all shareholders owning a 5% or greater interest in the general partner.

If you are in breach or default under this Agreement, we may proceed directly against each such individual and/or entity (each, a guarantor) without first proceeding against you and without proceeding against or naming in the suit any other guarantors. Your obligations and those of each guarantor will be joint and several. Notice to or demand upon guarantor will be considered notice to or demand upon you and all guarantors, and no notice or demand need be made to or upon all guarantor. The cessation of or release from liability of you or any guarantor will not relieve any other guarantor from liability under this Agreement, except to the extent that the breach or default has been remedied or money owed has been paid.

17.14. Survival. Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement. This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

17.15. No Third Party Beneficiaries. This Agreement is entered into solely between you and us. Other than our Affiliates or as expressly set forth in this Agreement, there is no intended third party beneficiary of this Agreement and you agree that none is to be presumed or deemed to exist.

17.16. Execution in Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument. Electronic and facsimile signatures will be considered as binding and conclusive as if original.

17.17. Joint and Several Obligations. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. If Multi-Unit Operator consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us under this Agreement are joint and several.

17.18. Rights and Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your affiliates and us. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Article 17 of this Agreement shall not discharge or release you from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

17.19. Multi-State Addendum. The parties hereby incorporate herein the state addenda, in the form attached to this Agreement.

**18. SUBMISSION OF AGREEMENT**

18.1. Submission of Agreement. The submission of this Agreement to you does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both us and you. Our date of execution will be considered the date of execution of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF OURS.

YOU ACKNOWLEDGE THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO YOU OTHER THAN THOSE SET FORTH IN OUR FRANCHISE DISCLOSURE DOCUMENT, OR THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO YOU, YOU ARE NOT RELYING ON THEM.

YOU HAVE READ ALL OF THE FOREGOING AGREEMENT AND ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

IN WITNESS WHEREOF, we and you have signed this Agreement as of the Effective Date set forth above.

FRANCHISOR:  
DRIPBaR Franchising, LLC

FRANCHISEE:

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

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

**EXHIBIT A**  
**TO THE MULTI-UNIT DEVELOPMENT AGREEMENT**  
**DEVELOPMENT AGREEMENT RIDER**

For: \_\_\_\_\_

1. Effective Date: \_\_\_\_\_
2. Multi-Unit Operator: \_\_\_\_\_
3. Development Fee: \_\_\_\_\_
4. The following describes the Development Area within which Multi-Unit Operator may located “DRIPBaR” Franchised Businesses under this Agreement:

---

---

---

---

---

---

---

---

APPROVED:

MULTI-UNIT OPERATOR

DRIPBAR FRANCHISING, LLC

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

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

**EXHIBIT B**  
**TO THE MULTI-UNIT DEVELOPMENT AGREEMENT**  
**DEVELOPMENT SCHEDULE**

This Agreement authorizes and obliges Multi-Unit Operator to establish and operate \_\_\_\_\_  
( ) “DRIPBaR” Locations within the trade areas pursuant to a Franchise Agreement for each Franchised  
Business. The following is Multi-Unit Operator’s Development Schedule:

Minimum Cumulative Number  
of Franchised Businesses to be located  
and Operating  
Within the Development Area

By this Date

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

12 months from the Effective Date  
21 months from the Effective Date  
30 months from the Effective Date  
39 months from the Effective Date  
48 months from the Effective Date

Total: \_\_\_\_\_

APPROVED:

MULTI-UNIT OPERATOR

DRIPBAR FRANCHISING, LLC

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

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

**EXHIBIT C**  
**TO THE MULTI-UNIT DEVELOPMENT AGREEMENT**  
**OWNERSHIP OF MULTI-UNIT OPERATOR**

The following is a list of all shareholders, partners, owners or other investors in Multi-Unit Operator, including all investors who own or hold a direct or indirect interest in Multi-Unit Operator, and a description of the nature of their interest:

Name	Percentage of Ownership/ Nature of Interest
_____	_____
_____	_____
_____	_____
_____	_____

**EXHIBIT D**  
**TO THE MULTI-UNIT DEVELOPMENT AGREEMENT**  
**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

NAME: \_\_\_\_\_

MULTI-UNIT OPERATOR: \_\_\_\_\_

HOME ADDRESS: \_\_\_\_\_

HOME TELEPHONE: \_\_\_\_\_

CLASSIFICATION: \_\_\_\_\_

(Owner, Shareholder, Officer, Director, Attorney, Employee, Etc.)

\_\_\_\_\_ (“Multi-Unit Operator”) is an Multi-Unit Operator of DRIPBaR Franchising, LLC (“Franchisor”) pursuant to an Multi-Unit Development Agreement entered into by Multi-Unit Operator and Franchisor dated \_\_\_\_\_ (the “Multi-Unit Development Agreement”). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Multi-Unit Development Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Multi-Unit Operator, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Multi-Unit Operator and/or Franchisor which may be communicated to me (“Confidential Information”), and I will not divert any business to competitors of Multi-Unit Operator and/or Franchisor.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication is in violation of a similar confidentiality agreement), but in no event through any act of mine.

I specifically understand that, without limitation, the following constitute Confidential Information of Franchisor: all products, services, equipment, technologies and procedures relating to all systems of operation, services, programs, products, procedures, policies, standards, techniques, specifications and criteria which now comprise or in the future may comprise a part of the Franchisor’s system for establishing and operating DRIPBaR businesses (the “System”); Franchisor's Confidential Operating Manual (as same may be amended from time to time, the “Manual”); supplements and/or amendments to the Manual; records pertaining to customers or billings; methods of advertising and promotion; customers; instructional materials; staff composition and organization systems; quality assurance programs; supervision systems; recommended services; recordkeeping systems and materials; bookkeeping systems and materials; business forms; product and service order forms; general operations materials; revenue reports; standards of interior and exterior design and decor; activity schedules; job descriptions; advertising, promotional and public relations materials/campaigns/guidelines/philosophy; specifications, systems, standards, techniques, philosophies and materials, guidelines, policies and procedures concerning the System; additions to, deletions from, and modifications and variations of the components constituting the System or the systems and methods of operations which are now, or may in the future, be employed by Franchisor, including all standards and specifications relating thereto and the means and manner of offering and selling same; and, all other components, specifications, standards, requirements and duties imposed by Franchisor or its Affiliates.

B-28

DRIPBaR Franchising, LLC

2023 FDD | Ex. B – Multi-Unit Development Agreement

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to Franchisor or Multi-Unit Operator, as the case may be, all Confidential Information or material containing it (in whole or in part) in my possession utilized during my employment, association, service or ownership participation.

I further agree that during the term of my employment/service/association/ownership participation, and under the circumstances set forth in the following paragraph, for a period of one year immediately following its expiration or termination for any reason, I will not, directly or indirectly, engage or participate in any other business which engages in any of the activities which the Multi-Unit Development Agreement contemplates will be engaged in by Multi-Unit Operator under the Franchise Agreements; or, which offers or sells any other service, product or component which now or in the future is part of DRIPBaR System, or any confusingly similar product or service. I agree that I am prohibited from engaging in any competitive business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant.

For a period of two years immediately following the expiration or termination of my employment/service/association/ownership participation, I am prohibited from engaging in any competitive business, if the other business is located within Multi-Unit Operator's Development Area, within twenty (20) miles of the boundaries of Multi-Unit Operator's Development Area, or within twenty miles of (or within) any other Development Area or Business Territory (whether Company owned, franchised or otherwise established and operated).

It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for competitive businesses, service as an independent contractor for competitive businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent me from owning for investment purposes up to an aggregate of 5% of the capital stock of any competitive business, so long as the competitive business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as I or Multi-Unit Operator do not control the company in question.

It is the intention of these provisions that any person or entity having any legal or beneficial interest in or traceable to, down or through me to be bound by the provisions of this covenant, including (without limitation) my spouse, brother, brother-in-law, sister, sister-in-law, parent, parent-in-law, child, son-in law or daughter-in-law; any direct or indirect beneficiary; any partner (general or limited) or proprietor of mine; and, any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me. I further agree that upon the expiration or termination of my term of employment/service/association, I will immediately refrain from any and all contacts with customers, for any purpose whatsoever.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor and Multi-Unit Operator for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Franchisor or Multi-Unit Operator (or both) prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of confidential information set forth in this agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Franchisor's

Confidential Information.

Further, I expressly agree that any claims I may have against Franchisor will not constitute a defense to Franchisor's enforcement of the covenants not to compete set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Franchisor in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all or any portion of this covenant not to use confidential information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Multi-Unit Operator and/or Franchisor is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Multi-Unit Operator or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Massachusetts without recourse to Massachusetts (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Massachusetts, and if the franchised Business is located outside of Massachusetts and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Massachusetts or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Multi-Unit Operator or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in Wrentham, Massachusetts. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Wrentham, Massachusetts.

I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

---

(Signature)

---

(Print Name)

---

(Date)

**EXHIBIT E**  
**TO THE MULTI-UNIT DEVELOPMENT AGREEMENT**  
**GUARANTEE OF THE MULTI-UNIT DEVELOPMENT AGREEMENT**

In consideration of the execution by Franchisor of the Multi-Unit Development Agreement (the "Multi-Unit Development Agreement") dated the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between DRIPBaR Franchising, LLC ("Franchisor") and \_\_\_\_\_ ("Multi-Unit Operator") and for other good and valuable consideration, each of the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Multi-Unit Development Agreement and in any other agreement(s) by and between Multi-Unit Operator and Franchisor.

If more than one person has executed this Guarantee, the term "the undersigned", as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Multi-Unit Development Agreement and any other agreement(s) by and between Multi-Unit Operator and Franchisor, and agree that this Guarantee shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Multi-Unit Development Agreement and any other agreement(s) by and between Multi-Unit Operator and Franchisor.

The undersigned hereby agree, furthermore, that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (a) any term, covenant or condition of the Multi-Unit Development Agreement may be amended, compromised, released or otherwise altered by Franchisor and Multi-Unit Operator, and the undersigned do guarantee and promise to perform all the obligations of Multi-Unit Operator under the Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Multi-Unit Development Agreement may be released, substituted or added; (c) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Multi-Unit Operator may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (d) Franchisor or any other person may deal in any manner with Multi-Unit Operator, any of the undersigned, any party to the Multi-Unit Development Agreement or any other person.

Should Multi-Unit Operator be in breach or default under the Multi-Unit Development Agreement or any other agreement(s) by and between Multi-Unit Operator and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Multi-Unit Operator and without proceeding against or naming in such suit any other Multi-Unit Operator, signatory to the Multi-Unit Development Agreement or any others of the undersigned.

Notice to or demand upon Multi-Unit Operator or any of the undersigned shall be deemed notice to or demand upon Multi-Unit Operator and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Multi-Unit Operator or any of the undersigned shall not relieve any other Guarantors from liability hereunder, under the Multi-Unit Development Agreement, or under any other agreement(s) between Franchisor and Multi-Unit Operator, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns,

B-31

with respect to the Multi-Unit Development Agreement or any other agreement(s) by and between Multi-Unit Operator and Franchisor, shall in no way modify or amend this Guarantee, which shall be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee shall inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

This Guarantee is to be exclusively construed in accordance with and/or governed by the law of the State of Massachusetts without recourse to Massachusetts (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guarantee would not be enforceable under the laws of Massachusetts, and if the business franchised under the Multi-Unit Development Agreement is located outside of Massachusetts and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Massachusetts or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in a court of competent jurisdiction in Wrentham, Massachusetts. The undersigned agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Wrentham, Massachusetts. The undersigned hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Multi-Unit Development Agreement.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Address)

**EXHIBIT C**  
**TO FRANCHISE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

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

**DRIPBaR Franchising, LLC**  
**Balance Sheet**  
**As of March 31, 2023**

	<b>As of Mar 31, 2023</b>
<b>ASSETS</b>	
Current Assets	
Cash & AR	\$ 424,685.84
Equipment Asset	2,115.45
Note Receivable	0.00
Other Current Assets	0.00
Prepaid Expenses	-16,354.10
Total Current Assets	<b>\$ 410,447.19</b>
Fixed Assets	
Accumulated Amortization	-4,791.67
Website and developed applications	108,800.00
White Label App	22,500.00
Total Fixed Assets	<b>\$ 126,508.33</b>
Prepaid cost of revenue	
Prepaid Commissions on Area Rep Fees	2,690,941.49
Prepaid Commissions on Franchise Fees	3,605,555.00
Total prepaid cost of revenue	<b>\$ 6,296,496.49</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,833,452.01</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Credit Card Payable	\$ 6,334.00
Long-Term Liabilities	
Deferred Revenue - Area Rep Fees	4,975,079.25
Deferred Revenue - Franchise Fees	4,573,914.00
Total Long-Term Liabilities	<b>\$ 9,548,993.25</b>
Equity	
Partner capital	<b>-\$ 2,721,875.24</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 6,833,452.01</b>

**DRIPBaR Franchising, LLC**  
**Profit and Loss**  
January - March, 2023

	<b>Jan - Mar, 2023</b>
<b>Income</b>	
Area Rep Licensing Fees	140,279.04
Franchise Licensing Fees	480,000.00
Marketing Fund	28,411.14
Sponsorships	73,800.00
Miscellaneous	2,128.00
Royalty Income	213,178.92
Technology Fee Income	8,970.00
Website Fee	64,600.00
<b>Total Income</b>	<b>\$ 1,011,367.10</b>
<b>Cost of revenues earned</b>	<b>\$ 362,191.36</b>
<b>Gross Profit</b>	<b>\$ 649,175.74</b>
<b>Operating Expenses</b>	
Advertising & Marketing	\$ 68,088.08
Annual Exhibition	
Bank Charges & Fees	600.14
Computer and Software	29,110.69
Consulting fees	59,925.00
Dues and Subscriptions	998.75
Employee/client gifts	506.25
Insurance	24,589.00
Job Supplies	5,590.06
Legal & Professional Services	129,418.01
Meals & Entertainment	802.61
Office Expenses	746.31
Payroll- Gross/Wages	258,875.57
Payroll- Taxes	28,564.41
Payroll Employee Health Benefits	6,307.92
Payroll Processing Fees	10,272.79
Payment Processing Fees	2,438.87
Reimbursable Expenses	
Taxes & Licenses	658.00
Training	
Travel	28,450.30
Uniforms	
Utilities	310.15
<b>Total Expenses</b>	<b>\$ 656,252.91</b>

Net Income

- \$ 7,077.17

**DRIPBaR Franchising LLC**

**Audited Financial Statements**

**(With Independent Auditor's Report Thereon)**

**For the Years Ended December 31, 2022 and 2021**

**Prepared by DvorakCPA LLC**

**DRIPBaR Franchising LLC**

**Index of Reports and Financial Statements**

**For the Years Ended December 31, 2022 and 2021**

Independent Auditor's Report	2 - 3
Statement of Income and Retained Earnings	4
Balance Sheet	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 14

DvorakCPA, LLC  
14041-A N. Dale Mabry Ave  
Tampa, FL 33618

P: 727-330-5837  
F: 727-213-6918  
david@northstar.tax



## Independent Auditor's Report

To the Owner and Management  
DRIPBaR Franchising LLC

We have audited the accompanying financial statements of DRIPBaR Franchising LLC, which comprise the balance sheet as of December 31, 2022 and 2021, and the related statements of income and retained earnings, and cash flows for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

DvorakCPA, LLC  
14041-A N. Dale Mabry Ave  
Tampa, FL 33618

P: 727-330-5837  
F: 727-213-6918  
david@northstar.tax



significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DRIPBaR Franchising LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

DvorakCPA LLC

Tampa, FL

March 28, 2023

**DRIPBaR Franchising LLC**  
**Statement of Income and Retained Earnings**  
**For the Years Ended December 31, 2022 and December 31, 2021**

	<u>2022</u>	<u>2021</u>
Revenues		
Area rep licensing fees	\$ 559,967	\$ 346,900
Franchise licensing fees	390,797	143,254
Miscellaneous	400	-
Technology fees	35,635	11,203
Royalties	427,125	63,960
Sponsorships	62,500	-
Total revenues	<u>1,476,424</u>	<u>565,317</u>
Cost of revenues earned	<u>719,679</u>	<u>267,176</u>
Gross profit	756,745	298,141
Operating expenses		
Advertising and marketing	211,845	171,318
Amortization	4,792	-
Bad debt	75,000	831
Bank charges and fees	1,619	1,137
Charitable contributions	6,198	1,000
Computer and software	68,365	51,411
Contracted services	138,194	213,969
Dues and subscriptions	15,499	16,071
Employee and client gifts	21,941	7,040
Insurance	30,374	5,840
Job supplies	20,665	364
Legal and professional	290,240	162,245
Meals and entertainment	5,562	2,549
Office	35,033	127
Payroll - gross wages	726,153	214,409
Payroll - employment taxes	63,144	21,087
Payroll - employee benefits	18,156	4,280
Reimbursable expenses	42,826	2,521
Rent and lease	4,023	-
Taxes and licenses	1,538	56
Trade shows	90,404	-
Training	27,201	-
Travel	82,367	28,369
Utilities	1,746	7,450
Total operating expenses	<u>1,982,885</u>	<u>912,074</u>
Net income (loss)	<u>(1,226,140)</u>	<u>(613,933)</u>
Beginning partner capital	(1,293,456)	(428,002)
Net income	(1,226,140)	(613,933)
Capital contributions	22,352	-
Capital distributions	(187,247)	(251,521)
Ending partner capital	<u>\$ (2,684,491)</u>	<u>\$ (1,293,456)</u>

(See independent accountant's audit report and accompanying notes to the financial statements)

**DRIPBaR Franchising LLC**  
**Balance Sheet**  
**December 31, 2022 and 2021**

	2022	2021
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 869,534	\$ 997,412
Accounts receivable	35,987	127,500
Note receivable - current	-	75,000
Prepaid expenses	-	4,725
Other current assets	30,010	779
<b>Total current assets</b>	<b>935,531</b>	<b>1,205,416</b>
<b>Fixed assets</b>		
Website and developed applications	65,000	-
Accumulated amortization	(4,792)	-
<b>Total fixed assets, net</b>	<b>60,208</b>	<b>-</b>
<b>Prepaid cost of revenue</b>		
Area rep licensing	2,517,424	1,727,504
Franchise licensing	3,605,555	1,687,134
<b>Total prepaid cost of revenue</b>	<b>6,122,979</b>	<b>3,414,638</b>
<b>Total assets</b>	<b>\$ 7,118,718</b>	<b>\$ 4,620,054</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payroll taxes	\$ 29	\$ 112
Credit card payable	27,173	10,827
Franchisee deposits on equipment	86,735	
Deferred revenue - area rep licensing fees	594,300	392,050
Deferred revenue - franchise licensing fees	510,797	244,800
<b>Total current liabilities</b>	<b>1,219,034</b>	<b>647,789</b>
<b>Long-term liabilities</b>		
Deferred revenue - area rep licensing fees	4,521,058	3,205,775
Deferred revenue - franchise licensing fees	4,063,117	2,059,946
<b>Total long-term liabilities</b>	<b>8,584,175</b>	<b>5,265,721</b>
<b>Equity</b>		
Partner capital	(2,684,491)	(1,293,456)
<b>Total liabilities and equity</b>	<b>\$ 7,118,718</b>	<b>\$ 4,620,054</b>

(See independent accountant's audit report and accompanying notes to the financial statements)

DRIPBaR Franchising LLC  
Statement of Cash Flows  
For the Years Ended December 31, 2022 and December 31, 2021

	2022	2021
Operating activities		
Net income (loss)	\$ (1,226,140)	\$ (613,933)
Add: non-cash expenses	4,792	
Change in accounts receivable	91,514	(127,500)
Change in prepaid cost of revenue	(2,708,341)	(2,124,103)
Change in prepaid expenses and other current	4,725	29,998
Change in other current assets	(29,231)	
Change in current liabilities	102,997	1,439
Change in deferred revenue - current and non-current	3,786,701	3,806,846
Net cash provided by operating activities	27,017	972,747
Investing activities		
(Increase) decrease in notes receivable	75,000	-
Increase (decrease) in notes payable	-	(230,666)
Sale (purchase) of equipment	(65,000)	-
Net cash provided (used) by investing activities	10,000	(230,666)
Financing activities		
Partner contributions	22,352	-
Partner distributions	(187,247)	(251,521)
Net cash provided (used) by financing activities	(164,895)	(251,521)
Net change in cash	(127,878)	490,560
Beginning cash	997,412	506,852
Ending cash	\$ 869,534	\$ 997,412

(See independent accountant's audit report and accompanying notes to the financial statements)

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**

**NOTE 1 – Summary of Significant Accounting Policies**

Nature of operations

DRIPBaR Franchising LLC (hereafter the “Company”) is a limited liability company organized under Delaware law in July 2019. The company is engaged in franchising operations related to a business called “DRIPBaR”, which provides intravenous vitamin therapy services, as well as in-store availability of a variety of vitamins and supplements.

The company licenses both individual franchises and area representative rights to qualified parties wishing to assist with licensing and operating franchises within a specific geographical area.

Basis of presentation

The financial statements of the Company have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as set forth in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Cash and cash equivalents

The Company considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Revenue and cost recognition

The Company’s revenues are recognized in accordance with Accounting Standards Codification 606 – Revenue from Contracts with Customers (“ASC 606”). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

The Company’s primary sources of revenue are franchise licensing fees and area representative licensing fees. Franchise licensing fees are paid by franchisees for the right to operate a single location. Area Representatives are given the rights to recruit franchisees within a certain geographical area (their “territory”), although they are not parties to any franchise agreements entered into by franchisees they recruit. Area Representatives then have support responsibilities for franchisees they recruit, while receiving royalties from the franchises they support.

For purposes of revenue and cost recognition, these two sources of revenue are treated similarly.

Performance obligations under franchise agreements usually consist of (a) a franchise license, (b) pre-opening services, such as training, and (c) ongoing services, such as management of the brand marketing funds. Most of these ongoing performance obligations are highly interrelated, so they are not considered to be individually distinct and therefore are accounted for as a single performance

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**

obligation, which is satisfied by providing a right to use the Company's intellectual property over the term of each franchise or area representative agreement (10 years).

The Company's performance obligation to provide training to area representatives is distinct, however, from the ongoing support services the Company provides to franchisees and area representatives. Therefore, an appropriate portion of area representative licensing fees is recognized upon the provision of training services. The remainder of area representative licensing fees is deferred and recognized over the term of the agreement (10 years).

The Company employs subcontractors to facilitate the sale of franchise agreements. These subcontractors are often paid commissions upon the receipt of payment by franchisees. These payments are recorded as an asset, while the actual fulfillment expense is recognized over the term of the agreement (10 years).

The Company employs subcontractors to fulfill the Company's performance obligations related to area representatives. These subcontractors are often paid in advance and such payments are recorded as an asset, while the actual fulfillment expense is recognized over the term of the agreement (10 years).

The Company also recognizes revenue in the form of regular monthly royalty payments from franchises. These payments are computed on the gross franchise revenue for the specific location, and considered earned at the end of the time period for which the royalty amount is determined.

Income taxes

The Company was treated as a partnership for federal, state, and local income tax purposes up until October 2021. On October 18, 2021, Zor411 Holdings LLC, (a Massachusetts LLC which owned a 50% interest) purchased the remaining 50% interest in the company from Intellectual Medicine LLC, thus making the Company a disregarded entity for tax purposes.

Income or loss of the Company is reported on the individual income tax returns of its member(s). Accordingly, no provision for income taxes is made in the financial statements. The Company's income tax filings are subject to possible audit by various taxing authorities, including the filings for 2022 and 2021.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**

Evaluation of subsequent events

The Company has evaluated subsequent events through March 27, 2023, which is the date the financial statements were available to be issued.

**NOTE 2 – Notes Receivable**

The Company had one note receivable outstanding at December 31, 2021 with Spears Cellular Health in the amount of \$75,000. This note was an advance on construction costs for a franchise location, and was expected to be repaid in 2022. However, the note was deemed uncollectible in 2022 and written off as a loss.

**NOTE 3 – Other Current Assets**

The company had other current assets at December 31, 2022 of \$30,010, comprised of a short term receivable of \$30,010. The short term receivable is expected to be received within a year.

**NOTE 4 – Fixed Assets**

The company paid contractors to develop its website and related applications for customers. These costs were accounted for within the framework of ASC 350-50, *Intangibles–Goodwill and Other-Website Development Costs*, which outlines five stages of website development, some of which are capitalized and some of which are expensed. The capitalizable costs have been amortized over five years, and an expected amortization schedule is presented below.

Year	Amortization Expense
2022	\$ 4,792
2023	13,000
2024	13,000
2025	13,000
2026	13,000
2027	8,208
Total	\$ 65,000

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**

**NOTE 5 – Prepaid Cost of Revenue**

The Company employs subcontractors to facilitate the sale of franchise agreements. These subcontractors are paid, indirectly, through a related company called Zor411 LLC, which receives sales commissions and pays subcontractors to help sell franchise agreements. These commissions are often paid in advance and such payments are recorded as an asset, while the actual expenses are recognized over the term of the agreements. Following are schedules of commission expenses to be recognized for franchise agreements that commenced in 2021 and 2022, and commissions expenses to be recognized for area representative agreements that commenced in 2020, 2021 and 2022, as well as a summary schedule of the cost of revenue for 2022.

<b>Cost of Revenue - 2022</b>	
Commissions on area rep fees - see schedule	\$ 311,580
Commissions on franchise rep fees - see schedule	301,579
Royalty share	106,520
Total cost of revenue	<u>\$ 719,679</u>

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**

**NOTE 5 – Prepaid Cost of Revenue (continued)**

<b>Franchise License Commission Expenses to be Recognized - By Year</b>					
	<b>Franchise License Agreements Commenced</b>		<b>Franchise License Agreements Commenced</b>		
<b>Year</b>	<b>in 2021</b>		<b>in 2022</b>		
				<b>Total</b>	
2022	\$	179,200	\$	122,379	\$ 301,579
2023		179,200		222,000	401,200
2024		179,200		222,000	401,200
2025		179,200		222,000	401,200
2026		179,200		222,000	401,200
2027		179,200		222,000	401,200
2028		179,200		222,000	401,200
2029		179,200		222,000	401,200
2030		179,200		222,000	401,200
2031		74,334		222,000	296,334
2032		-		99,621	99,621
	\$	1,687,134	\$	2,220,000	\$ 3,907,134
\$ 1,792,000	Prepayments of commissions in 2021				
2,220,000	Prepayments of commissions in 2022				
(104,866)	Less: Commissions expense recognized in 2021				
(301,579)	Less: commissions expense recognized in 2022				
\$ 3,605,555	Prepaid Commissions - 12/31/22				

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**

**NOTE 5 – Prepaid Cost of Revenue (continued)**

Area Rep Commission Expenses to be Recognized - By Year				
	Area Rep Agreements Commenced in 2020	Area Rep Agreements Commenced in 2021	Area Rep Agreements Commenced in 2022	Total
2022	\$ 92,310	\$ 149,520	\$ 69,750	\$ 311,580
2023	92,310	149,520	124,650	366,480
2024	92,310	149,520	124,650	366,480
2025	92,310	149,520	124,650	366,480
2026	92,310	149,520	124,650	366,480
2027	92,310	149,520	124,650	366,480
2028	92,310	149,520	124,650	366,480
2029	92,310	149,520	124,650	366,480
2030	39,745	149,520	124,650	313,915
2031	-	95,265	124,650	219,915
2032	-	-	54,900	54,900
	<u>\$ 778,225</u>	<u>\$ 1,440,945</u>	<u>\$ 1,246,500</u>	<u>\$ 3,465,670</u>
\$ 923,100	Prepayments of commission expenses in 2020			
1,003,534	Prepayments of commission expenses in 2021			
1,101,500	Prepayments of commission expenses in 2022			
(52,565)	Expensed in 2020			
(146,565)	Expensed in 2021			
(311,580)	Expensed in 2022			
\$ 2,517,424	Prepaid area rep fees - 12/31/22			

**NOTE 6 – Franchisee Deposits on Equipment**

The company often receives payments from franchisees for equipment that the company purchases for them from specific vendors. These deposits are recorded as franchisee deposits on equipment, and totaled \$86,735 at December 31, 2022.

**NOTE 7 – Deferred Revenue**

The company recognizes franchise and area representative licensing fees over the 10-year term of each agreement. Following are schedules of revenue to be recognized for franchise agreements that commenced in 2021 and 2022 and area representative agreements that commenced in 2020, 2021, and 2022.

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**

**NOTE 7 – Deferred Revenue (continued)**

<b>Franchise Licensing Fee Revenue to be Recognized - By Year</b>				
	<b>Franchise License Agreements Commenced</b>		<b>Franchise License Agreements Commenced</b>	
<b>Year</b>	<b>in 2021</b>		<b>in 2022</b>	
	<b>\$</b>		<b>\$</b>	<b>\$</b>
2022	244,800		145,997	390,797
2023	244,800		265,997	510,797
2024	244,800		265,997	510,797
2025	244,800		265,997	510,797
2026	244,800		265,997	510,797
2027	244,800		265,997	510,797
2028	244,800		265,997	510,797
2029	244,800		265,997	510,797
2030	244,800		265,997	510,797
2031	101,546		265,997	367,543
2032			119,999	119,999
	<b>\$ 2,304,746</b>		<b>\$ 2,659,965</b>	<b>\$ 4,964,711</b>
<b>\$ 643,000</b>	Franchise license fees collected in 2020			
<b>1,805,000</b>	Franchise license fees collected in 2021			
<b>2,659,965</b>	Franchise license fees collected in 2022			
<b>(143,254)</b>	Less: revenues recognized in 2021			
<b>(390,797)</b>	Less: revenues recognized in 2022			
<b>\$ 4,573,914</b>	Deferred franchise licensing fee revenue - 12/31/22			
<b>\$ 510,797</b>	Current portion			
<b>4,063,117</b>	Long-term portion			
<b>\$ 4,573,914</b>	Deferred franchise licensing fee revenue - 12/31/22			

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**

**NOTE 7 – Deferred Revenue (continued)**

<b>Area Representative Licensing Fee Revenue to be Recognized - By Year</b>				
	<b>Area Rep</b>	<b>Area Rep</b>	<b>Area Rep</b>	
	<b>Agreements</b>	<b>Agreements</b>	<b>Agreements</b>	
	<b>Commenced</b>	<b>Commenced</b>	<b>Commenced</b>	
<b>Year</b>	<b>in 2020</b>	<b>in 2021</b>	<b>in 2022</b>	<b>Total</b>
2022	\$ 149,850	\$ 242,200	\$ 167,917	\$ 559,967
2023	149,850	242,200	202,250	594,300
2024	149,850	242,200	202,250	594,300
2025	149,850	242,200	202,250	594,300
2026	149,850	242,200	202,250	594,300
2027	149,850	242,200	202,250	594,300
2028	149,850	242,200	202,250	594,300
2029	149,850	242,200	202,250	594,300
2030	64,075	242,200	202,250	508,525
2031	-	155,150	202,250	357,400
2032	-	-	89,333	89,333
	<b>\$ 1,262,875</b>	<b>\$ 2,334,950</b>	<b>\$ 2,077,500</b>	<b>\$ 5,675,325</b>
\$ 1,538,500	Area rep fees collected in 2020			
2,492,000	Area rep fees collected in 2021			
2,077,500	Area rep fees collected in 2022			
(85,775)	Revenues recognized in 2020			
(346,900)	Revenues recognized in 2021			
(559,967)	Revenues recognized in 2022			
<b>\$ 5,115,358</b>	<b>Deferred area rep revenues - 12/31/22</b>			
\$ 594,300	Current portion			
4,521,058	Long-term portion			
<b>\$ 5,115,358</b>	<b>Deferred area rep revenues - 12/31/22</b>			

**NOTE 8 – Related Party Transactions**

The Company has contracted with Zor411 LLC, a Delaware LLC, to facilitate the sale of franchise agreements. Zor411 LLC has common ownership with Zor411 Holdings LLC, the entity which owns 100% of the Company.

The Company paid Zor411 LLC \$2,218,200 in 2021 and \$3,321,500 in 2022, most of which represented prepaid sales commissions.

**DRIPBaR Franchising LLC**

**Audited Financial Statements**

**(With Independent Auditor's Report Thereon)**

**For the Years Ended December 31, 2021 and 2020**

**Prepared by DvorakCPA LLC**

**DRIPBaR Franchising LLC**

**Index of Reports and Financial Statements**

**For the Years Ended December 31, 2021 and 2020**

Independent Auditor's Report	2 - 3
Statement of Income and Retained Earnings	4
Balance Sheet	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 13

DvorakCPA, LLC  
14041-A N. Dale Mabry Ave  
Tampa, FL 33618

P: 727-330-5837  
F: 727-213-6918  
david@northstar.tax



## Independent Auditor's Report

To the Owner and Management  
DRIPBaR Franchising LLC

We have audited the accompanying financial statements of DRIPBaR Franchising LLC, which comprise the balance sheet as of December 31, 2021 and 2020, and the related statements of income and retained earnings, and cash flows for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

DvorakCPA, LLC  
14041-A N. Dale Mabry Ave  
Tampa, FL 33618

P: 727-330-5837  
F: 727-213-6918  
david@northstar.tax



significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DRIPBaR Franchising LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

DvorakCPA LLC

Tampa, FL

June 15, 2022

**DRIPBaR Franchising LLC**  
**Statement of Income and Retained Earnings**  
**For the Years Ended December 31, 2021 and December 31, 2020**

	<u>2021</u>	<u>2020</u>
Revenues		
Area rep licensing fees	\$ 346,900	\$ 85,775
Franchise licensing fees	143,254	15,000
Technology fees	11,203	-
Royalties	63,960	-
Total Revenues	<u>565,317</u>	<u>100,775</u>
Cost of revenues earned	<u>267,176</u>	<u>52,565</u>
Gross profit	298,141	48,210
Operating expenses		
Advertising and marketing	171,318	80,160
Bad debt	831	-
Bank charges and fees	1,137	562
Charitable contributions	1,000	-
Computer and software	51,411	17,719
Contracted services	213,969	40,000
Dues and subscriptions	16,071	299
Employee and client gifts	7,040	516
Insurance	5,840	-
Job supplies	364	6,000
Legal and professional	162,245	124,139
Meals and entertainment	2,549	3,551
Office	127	1,045
Payroll - gross wages	214,409	101,319
Payroll - employment taxes	21,087	9,408
Payroll - employee benefits	4,280	-
Reimbursable expenses	2,521	-
Taxes and licenses	56	422
Travel	28,369	6,023
Utilities	7,450	172
Total operating expenses	<u>912,074</u>	<u>391,335</u>
Net income (loss)	<u>(613,933)</u>	<u>(343,125)</u>
Beginning partner capital	(428,002)	15,123
Net income	(613,933)	(343,125)
Capital contributions	-	-
Capital distributions	(251,521)	(100,000)
Ending partner capital	<u>\$ (1,293,456)</u>	<u>\$ (428,002)</u>

(See independent accountant's audit report and accompanying notes to the financial statements)

**DRIPBaR Franchising LLC**  
**Balance Sheet**  
**December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets - cash		
Cash	\$ 997,412	\$ 506,852
Accounts receivable	127,500	
Note receivable - current	75,000	75,000
Prepaid expenses	4,725	34,723
Other current assets	779	779
Total current assets	1,205,416	617,354
Prepaid cost of revenue		
Area rep licensing	1,727,504	870,535
Franchise licensing	1,687,134	420,000
Total prepaid cost of revenue	3,414,638	1,290,535
<b>Total assets</b>	<b>\$ 4,620,054</b>	<b>\$ 1,907,889</b>
<b>Liabilities</b>		
Current liabilities		
Payroll taxes	\$ 112	\$ 9,500
Credit card payable	10,827	-
Deferred revenue - area rep licensing fees	392,050	189,850
Deferred revenue - franchise licensing fees	244,800	
Total current liabilities	647,789	199,350
Long-term liabilities		
Deferred revenue - area rep licensing fees	3,205,775	1,262,875
Deferred revenue - franchise licensing fees	2,059,946	643,000
Due to related third party	-	230,666
Total long-term liabilities	5,265,721	2,136,541
<b>Equity</b>		
Partner capital	(1,293,456)	(428,002)
<b>Total liabilities and equity</b>	<b>\$ 4,620,054</b>	<b>\$ 1,907,889</b>

(See independent accountant's audit report and accompanying notes to the financial statements)

**DRIPBaR Franchising LLC**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2021 and December 31, 2020**

	<b>2021</b>	<b>2020</b>
Operating activities		
Net income (loss)	\$ (613,933)	\$ (343,125)
Change in accounts receivable	(127,500)	-
Change in prepaid cost of revenue	(2,124,103)	(1,290,535)
Change in prepaid expenses and other current	29,998	(35,502)
Change in current liabilities	1,439	9,500
Change in deferred revenue - current and non-current	3,806,846	2,228,391
Net cash provided by operating activities	972,747	568,729
Investing activities		
(Increase) in notes receivable	-	(75,000)
Increase (decrease) in notes payable	(230,666)	-
Net cash provided (used) by investing activities	(230,666)	(75,000)
Financing activities		
Partner contributions	-	-
Partner distributions	(251,521)	(100,000)
Net cash provided (used) by financing activities	(251,521)	(100,000)
Net change in cash	490,560	393,729
Beginning cash	506,852	113,123
Ending cash	\$ 997,412	\$ 506,852

(See independent accountant's audit report and accompanying notes to the financial statements)

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**

**NOTE 1 – Summary of Significant Accounting Policies**

Nature of operations

DRIPBaR Franchising LLC (hereafter the “Company”) is a limited liability company organized under Delaware law in July 2019. The company is engaged in franchising operations related to a business called “DRIPBaR”, which provides intravenous vitamin therapy services, as well as in-store availability of a variety of vitamins and supplements.

The company licenses both individual franchises and area representative rights to qualified parties wishing to assist with licensing and operating franchises within a specific geographical area.

Basis of presentation

The financial statements of the Company have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as set forth in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Cash and cash equivalents

The Company considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Revenue and cost recognition

The Company’s revenues are recognized in accordance with Accounting Standards Codification 606 – Revenue from Contracts with Customers (“ASC 606”). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

The Company’s primary sources of revenue are franchise licensing fees and area representative licensing fees. Franchise licensing fees are paid by franchisees for the right to operate a single location. Area Representatives are given the rights to recruit franchisees within a certain geographical area (their “territory”), although they are not parties to any franchise agreements entered into by franchisees they recruit. Area Representatives then have support responsibilities for franchisees they recruit, while receiving royalties from the franchises they support.

For purposes of revenue and cost recognition, these two sources of revenue are treated similarly.

Performance obligations under franchise agreements usually consist of (a) a franchise license, (b) pre-opening services, such as training, and (c) ongoing services, such as management of the brand marketing funds. Most of these ongoing performance obligations are highly interrelated, so they are not considered to be individually distinct and therefore are accounted for as a single performance

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**

obligation, which is satisfied by providing a right to use the Company's intellectual property over the term of each franchise or area representative agreement (10 years).

The Company's performance obligation to provide training to area representatives is distinct, however, from the ongoing support services the Company provides to franchisees and area representatives. Therefore, an appropriate portion of area representative licensing fees is recognized upon the provision of training services. The remainder of area representative licensing fees is deferred and recognized over the term of the agreement (10 years).

The Company employs subcontractors to facilitate the sale of franchise agreements. These subcontractors are often paid commissions upon the receipt of payment by franchisees. These payments are recorded as an asset, while the actual fulfillment expense is recognized over the term of the agreement (10 years).

The Company employs subcontractors to fulfill the Company's performance obligations related to area representatives. These subcontractors are often paid in advance and such payments are recorded as an asset, while the actual fulfillment expense is recognized over the term of the agreement (10 years).

The Company also recognizes revenue in the form of regular monthly royalty payments from franchises. These payments are computed on the gross franchise revenue for the specific location, and considered earned at the end of the time period for which the royalty amount is determined.

Income taxes

The Company was treated as a partnership for Federal, state, and local income tax purposes up until October 2021. On October 18, 2021, Zor411 Holdings LLC, (a Massachusetts LLC which owned a 50% interest) purchased the remaining 50% interest in the company from Intellectual Medicine LLC, thus making the Company a disregarded entity for tax purposes.

Income or loss of the Company is reported on the individual income tax returns of its member(s). Accordingly, no provision for income taxes is made in the financial statements. The Company's income tax filings are subject to possible audit by various taxing authorities, including the filings for 2021 and 2020.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**

Evaluation of subsequent events

The Company has evaluated subsequent events through June 15, 2022, which is the date the financial statements were available to be issued.

**NOTE 2 – Notes Receivable**

The Company had one note receivable outstanding at December 31, 2021 with Spears Cellular Health in the amount of \$75,000. This note was an advance on construction costs for a franchise location, and is expected to be repaid in 2022.

**NOTE 3 – Prepaid Cost of Revenue**

The Company employs subcontractors to facilitate the sale of franchise agreements and fulfill the Company's performance obligations related to area representatives. These subcontractors are often paid in advance and such payments are recorded as an asset, while the actual expenses are recognized over the term of the agreement. Following are schedules of commission expenses to be recognized for franchise agreements that commenced in 2021, and fulfillment expenses to be recognized for area representative agreements that commenced in 2020 and 2021.

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**

**NOTE 3 – Prepaid Cost of Revenue (continued)**

<b>Commissions Expenses to be Recognized - By Year</b>	
	<b>Franchise License Agreements Commenced</b>
<b>Year</b>	<b>in 2021</b>
2021	\$ 104,866
2022	179,200
2023	179,200
2024	179,200
2025	179,200
2026	179,200
2027	179,200
2028	179,200
2029	179,200
2030	179,200
2031	74,334
	<u>\$ 1,792,000</u>
\$ 1,792,000	Prepayments of Commissions in 2021
(104,866)	Less: Commissions Expense Recognized in 2021
<u>\$ 1,687,134</u>	Prepaid Commissions - 12/31/21

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**

**NOTE 3 – Prepaid Cost of Revenue (continued)**

<b>Area Rep Fulfillment Expenses to be Recognized - By Year</b>			
	<b>Area Rep</b>	<b>Area Rep</b>	
	<b>Agreements</b>	<b>Agreements</b>	
	<b>Commenced</b>	<b>Commenced</b>	
<b>Year</b>	<b>in 2020</b>	<b>in 2021</b>	<b>Total</b>
2021	\$ 92,310	\$ 54,255	\$ 146,565
2022	92,310	149,520	241,830
2023	92,310	149,520	241,830
2024	92,310	149,520	241,830
2025	92,310	149,520	241,830
2026	92,310	149,520	241,830
2027	92,310	149,520	241,830
2028	92,310	149,520	241,830
2029	92,310	149,520	241,830
2030	39,745	149,520	189,265
2031	-	95,265	95,265
	<u>\$ 870,535</u>	<u>\$ 1,495,200</u>	<u>\$ 2,365,735</u>
\$ 923,100	Prepayments of Fulfillment Expenses in 2020		
1,003,534	Prepayments of Fulfillment Expenses in 2021		
(52,565)	Expensed in 2020		
(146,565)	Expensed in 2021		
<u>\$ 1,727,504</u>	Prepaid Area Rep Fees - 12/31/21		

**NOTE 4 – Deferred Revenue**

The company recognizes franchise and area representative licensing fees over the 10-year term of each agreement. Following are schedules of revenue to be recognized for franchise agreements that commenced in 2021 and area representative agreements that commenced in 2020 and 2021.

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**

**NOTE 4 – Deferred Revenue (continued)**

<b>Franchise Licensing Fee Revenue to be Recognized - By Year</b>	
	<b>Franchise License Agreements Commenced</b>
<b>Year</b>	<b>in 2021</b>
2021	\$ 143,254
2022	244,800
2023	244,800
2024	244,800
2025	244,800
2026	244,800
2027	244,800
2028	244,800
2029	244,800
2030	244,800
2031	101,546
	<u>\$ 2,448,000</u>
\$ 643,000	Franchise License Fees Collected in 2020
1,805,000	Franchise License Fees Collected in 2021
(143,254)	Less: Revenues Recognized in 2021
<u>\$ 2,304,746</u>	Deferred Franchise Licensing Fee Revenue - 12/31/21

**DRIPBaR Franchising LLC**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**

**NOTE 4 – Deferred Revenue (continued)**

Area Representative Licensing Fee Revenue to be Recognized - By Year			
	Area Rep	Area Rep	
	Agreements	Agreements	
	Commenced	Commenced	
Year	in 2020	in 2021	Total
2021	\$ 189,850	\$ 157,050	\$ 346,900
2022	149,850	242,200	392,050
2023	149,850	242,200	392,050
2024	149,850	242,200	392,050
2025	149,850	242,200	392,050
2026	149,850	242,200	392,050
2027	149,850	242,200	392,050
2028	149,850	242,200	392,050
2029	149,850	242,200	392,050
2030	64,075	242,200	306,275
2031	-	155,150	155,150
	<u>\$ 1,452,725</u>	<u>\$ 2,492,000</u>	<u>\$ 3,944,725</u>
\$ 1,538,500	Area Rep Fees Collected in 2020		
2,492,000	Area Rep Fees Collected in 2021		
(85,775)	Revenues Recognized in 2020		
(346,900)	Revenues Recognized in 2021		
<u>\$ 3,597,825</u>	Deferred Area Rep Revenues - 12/31/21		

**NOTE 5 – Related Party Transactions**

The Company has contracted with Zor411 LLC, a Delaware LLC, to facilitate the sale of franchise agreements and perform the Company's ongoing performance obligations related to area representatives. Zor411 LLC has common ownership with Zor411 Holdings LLC, which owns 100% of the Company.

The Company paid Zor411 LLC \$1,371,525 in 2020 and \$2,218,200 in 2021, most of which represented sales commissions and prepaid performance obligation costs.

The Company has also contracted with Shannon Petteruti to provide ongoing management services. Shannon was paid \$40,000 for these management services in 2020 and \$0 in 2021. Shannon is the owner of Intellectual Medicine LLC, which owned a 50% interest in the Company until October 18, 2021.

**EXHIBIT D**  
**TO FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2022**

<b>Name</b>	<b>City</b>	<b>State</b>	<b>Telephone Number</b>
Healthwise Ventures, LLC	Scottsdale	AZ	480-213-3000
C2PO, LLC*	Denver	CO	312-659-9730
Dripwell, LLC	Fort Lauderdale	FL	201-655-0532
Agerasia, Inc.	Jacksonville	FL	803-448-4543
Samhradh, LLC	Jacksonville	FL	904-618-3351
Better My Health, LLC	Miami	FL	786-351-5259
Alternative Health Melbourne, LLC	Orlando	FL	561-866-9844
Lizelle & Stephanus Kruger	Alpharetta	GA	408-224-9648
SONG Health Solutions, LLC	Sandy Springs	GA	678-665-9422
Crystal's Investments, LLC	Covington	LA	985-807-9061
DRIPBaR of Ruston, LLC	Ruston	LA	318-265-0220
DC & KJ Enterprises Inc.	Columbia	MD	240-381-5313
Molecular Vitality Partners, LLC	Westbrook	ME	207-464-6923
Fusion Life, LLC	Novi	MI	248-979-8505
Synel, LLC	Lees Summit	MO	816-944-2363
Nourish Cells, LLC	St. Louis	MO	636-485-3302
Wellness Center and Medical Spa of NJ, LLC	Aberdeen	NJ	917-922-3559
Health Shots Ent Inc.	Las Vegas	NV	702-481-7484
Cell-V, LLC	Mt. Pleasant	SC	854-800-2377
Healthwise Holdings, Inc.	Clarksville	TN	931-241-0572
MFI-IV, Inc.	Austin	TX	713-823-2423
Rollakanti Holdings Inc.	Frisco	TX	469-501-5945
Vitamin Works, LLC	Highland Village	TX	469-569-7166
Avanti Wellness, LLC	San Antonio	TX	210-990-0334
Avanti Wellness, LLC	New Braunfels	TX	210-990-0334
Hernandez Hydrations, LLC	Houston	TX	512-516-2906
Three S Collaborative, LLC	Katy	TX	281-704-6122
SAJE Ideas, Inc.	San Antonio	TX	210-573-4619
IM Utah, LLC	Alpine	UT	801-652-5098
Charlottesville Drip, LLC	Charlottesville	VA	434-443-2160
DRIP Bar RVA, LLC	Richmond	VA	804-971-1721
Thandol, Inc.	Virginia Beach	VA	757-288-3500

\*Operating under a Multi-Unit Development Agreement.

**LIST OF FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT AS OF  
DECEMBER 31, 2022, BUT HAVE NOT YET OPENED FOR BUSINESS**

<b>Name</b>	<b>City</b>	<b>State</b>	<b>Telephone Number</b>
-------------	-------------	--------------	-------------------------

D-1

Bird Point Vital Health, Inc.		AK	907-244-5584
Louise Sandoval		AZ	602-618-0835
Pederson, LLC		AZ	425-698-5281
Wow Beverages, LLC	Scottsdale	AZ	602-768-2288
Daunielle Daughty		CA	408-887-8450
Basanta KC		CA	626-893-3700
KEDD Enterprises, LLC	Johnstown	CO	970-208-8373
THEVILLE4LIFE, LLC		CT	845-781-0289
Holt Holdings, LLC*		DC	202-369-1142
You Go Healthy, LLC	Boca Raton	FL	954-649-4652
Brutus Azuria, LLC	Delray	FL	917-324-1781
Alternative Health Nona, LLC	Lake Nona	FL	407-734-3540
Apothecary Lounge, LLC	Orlando	FL	407-844-6055
Cellular Wellness Corp	Sanford	FL	407-462-8322
Akpa, LLC	Tampa	FL	813-437-9872
Comet Infusion Co., LLC	Tampa	FL	219-765-4804
Sapphire Point Associates, LLC		FL	908-421-5381
Elmehdi Chafqane		FL	407-745-8740
Abhi and KB Enterprises, LLC		FL	647-564-2131
Mark Taylor		FL	732-690-6544
Reyes SJJ, LLC		FL	863-257-0111
Mondesir Investment Group, LLC		FL	954-203-8045
Tara Arnold & Mike Stage		FL	937-620-1831
Drippity Dew Drops, Inc.	Fort Oglethorpe	GA	706-639-6864
MG Wellness, Inc.		GA	419-346-2314
Cynthia Summerlin		GA	229-881-5878
DripBar Atlanta, LLC*		GA	347-470-6061
NRA Investment, LLC		GA	912-531-7338
Trail Creek DB, LLC		GA	404-414-9786
Kona Revitalize, LLC	Kailua-Kona	HI	808-896-4957
Smith Sisters, LLC		IA	319-804-5536
A.L.L. Dream Weavers, LLC		IN	317-775-5073
Bridget & Stephen Gillies		LA	985-662-1125
IN Holdings, LLC	Raynham	MA	781-389-4290
Blue Deer, LLC		MA	617-548-9088
DRIPB Nirvana, LLC		MA	617-290-4411
Vital Vitamins, LLC		MI	810-449-2034
Healthy Vitals, Inc.		MN	612-205-1040
Gramcor Corporation	Charlotte	NC	704-777-1197
Noble Light, LLC		NC	336-408-0111
Molly McKenzie		NC	281-780-1415
AG Ivy Consulting, LLC		NC	336-402-0851
Jae Ralph		NC	407-885-5881
Carol-ina Drip, LLC		NC	4434-209-5529
RN Drip Associates, LLC		NH	603-562-5442
DRIPBaR ButlerKinnelon, LLC	Butler	NJ	862-658-6588
SKILLMAN IV DRIP, Inc.		NJ	201-694-4683
Nicole Crawford		NV	714-318-9886
Capital Drip Bar, LLC	Albany	NY	518-322-3808
Hollie Faith, LLC	Long Island	NY	516-695-7612

D-2

Charles Massimo, Chris Campese, Peter Anastasian and Frank Califano	Long Island	NY	718-986-3564
Wellness Center and Medical Spa of NJ, LLC		NY	917-922-3559
240 Central Park South, LLC		NY	973-896-3812
Marnie Manes		NY	516-743-2794
RYE DRIP, LLC		NY	914-906-4555
JC Cellular Health, LLC		NY	518-441-2196
Ivy Wellness, LLC		NY	727-278-9689
Ko Drip Area, LLC		OH	614-795-1088
Bryce Hood		OK	918-440-0174
Artimus2 Enterprises, LLC	Philadelphia	PA	407-276-5256
MLM Drip Scranton, LLC		PA	570-575-4895
Restorative Therapeutics, LLC	Newport	RI	401-239-0013
Health Matters, LLC		SC	530-360-5220
Geoffrey & Kelly Scruggs	Nashville	TN	615-319-4897
J5 NOLO, LLC		TN	314-575-0303
Sanitas Holdings, LLC	Dallas	TX	214-636-6331
Tasha & Jason Jackson	Fort Worth	TX	817-875-7713
Raw Health, LLC	North Dallas	TX	972-821-2557
9803 Investments, LLC	San Angelo	TX	325-315-8694
Healthy Revolution, LLC		TX	817-219-5578
Sola Fide Marketing, LLC		TX	815-474-8627
Anthony Johnson		TX	512-201-5086
Abe Sameel		TX	832-477-2747
VCIV, LLC		TX	713-972-4161
Mark Powell		UT	801-631-4854
Dave Thurman*		UT	801-762-7504
Shenandoah Health and Wellness, LLC		VA	304-702-2094
Cellular Hydration, LLC		VA	804-833-5788
Nomi & Denny Nelson		VA	804-338-3006
Manuel Torres		WA	210-990-0334

\*Operating under a Multi-Unit Development Agreement.

#### **LIST OF FORMER FRANCHISEES**

Name	City	State	Telephone Number
INAT, LLC	Fort Collins	CO	970-449-0050
Derrick Development Corp.	Tampa	FL	716-870-8090
Prophet Spears Kingdom Enterprises, Inc	Atlanta	GA	404-407-5562
JgKg Enterprises, LLC	New Port	RI	508-740-3253
Dare Health, LLC	McKinney	TX	850-208-4834

**EXHIBIT E**  
**TO FRANCHISE DISCLOSURE DOCUMENT**  
**LIST OF STATE ADMINISTRATORS AND AGENTS**  
**FOR SERVICE OF PROCESS**

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor	

E-1

	Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities And Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

**EXHIBIT F**  
**TO FRANCHISE DISCLOSURE DOCUMENT**

**MANUAL TABLE OF CONTENTS**

<b>Operations Manual Table of Contents</b>	<b>Pages</b>
Initial Introduction to DRIPBaR	29
Establishing the Business	47
Personnel - Staffing - HR	25
Administrative Procedures	27
Daily Procedures	12
Marketing the Brand	23
Brand Guidelines	33
SOP's & Protocols	95

**EXHIBIT G**  
**TO FRANCHISE DISCLOSURE DOCUMENT**

**STATE-SPECIFIC ADDENDA**

## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department Of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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

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

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this 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 that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

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

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

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

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

In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

## HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

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

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF 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 A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Payment of initial franchise fees and development fees shall be deferred until Franchisor has completed its pre-opening obligations to franchisee, and franchisee has opened for business.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: N/A
2. A proposed registration or filing is or will be shortly on file in the following states:
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

**ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Illinois only, this Disclosure Document is amended as follows:

Illinois law governs the Franchise Agreement.

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

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

The following is added to Item 17(t):

Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTION. See Medical Corporation Act, 805 ILCS 15/2, 5 (West 2016) and Medical Practice Act of 1987, 225 ILCS 60/ (West 2016).

IF YOU ARE NOT LICENSED/ CERTIFIED IN ILLINOIS TO PROVIDE SERVICES OF THE NATURE DESCRIBED IN THIS DISCLOSURE DOCUMENT, YOU MUST NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED MEDICAL PROFESSIONALS WHO WILL PROVIDE THE SERVICES THAT YOUR FRANCHISED BUSINESS OFFERS. YOU SHOULD RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUT FOR YOUR BEST INTERESTS IN THIS BUSINESS VENTURE.

*[Signature on the following page]*

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

**Franchisor:**  
**DRIPBAR FRANCHISING, LLC**

**Franchisee:**  
\_\_\_\_\_

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

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

## MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 11:

You may obtain an accounting of advertising expenditures by the Marketing Fund by making a written request to us.

The following is added to Item 17:

Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

The franchise agreement and/or Multi-Unit Development Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

**THIS FRANCHISE HAS 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 PROSPECTIVE 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 PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT 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 THE FRANCHISEE.**

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR 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 to be added at the end of Item 3:

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

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

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by

a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of 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**”: You may terminate the agreement on any grounds available by law.

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

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

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Based upon the franchisor's financial condition, the Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

## **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do 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.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
FRANCHISE AGREEMENT AND  
MULTI-UNIT DEVELOPMENT AGREEMENT**

**ILLINOIS RIDER TO FRANCHISE AGREEMENT  
AND MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/ or Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between DRIPBaR Franchising, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

**2. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

**3. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

**4. ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTION. See Medical Corporation Act, 805 ILCS 15/2, 5 (West 2016) and Medical Practice Act of 1987, 225 ILCS 60/ (West 2016).**

**5. IF YOU ARE NOT LICENSED/ CERTIFIED IN ILLINOIS TO PROVIDE SERVICES OF THE NATURE DESCRIBED INT HIS DISCLOSURE DOCUMENT, YOU MUST NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED MEDICAL PROFESSIONALS WHO WILL PROVIDE THE SERVICES THAT YOUR FRANCHISED BUSINESS OFFERS. YOU SHOULD RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUT FOR YOUR BEST INTERESTS IN THIS BUSINESS**

VENTURE.

6. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

DRIPBaR Franchising, LLC

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

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

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

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

**INDIANA RIDER TO FRANCHISE AGREEMENT  
AND MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/ or Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between DRIPBaR Franchising, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Deleted.** To the extent required for the Agreement to be in compliance with the Indiana Acts, any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered

G-17

a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

DRIPBaR Franchising, LLC

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

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

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

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

**MARYLAND RIDER TO FRANCHISE AGREEMENT  
AND MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/ or Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between DRIPBaR Franchising, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. This franchise agreement and/or Multi-Unit Development Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

7. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

FRANCHISOR:

DRIPBaR Franchising, LLC

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

**MINNESOTA RIDER TO FRANCHISE AGREEMENT  
AND MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/ or Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between DRIPBaR Franchising, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. **Amendments.** The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR

DRIPBaR Franchising, LLC

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

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

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

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

**NEW YORK RIDER TO FRANCHISE AGREEMENT  
AND MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/ or Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between DRIPBaR Franchising, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33.

**3 Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Franchisor with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

**4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

DRIPBaR Franchising, LLC

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

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

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

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

**NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT  
AND MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/ or Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between DRIPBaR Franchising, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. **Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

(1) **Restrictive Covenants:** Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.

(2) **Situs of Arbitration Proceedings:** Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.

(3) **Restrictions on Forum:** Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) **Liquidated Damages and Termination Penalties:** Franchisee is not required to consent to liquidated damages or termination penalties.

(5) **Applicable Laws:** The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) **Waiver of Trial by Jury:** Franchisee and any Guarantor do not waive a trial by jury.

(7) **Waiver of Exemplary & Punitive Damages:** Franchisee does not waive of exemplary and punitive damages.

(8) **General Release:** Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) **Limitation of Claims:** Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) **Enforcement of Agreement:** The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR

DRIPBaR Franchising, LLC

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

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

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

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

## **WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND RIDER TO FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENTS AND RELATED AGREEMENTS**

Washington State Specific Risk Factors:

1. **Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The franchisor will defer the collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business. With respect to the multi-unit development agreement, the deferral of the development fee will be pro-rated, such that the franchisee will pay the franchisor the development fee proportionally upon the opening of each unit franchise.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise disclosure document, franchise agreement, multi-unit development agreement, and related agreements, 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 disclosure document, franchise agreement, multi-unit development agreement, and related agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise disclosure document, franchise agreement, multi-unit development agreement, or related agreements, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for

inflation). As a result, any provisions contained in the franchise disclosure document, franchise agreement, multi-unit development agreement, or related agreements or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise disclosure document, franchise agreement, multi-unit development agreement, or related agreements or elsewhere are void and unenforceable in Washington.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

DRIPBaR Franchising, LLC

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

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

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

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

**EXHIBIT H**  
**TO FRANCHISE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

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

<b>State</b>	<b>Effective Date</b>
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

**EXHIBIT I**  
**TO FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPT PAGES**

**RECEIPT  
(OUR COPY)**

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

If DRIPBaR 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 a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, we must give you this disclosure document at the earlier of our 1<sup>st</sup> personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under New York law, we must give you this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If DRIPBaR 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 in Exhibit E.

The franchisor offering the franchise: DRIPBaR Franchising, LLC, 236 Franklin Street, Wrentham, MA 02093, 800-DRIPBaR. The individual franchise seller who offered you a DRIPBaR franchise is:

<input type="checkbox"/> Ben Crosbie 236 Franklin Street Wrentham, MA 02093 (617) 872-3736	<input type="checkbox"/> _____ _____ _____ _____	<input type="checkbox"/> _____ _____ _____ _____
---	---	---

Issuance Date: April 12, 2023

See Exhibit E for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated April 12, 2023, that included the following Exhibits:

- |  |                                     |
|--|-------------------------------------|
| Exhibit A: Franchise Agreement & Attachments                                 | Exhibit F: Manual Table of Contents |
| Exhibit B: Multi-Unit Development Agreement                                  | Exhibit G: State-Specific Addenda   |
| Exhibit C: Financial Statements  | Exhibit H: State Effective Dates    |
| Exhibit D: List of Franchisees   | Exhibit I: Receipt Pages            |
| Exhibit E: List of State Administrators and Agents<br>for Service of Process |                                     |

**PROSPECTIVE FRANCHISEE:**

If a business entity:  
\_\_\_\_\_  
Name of Business Entity  
Sign: \_\_\_\_\_  
Title: \_\_\_\_\_  
(Print Name): \_\_\_\_\_  
Dated: \_\_\_\_\_  
(Do not leave blank)

If an individual:  
Sign: \_\_\_\_\_  
(Print Name): \_\_\_\_\_  
Dated: \_\_\_\_\_  
(Do not leave blank)

Please sign this copy of the receipt, print the date on which you received this Disclosure Document, and return it, by mail or e-mail, to DRIPBaR Franchising, LLC, 236 Franklin Street, Wrentham, MA 02093; email: [info@thedripbar.com](mailto:info@thedripbar.com).

**RECEIPT  
(YOUR COPY)**

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

If DRIPBaR 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 a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, we must give you this disclosure document at the earlier of our 1<sup>st</sup> personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under New York law, we must give you this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If DRIPBaR 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 in Exhibit E.

The franchisor offering the franchise: DRIPBaR Franchising, LLC, 236 Franklin Street, Wrentham, MA 02093, 800-DRIPBaR. The individual franchise seller who offered you a DRIPBaR franchise is:

<input type="checkbox"/> <u>Ben Crosbie</u>	<input type="checkbox"/> _____	<input type="checkbox"/> _____
<u>236 Franklin Street</u>	_____	_____
<u>Wrentham, MA 02093</u>	_____	_____
<u>(617) 872-3736</u>	_____	_____

Issuance Date: April 12, 2023

See Exhibit E for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated April 12, 2023, that included the following Exhibits:

- |  |                                     |
|--|-------------------------------------|
| Exhibit A: Franchise Agreement & Attachments                                 | Exhibit F: Manual Table of Contents |
| Exhibit B: Multi-Unit Development Agreement                                  | Exhibit G: State-Specific Addenda   |
| Exhibit C: Financial Statements  | Exhibit H: State Effective Dates    |
| Exhibit D: List of Franchisees   | Exhibit I: Receipt Pages            |
| Exhibit E: List of State Administrators and Agents<br>for Service of Process |                                     |

**PROSPECTIVE FRANCHISEE:**

If a business entity:

\_\_\_\_\_

Name of Business Entity

Sign: \_\_\_\_\_

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

(Print Name): \_\_\_\_\_

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

(Do not leave blank)

If an individual:

Sign: \_\_\_\_\_

(Print Name): \_\_\_\_\_

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

(Do not leave blank)

Please sign this copy of the receipt, print the date on which you received this Disclosure Document, and return it, by mail or e-mail, to DRIPBaR Franchising, LLC, 236 Franklin Street, Wrentham, MA 02093; email: [info@thedripbar.com](mailto:info@thedripbar.com).