

## FRANCHISE DISCLOSURE DOCUMENT

VILLAGE JUICE CO. FRANCHISING, LLC

a North Carolina limited liability company

900 Northwest Blvd.

Winston-Salem, North Carolina 27101

(336) 749-0492

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

[nathan@villagejuiceandkitchen.com](mailto:nathan@villagejuiceandkitchen.com)



**Village Juice  
& Kitchen**

The franchisee will own and operate a fast-casual restaurant that provides customers with healthy dining and emphasizes primarily plant-based food options, along with an assortment of cold pressed juices, almond milks, smoothies and smoothie bowls, as well as salads, grain bowls, raw vegan desserts and related proprietary products. VILLAGE JUICE CO. FRANCHISING, LLC (“us,” “we,” or the “Franchisor”) provides services to franchisees including assistance with training, operations, advertising, purchasing and promotional techniques.

The total investment necessary to begin operation of a VILLAGE JUICE & KITCHEN Traditional Restaurant Without Onsite Juicing is estimated to be between \$457,000 to \$935,250. This includes between \$71,500 to \$77,500 that must be paid to us or our affiliates. The total investment necessary to begin operation of a VILLAGE JUICE & KITCHEN Traditional Restaurant With Onsite Juicing is estimated to be between \$490,000 and \$969,250. This includes between \$76,500 to \$82,500 that must be paid to us or our affiliates. The total investment necessary to begin operation of a VILLAGE JUICE & KITCHEN Non-Traditional Restaurant is estimated to be between \$322,800 and \$484,500. This includes between \$71,500 to \$77,500 that must be paid to us or our affiliates. In addition, if you choose to sign a Multi-Unit Agreement, which would grant you exclusive rights to open VILLAGE JUICE & KITCHEN franchises within a defined geographical area, you must pay us \$29,500 for the second and each subsequent Restaurant you open. This would make your total investment necessary to begin operation of a single Traditional Restaurant With Onsite Juicing, and to purchase the rights to open three total Restaurants, between \$549,000 and \$1,028,250. This includes between \$130,500 and \$136,500 that must be paid to us or our affiliates.

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, 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 availability of disclosures in different formats, contact the Franchise Administration Department at 900 Northwest Blvd., Winston-Salem, North Carolina 27101, (336) 749-0492.

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

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

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

Issuance Date: December 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 B. |
| <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 Village Juice Co. 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 Village Juice Co. franchisee?</b>                              | Item 20 or Exhibit B 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 E.

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in North Carolina. 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 North Carolina than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **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.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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



THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE  
MICHIGAN FRANCHISE INVESTMENT LAW

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

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

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

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.** Any questions regarding the notice should be delivered to the Department of the Attorney General, Department of Licensing and Regulatory Affairs, Corporations, Securities and Commercial Licensing Bureau, 2501 Woodlake Circle, Okemos, MI 48864, Telephone: (517) 241-6470.

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

### **THE FRANCHISOR**

To simplify the language in this franchise disclosure document (this “Disclosure Document”), “franchisor,” “we,” “us,” or “our” means VILLAGE JUICE CO. FRANCHISING, LLC. “You” or “your” means the person or entity who buys the franchise, including, if any, such company’s owners, partners, members, controlling shareholders, and guarantors. If you are a corporation, partnership, limited liability company, or other business entity, your owners will have to guarantee your obligations and be bound by the provisions of the Franchise Agreement (defined below) and other agreements as described in this Disclosure Document.

We are a North Carolina limited liability company organized under the name “VILLAGE JUICE CO. FRANCHISING, LLC,” on November 8, 2017 as a limited liability company. Our current principal business address is 900 Northwest Blvd., Winston-Salem, NC 27101. Our agent for service of process in our jurisdiction of organization is Nathan B. Atkinson at 900 Northwest Blvd., Winston-Salem, NC 27101, whose number is (336) 749-0492.

Our sole business since inception is selling VILLAGE JUICE & KITCHEN franchises (formerly branded as VILLAGE JUICE COMPANY businesses) and providing training and other services to VILLAGE JUICE & KITCHEN franchisees. We have an exclusive worldwide license to offer VILLAGE JUICE & KITCHEN franchises. We began selling business opportunities in the State of North Carolina during 2018 for the operation of restaurants utilizing the name “VILLAGE JUICE COMPANY” and changed the primary trademark of our affiliate and franchised restaurants to “VILLAGE JUICE & KITCHEN” in March 2021. We are not currently engaged in any other business activities and have never offered franchises in any other line of business. We have never operated a VILLAGE JUICE & KITCHEN restaurant, although affiliates of ours have done so.

### **OUR PARENTS, PREDECESSORS AND AFFILIATES**

Our parent and sole member is VJCO, INC. (“VJCo”). VJCo was incorporated on August 28, 2019. VJCo has never owned, operated, or licensed any business, including the type being offered, and has never offered any franchises for this or any other concepts. VJCo’s business address is 110 Oakwood Drive, Suite 500, Winston-Salem, North Carolina 27103.

Our affiliate, VILLAGE JUICE COMPANY, LLC (“VJC”), currently owns and operates two Restaurants (as defined below). VJC opened these restaurants in 2016 and 2018. VJC shares our principal business address and telephone number. VJC owns and will assign license rights to certain trademarks and service marks to us, enabling us to license rights in those service marks or trademarks to franchisees (See Item 13). VJC has never offered any franchises for this or any other concepts.

Our affiliate, VILLAGE JUICE MANAGEMENT CO., LLC, currently provides our franchisees with management and commissary services. VILLAGE JUICE MANAGEMENT CO., LLC has never owned, operated, or licensed any business, including the type being offered, and has never offered any franchises for this or any other concepts. VILLAGE JUICE MANAGEMENT CO. LLC shares our principal business address and telephone number.

We began offering franchises in 2017 and area representative rights in December 2019. We have two agreements for Non-Traditional Restaurants (defined below) on university campuses, both operated by Aramark, Inc. as licensee. Other than as described herein, we have never offered franchises for any other concepts. We do not currently operate or engage in any other business or under any other name.

Except as described above, we do not have any parents, predecessors, or other affiliates required to be disclosed in Item 1.

Exhibit E lists our agent for service of process in your state.

## **THE FRANCHISE OFFERED**

We provide franchise opportunities to own and operate VILLAGE JUICE & KITCHEN restaurants that provide delicious, healthy food, cold pressed juices, almond milks, smoothies and smoothie bowls, salads, grain bowls, toasts and related products (each, a “Restaurant”). “Restaurant” includes both Traditional Restaurants and Non-Traditional Restaurants (as defined below). Restaurants operate under the name “VILLAGE JUICE & KITCHEN” or “VILLAGE JUICE CO.” and the trademarks, service marks, logos, and commercial symbols we periodically authorize, and which may be updated from time to time (the “Marks”). Restaurants have distinctive and proprietary business formats, methods, procedures, designs, layouts, standards, and specifications, all of which we may improve, further develop, or otherwise modify over time (together, the “System”). We call the Restaurant that you will operate “your Restaurant.” You must comply with the standards, specifications, operating procedures, and rules that we periodically prescribe for operating a Restaurant (“System Standards”). The system standards may be changed or modified by us throughout your ownership and operation of the franchise.

You will be required to review and sign a franchise agreement to acquire a franchise and to operate your Restaurant (the “Franchise Agreement”). Our current form of Franchise Agreement is attached to this Disclosure Document as Exhibit A. Under the Franchise Agreement, you will receive the right to use the Marks and the System to operate your Restaurant at a site selected by you and accepted by us (the “Premises”). You may operate one franchised Restaurant for each Franchise Agreement you sign.

We offer two main types of Restaurants, as described below.

### **1. Traditional Restaurants**

A “Traditional Restaurant” is around 1,800 square feet and is typically operated in leased, inline space.

We offer two different types of Traditional Restaurants:

A. Traditional Restaurant Without Onsite Juicing. In the “Traditional Restaurant Without Onsite Juicing,” a franchisee will sell high-pressure processed juice that has been processed offsite by us, our affiliate, or another approved vendor (“VJC HPP Juice”). Our affiliate and we are currently the only approved suppliers of VJC HPP Juice. If you operate a

Traditional Restaurant Without Onsite Juicing, you will not have the right to process juice onsite or sell juice other than our VJC HPP Juice from us, our affiliate, or another approved vendor.

B. Traditional Restaurant With Onsite Juicing. In the “Traditional Restaurant With Onsite Juicing,” a franchisee has the right to sell cold-pressed juice processed onsite in accordance with recipes, methods, and standards we establish. If you request and receive our approval to operate a Traditional Restaurant With Onsite Juicing, you must acquire juicing equipment and attend juicing training, which additional training and equipment will result in your incurring initial and ongoing costs that a Traditional Restaurant Without Onsite Juicing would not incur. See Items 7 and 11 for more detail.

## **2. Non-Traditional or “Express” Location**

A “Non-Traditional Restaurant” is typically around 800 square feet and often operated from within food halls, malls, grocery stores, universities, convenience stores, hospitals, schools, airports, parks (including theme parks), sports arenas, and similar venues. Non-Traditional Restaurants will occupy smaller footprints and may offer limited services. Community-seating or limited seating may be available at Non-Traditional Restaurants.

## **MULTI-UNIT AGREEMENT**

We also offer qualified franchisees the opportunity to enter into a Multi-Unit Agreement for the exclusive right to develop a territory large enough for multiple stores (the “Development Area”). The Multi-Unit Agreement does not grant a franchise to operate a Restaurant, but does prohibit us and our affiliates, if any, from operating a Restaurant or granting a license or franchise to anyone else to operate a Restaurant within a defined territory for a period of time set by the agreement. Under a Multi-Unit Agreement, a party must meet a performance schedule by locating a Restaurant site, submitting the information necessary for us to consider the site, obtain our acceptance of the site, and ultimately sign our Franchise Agreement to open and operate the Restaurant. At the time you open additional Restaurants, you will sign the then-current Franchise Agreement, which may differ from the one disclosed in this document.

## **AREA REPRESENTATIVE OFFERING**

We also offer Area Representative rights to qualified individuals through a separate Franchise Disclosure Document. Area Representatives act as our designated servicing and training agents of the Restaurants sold and operated within specific Service Areas. Area Representatives assist us with the sale of Restaurant franchises to third parties who will own, operate and manage Restaurants within the Service Area. If you enter into a Franchise Agreement to own a Restaurant in an area in which there is an Area Representative now or in the future, the Area Representative (instead of us) may perform these functions and services in connection with your Restaurant. Please see Exhibit F for additional information regarding current area representatives who will assist you if you operate a franchise within their Service Area.

## **COMPETITION**

Your competition includes all other restaurant concepts and certain high scale grocery stores, particularly restaurants offering healthy food, juice and/or smoothies, salads, grain bowls

and raw vegan desserts. Your competition also includes catering companies and food retail stores, particularly those stores selling pre-packaged juices, smoothies and other healthy food. Depending on your geographic area your competition may be extremely robust, but fragmented between large, established brands to small, single-unit operations. You will compete for customers and for locations. The market for high-quality food products and services offered in the food service industry is highly competitive and quickly developing. Your ability to succeed with this franchise will in part be determined by your ability to compete with these other restaurant establishments.

There are no regulations known to us specific to the operation of a fast-casual health food restaurant. However, state and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of your restaurant, including those that (a) establish general standards, specifications, and requirements for the construction, design, and maintenance of the restaurant premises; (b) regulate matters affecting the health, safety, and welfare of your customers, such as general health and sanitation requirements for restaurants; employee practices concerning the storage, handling, cooking, and preparation of food; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; (e) regulate the proper use, storage, and disposal of waste, insecticides, and other hazardous materials; (f) govern labor practices for your employees; and (g) the application of the Affordable Care Act. Many state and local authorities also regulate the sale of alcoholic beverages. We do not require, but do allow, that your VILLAGE JUICE & KITCHEN restaurant sell beer and wine. If you sell alcohol, you must be licensed for such sale. You should investigate any such regulations in your geographic area to ensure compliance with those regulations, if any, prior to purchasing your franchise or commencing operation of your franchised business. The Americans with Disabilities Act also may apply to the operation of your restaurant. You should investigate whether there are regulations and requirements that may apply to the geographic area in which you are interested in locating your franchise and should consider both the effect and cost of compliance. You may employ salaried help and/or independent contractors and will be required to observe general employment laws and regulations.

**ITEM 2. BUSINESS EXPERIENCE**

| Name               | Position   | Principal Occupation During the Past 5 Years   |
|--------------------|--|--|
| Lonnie M. Atkinson | Chief Operating Officer and Director of Creative Development   | Since January 2015, Ms. Atkinson has served as our Chief Operating Officer and Director of Creative Development in Winston-Salem, North Carolina.  |
| Nathan B. Atkinson | Chief Executive Officer and President of Franchise Development | Since April 2018, Mr. Atkinson has served as our Chief Executive Officer, General Counsel and President of Franchise Development in Winston-Salem, North Carolina. From June 2006 to April 2018, Mr. Atkinson was employed as an attorney at Spilman Thomas & Battle, PLLC in Winston-Salem, North Carolina. |

| Name                 | Position  | Principal Occupation During the Past 5 Years   |
|----------------------|---|--|
| Clyde P. Harris, III | Chief Financial Officer and Director of Real Estate Procurement | Since September 2017, Mr. Harris has served as Chief Financial Officer and Director of Real Estate Procurement in Winston-Salem, North Carolina. |

**ITEM 3. LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4. BANKRUPTCY**

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

**ITEM 5. INITIAL FEES**

**Initial Franchise Fee**

The initial franchise fees are the same whether you operate a Traditional Restaurant or a Non-Traditional Restaurant. The initial franchise fee to open your first VILLAGE JUICE & KITCHEN Restaurant is \$39,500. If you purchase the rights to open additional Restaurants separately, not under a Multi-Unit Agreement, your initial franchise fee for each additional Restaurant is the then-current initial franchise fee discounted by 10%. The initial franchise fee is due and fully earned upon the signing of your Franchise Agreement.

If you purchase upfront the rights to open additional Restaurants under a Multi-Unit Agreement, the initial franchise fee for your second and each subsequent Restaurant is \$29,500. The initial franchise fees for all locations you intend to open under the Multi-Unit Agreement is due and fully earned as a “Development Fee” upon the signing of your Multi-Unit Agreement and is not refundable under any circumstances.

This initial franchise fee includes training for you (or, if you are a corporate entity, one of your principals), your designated manager and up to 3 other employees at our training facility. The initial franchise fee is payable in lump sum and is due and fully earned at the time you sign the franchise agreement and is not refundable under any circumstances.

If you are opening your first Restaurant, you must pay us an onsite training fee in the amount of \$10,000 (“Onsite Training Fee”) at the time you sign the Franchise Agreement. Onsite Training will begin the week before the opening date of the Restaurant and will last until a week after the opening date. In the event that you open more than one Restaurant, you will have the option, but not the obligation, to pay us \$5,000 for onsite assistance at your Restaurant. See Item 11 for more details. The Onsite Training Fee is not refundable under any circumstances.

If you are opening your first Restaurant, you must pay us a minimum of \$10,000 to conduct a grand opening advertising campaign on your behalf. If you are opening your second or subsequent Restaurant, you must pay us \$5,000 to conduct a grand opening advertising campaign on your behalf. The grand opening advertising campaign funds are not refundable under any circumstances.



If you will be operating a Traditional Restaurant With Onsite Juicing, you must pay us a Juicing Training fee of \$5,000. The Juicing Training fee is not refundable under any circumstances.

We have approved exclusive suppliers from whom you will be required to purchase certain inventory and products, including juices and other food and beverage items. You may be required to purchase these products from us or our affiliates. Specifically, you will be required to purchase from our (or our affiliate's) commissary specific products you will use in the operation for your Restaurant, and we will provide you with a list of products for the opening package. The total cost of the opening package for a Traditional Location Without Onsite Juicing is estimated to be between \$12,000 and \$18,000 and the cost for a Non-Traditional/Express location is estimated to be between \$8,000 and \$15,000. You will pay between 25% and 30% of the cost of the opening package to us or our affiliate. We may restrict you from buying inventory we have not approved, even from suppliers we approve. Payments for purchases of commissary products will only be refunded in the event a product is returned as unsatisfactory.

All of the fees described in this Item are each payable in lump sum. During our last fiscal year, the initial franchise fee was uniformly applied.

**ITEM 6. OTHER FEES**

| TYPE OF FEE <sup>1</sup> | AMOUNT   | DUE DATE  | REMARKS  |
|--------------------------|--|---|--|
| Royalty                  | 7% of your Restaurant's Gross Sales <sup>2</sup> | Weekly check or electronic funds transfer ("EFT") on the Tuesday of each week for the preceding week. Week will be calculated from Sunday through Saturday. Upon 30 days' notice, the royalties can be electronically drafted from your bank account. | "Gross Sales" means the total of gross revenue that you derive from the operation of the Restaurant, including, but not limited to, revenue from services rendered by the Restaurant and from the sale of products, whether from sales for cash or credit and regardless of the collection thereof. Gross Sales also includes any proceeds you receive from business interruption insurance. Gross Sales does not include sales taxes or gift card redemptions, nor does it include sales to other franchisees and company-owned restaurants. Royalties on gift cards are assessed when the gift card is sold. |

| <b>TYPE OF FEE<sup>1</sup></b>              | <b>AMOUNT</b>   | <b>DUE DATE</b>   | <b>REMARKS</b>   |
|---|---|---|--|
| Minimum Local Advertising (retained by you) | 2% of Gross Sales per month   | Monthly   | This amount must be spent monthly by you in your Protected Territory for advertising for your Restaurant(s). Refund depends on vendor policies.  |
| Brand Fund Fee                              | Currently 1% of weekly Gross Sales  | Payment made by electronic funds transfer (EFT) on the Tuesday of each week.                  | Can be raised by us to be as high as 3% of weekly Gross Sales.   |
| Advertising Cooperative Fee                 | There are currently no plans for an advertising cooperative, but one may be formed in the future. Any percentage contribution would be set by the cooperative on a vote of a majority of its members. | When designated by cooperative  | Total fees for the Brand Fund and the cooperative may not exceed 4% of monthly Gross Sales. If a local advertising cooperative is established, you will be required to contribute your share of the cooperative's budget as determined by the cooperative's members. |
| Juice and Food Items                        | Then current price established by us or our affiliate   | Payment made by electronic funds transfer (EFT) on the fifteenth day after orders are filled. | You will purchase your juices and food items from our approved commissary throughout your Franchise Term. The amount of your purchases will vary based upon your needs, available inventory and then-current prices.   |
| Technology Fee                              | Then current price established by us or our affiliate   | Payment made by electronic funds transfer (EFT) on the first Tuesday of each month            | The technology fee covers our costs for providing you with certain technology support services through or Tech Stack. We may increase the technology fee with 30 days advance written notice to you  |
| Supplier Approval                           | \$50 per hour plus expenses for review and  | As invoiced   | You will pay us \$50 per hour plus actual expenses   |

| TYPE OF FEE <sup>1</sup>                       | AMOUNT   | DUE DATE    | REMARKS  |
|--|--|-------------|--|
|  | 15% of value of item purchased, if approved                      |             | incurred, for example, sample purchases, shipping, research fees in gathering information regarding a supplier you propose. Additionally, you will pay an administrative fee of 15% of the value of the supply or equipment initially purchased, if it is approved and a purchase is made.   |
| Additional Training or Assistance <sup>3</sup> | The charge, currently \$750 per day (8-hour day), plus expenses. | As incurred | You will pay us an additional training fee (1) if we determine that you (or your Operating Partner) or your Designated Manager need training or assistance in addition to what is provided as part of the Training Program, (2) you request additional training or assistance for any person other than as provided as part of the Training Program, (3) you request, and we agree to provide, any portion of the Training Program on-site at your Restaurant, and/or (4) we require additional training for any other employee of yours who fails to perform services at your Restaurant to our satisfaction. See Note 4. |
| National Convention Fee <sup>4</sup>           | Up to \$600 per person   | As incurred | Your attendance is mandatory if we host a National Convention. The fee will be assessed even if you do not attend.   |

| <b>TYPE OF FEE<sup>1</sup></b> | <b>AMOUNT</b>   | <b>DUE DATE</b>                                       | <b>REMARKS</b>   |
|--------------------------------|---|---|--|
| Renewal Fee                    | The greater of Twenty-Five Percent (25%) of the then-current initial franchise fee or Ten Thousand Dollars (\$10,000)   | Upon signing of new franchise agreement               | Payable if you renew your franchise for a 10-year term after the expiration of the Franchise Agreement. Your right to renew your franchise is subject to certain terms and conditions. |
| Transfer Fee <sup>5</sup>      | From you, as the transferor: \$10,000, plus \$25,000 for an operating Restaurant or \$10,000 for an unopened Restaurant | At time you notify us of the proposed transfer        | Payable as a condition of transfer, unless the transfer occurs because you (or your Operating Partner) dies or is disabled, or if transfer is to an immediate family member.           |
| Relocation Fee                 | \$5,000   | Before relocation                                     | If we allow you to relocate your Restaurant, this relocation will be at your own expense and you must pay us the fee.  |
| Audit                          | Understated amounts, plus interest, plus amount of audit fees and related expenses                                      | Within 15 days after receiving the examination report | Due if you fail to furnish any reports we require or understate Gross Sales by more than 2%.   |
| Interest                       | Lesser of 1.5% per month or highest rate allowed under applicable law   | 15 days after you receive inspection or audit report  | Due on all overdue amounts and accruing as of the original due date.   |
| Insufficient Funds             | \$35.00   | As incurred   | Due each time we attempt to debit your business account and we receive a notice of insufficient funds  |

| <b>TYPE OF FEE<sup>1</sup></b>             | <b>AMOUNT</b>   | <b>DUE DATE</b>   | <b>REMARKS</b>   |
|--|---|---|--|
| Maintenance and Refurbishing of Restaurant | You must reimburse our expenses   | As incurred   | If you do not undertake efforts to correct identified deficiencies in your Restaurant's appearance promptly after we notify you of the deficiencies, then we can undertake the repairs and you must reimburse us for our costs, plus an administrative fee on the total aggregate amount of expenses we incur. |
| Insurance                                  | You must reimburse our costs, plus a reasonable fee for our time incurred   | When billed   | If you fail to obtain insurance, we may obtain insurance for you.  |
| Fines                                      | 1st infraction: \$250<br>2nd infraction: \$500<br>3rd infraction: \$1,000   | Upon notice of infraction. Will be collected by EFT                   | These fines would apply to any failure to comply with your Franchise Agreement or the Brand Standards Manual. Any fine is in addition to other remedies under franchise agreement.   |
| Violations of Standards                    | \$1,000 per occurrence  | Upon notice of infraction. Will be collected by EFT                   | These fines would apply to any sale of unauthorized food used without following the procedures outlined in the Agreements, any other violations of our System standards, or any breach of the Franchise Agreement. Any fine is in addition to other remedies under franchise agreement.                        |
| Indemnification                            | Any and all types of damages, liabilities, losses, costs, and expenses we incur as a result of third parties claims or from your ownership and operations | Defense cost when suit occurs. Indemnification when payment required. | You, your owners, and your guarantors must defend, indemnify, and hold us and related parties harmless for a broad range of claims related to your actions, omissions, ownership, and operations   |

| <b>TYPE OF FEE<sup>1</sup></b>       | <b>AMOUNT</b>   | <b>DUE DATE</b>   | <b>REMARKS</b>  |
|--------------------------------------|---|---|---|
|                                      | of the Franchised Business.<br><br>Amount will depend on unknown factors.   |   | of the Franchised Business.   |
| Costs and Attorneys' Fees            | Will vary under circumstances   | As incurred   | You agree that you will reimburse us for our reasonable attorneys' fees and costs incurred if we have to incur same due to termination of the Franchise Agreement for cause.  |
| Continued Operation After Expiration | Greater of \$1,000 or 150% of royalties per month   | Monthly   | If we permit you to renew the license granted under this Agreement after a month-to-month continuation of the franchised business, then you must pay to us in addition to all royalties and other fees due to us a monthly fee equal to the greater of \$1,000 or 150% of the royalties due for the same month for every month of month-to-month operation after the Expiration Date, up to our then-current initial franchise fee. |
| Management Fee                       | \$750 per day (plus costs and expenses)   | As incurred   | Due when we (or a third party) manage your Restaurant after your material default of the terms of your obligations or upon abandonment of the Restaurant.   |
| Liquidated Damages                   | Will vary under the circumstances. Liquidated damages are determined by multiplying the combined monthly average of Royalties and Brand | Within 15 days after termination of the Franchise Agreement | Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.  |

| TYPE OF FEE <sup>1</sup> | AMOUNT  | DUE DATE | REMARKS |
|--------------------------|---|----------|---------|
|                          | Fund contributions (without regard to any fee waivers or other reductions) that are owed by you to us during the 12 months of operation preceding the effective date of termination multiplied by the lesser of: (i) 36, or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$50,000. |          |         |

Explanatory Notes

Note 1. Except as described in this Item and in Item 8 (for product and service purchases), all fees are imposed and collected by and payable to us. Two licensed locations that are operated in non-traditional venues pay higher royalties than you would pay. During our last fiscal year, all fees were uniformly imposed, and no fee is refundable, unless otherwise noted. We and our affiliates reserve the right to increase the amount of any fee subject to an increase and adjustment in the Consumer Price Index. See Section 3(d) of the Franchise Agreement.

Note 2. “Gross Sales” means the total of gross revenue that you derive from the operation of the Restaurant, including, but not limited to, revenue from services rendered by the Restaurant from the sale of products, whether from sales for cash or credit and regardless of the collection thereof. Gross Sales also includes any proceeds you receive from business interruption insurance. Gross Sales does not include sales taxes or gift card redemptions, nor does it include sales to other franchisees and company-owned restaurants or delivery fees paid to third party delivery services. Royalties on gift cards are assessed when the gift card is sold. 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. If we cease to have access to your Gross Sales via the Computer System (defined in Item 11) and you fail to report your Restaurant’s Gross Sales when due, then for each payment calculated based on Gross Sales, we may debit your business account 110% of the average of the last 3 applicable royalty payments we debited. If the amount we debit is more than the amount you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account on the next payment due date.

Note 3. You must pay all travel and living expenses (including wages, transportation, food, lodging and workers’ compensation) incurred by you (or your Operating Partner), your Designated Manager, or any of your employees during all training courses and programs. You also must pay

all travel and living expenses (including transportation, food, and lodging) incurred by any of our trainers or staff we send to your Restaurant to provide training courses or programs.

Note 4. At our sole discretion, we may choose to host a National Convention for all franchisees. You are required to attend. You will be charged a tuition fee, which is currently \$600, whether you attend or not.

Note 5. You will be required to pay the transfer fees plus a fee dependent on the status of the Restaurant being acquired.

**ITEM 7. ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**TABLE 1 – TRADITIONAL RESTAURANT WITHOUT ONSITE JUICING**

| TYPE OF EXPENDITURE <sup>1</sup>    | AMOUNT    |           | METHOD OF PAYMENT   | WHEN DUE  | TO WHOM PAYMENT IS MADE                   |
|-------------------------------------|-----------|-----------|---|---|---|
|                                     | LOW       | HIGH      |   |   |   |
| Initial Franchise Fee <sup>2</sup>  | \$39,500  | \$39,500  | One lump sum payable upon execution of the Franchise Agreement. All amounts are non-refundable and deemed earned upon payment | Franchise fee is due on signing Franchise Agreement | Us  |
| Opening Package <sup>3</sup>        | \$12,000  | \$18,000  | Vendor terms  | Within 0 - 30 days of order                         | Us, our affiliate, and approved suppliers |
| Rent <sup>4</sup>                   | \$4,000   | \$10,000  | Landlord terms  | Monthly, depending on lease agreement               | Landlord                                  |
| Leasehold Improvements <sup>5</sup> | \$225,000 | \$550,000 | As incurred   | Before you open your Restaurant                     | Third-Party Suppliers                     |
| Equipment                           | \$85,000  | \$134,750 | Vendor terms  | Before you open your Restaurant                     | Third-Party Suppliers                     |



| TYPE OF EXPENDITURE <sup>1</sup>  | AMOUNT   |          | METHOD OF PAYMENT | WHEN DUE  | TO WHOM PAYMENT IS MADE                            |
|---|----------|----------|-------------------|---|--|
|   | LOW      | HIGH     |                   |   |  |
| Interior and Exterior Signage   | \$2,500  | \$12,500 | As incurred       | Before you open your Restaurant                 | Third-Party Suppliers                              |
| Furniture and Decor <sup>6</sup>  | \$15,000 | \$25,000 | As incurred       | Before you open your Restaurant                 | Third-Party Suppliers                              |
| POS Computer System/Mobile Application <sup>7</sup>                       | \$2,500  | \$5,000  | As incurred       | Varies depending on contract with supplier.     | Approved supplier                                  |
| Deposits <sup>8</sup>   | \$4,000  | \$8,000  | Lump sum          | Usually before opening                          | Landlord, utilities, phone co.                     |
| Utilities <sup>9</sup>  | \$3,000  | \$5,000  | As incurred       | As incurred                                     | Third-Party Supplier                               |
| Business Licenses   | \$500    | \$1,500  | As incurred       | Varies depending on jurisdiction                | Local, state, federal government; approved vendors |
| Insurance <sup>10</sup>   | \$1,000  | \$3,500  | As incurred       | Varies depending on your contract with provider | Approved insurance provider                        |
| Onsite Training Fees <sup>11</sup>  | \$10,000 | \$10,000 | As incurred       | Upon signing Franchise Agreement                | Us and/or approved suppliers                       |
| Training, Living, and Travel Expenses <sup>12</sup>                       | \$2,000  | \$6,000  | As incurred       | Before opening                                  | Third-Party Suppliers                              |
| Professional Fees (other than Construction Management Fees) <sup>13</sup> | \$1,000  | \$4,000  | As incurred       | Before you open your Restaurant                 | Third-Party Suppliers                              |
| Architecture Fee  | \$15,000 | \$25,000 | As incurred.      | As incurred.                                    | Approved Third-Party Vendor                        |

| TYPE OF EXPENDITURE <sup>1</sup>          | AMOUNT           |                  | METHOD OF PAYMENT | WHEN DUE                         | TO WHOM PAYMENT IS MADE   |
|---|------------------|------------------|-------------------|----------------------------------|---|
|   | LOW              | HIGH             |                   |                                  |   |
| Construction Management Fees              | \$0              | \$12,500         | As incurred.      | As incurred.                     | Approved Third-Party Vendor   |
| Grand Opening Marketing <sup>14</sup>     | \$10,000         | \$15,000         | Lump Sum          | Upon signing Franchise Agreement | All Grand Opening marketing are paid to us, to be spent on your behalf the 30-60 days prior to the opening of your restaurant through the first 30-60 days of operation. See Items 5, 6 and 11. |
| Additional Funds – 3 months <sup>15</sup> | \$25,000         | \$50,000         | As incurred       | As incurred                      | Vendors, suppliers, utilities   |
| <b>TOTAL<sup>16</sup></b>                 | <b>\$457,000</b> | <b>\$935,250</b> |                   |                                  |   |

### **Explanatory Notes**

Note 1. All of the fees described in this Item that are payable to us are non-refundable. In our last fiscal year, all fees and expenses described in this Item that were payable to us, unless otherwise indicated, were imposed uniformly by us. Last year our franchisee did not pay us the Brand Fund Fees. Individual vendors, suppliers, utilities and landlords will have their own refund policies. All fees estimated assume you are opening your first location. You may pay less for your initial franchise fee, Grand Opening Marketing and Onsite Training if you are purchasing your second or subsequent locations (see Item 5 for more detail).

Note 2. As described in Item 5, the Initial Franchise Fee for your first Restaurant is \$39,500 and there are various discounts for second and subsequent locations. You must pay us the initial franchise fee when you sign the Franchise Agreement. If you (or your Operating Partner) or your Designated Manager are unable to complete the Training Program to our satisfaction, we may terminate the Franchise Agreement. The initial franchise fee is not refundable in whole or in part under any circumstances.

Note 3. Opening supplies and inventory include small wares, branded paper products, pre-packaged food and bottled beverages, food supplies, and other merchandise or products sold by the Restaurant. 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.

Note 4. The cost of acquiring or leasing your Premises will vary significantly depending upon the market in which the proposed site is located. A suitable building for a full capacity Traditional Restaurant will be approximately 1,800 square feet, with the size of the restaurant affecting production abilities and seating capacity for customers. The low range assumes a restaurant of approximately 1,800 square feet with the high range approximating a restaurant at around 2,200 square feet. This estimate assumes you will receive at least 6 months of free rent from your landlord. Local market conditions, changes in the economy and inflation will all contribute to your real property costs. The location of the parcel of real property, its relationship to and the nature of any adjoining uses, and its accessibility will affect both its size and price. Lease agreements vary but usually require the lessee to pay for maintenance, insurance, taxes and any other charges or expenses for the land and building and the operation of the Restaurant or they may require that the lessee reimburse the lessor for its proportionate share of these payments (plus interest) made for the lessee and pay minimum monthly rent and/or percentage rent. We must accept your Premises and approve of your lease (See Item 11). We require you to use our approved real estate and construction providers to assist you in the leasing and construction processes.

Note 5. We expect most VILLAGE JUICE & KITCHEN franchisees will lease their space. If you do not, your occupancy costs will exceed the disclosed amount. The Premises could be located in shopping centers or stand-alone locations, in commercial areas, or in downtown areas when that area is viable for a successful retail location. Leasehold improvements may include lighting, flooring, cooling/heating systems construction, property adjustments due to licensing or permit requirements, and other costs associated with initial build-out. Depending on the terms you negotiate with your landlord, the landlord may contribute to a portion of your interior build-out and your costs will vary based on the level of contribution of the landlord. The cost of your initial interior build-out will also depend on the brands purchased, installation and delivery charges, local market conditions and other factors.

Note 6. The cost of the furniture and fixtures will depend upon the brands purchased, freight and installation costs, applicable state and local taxes and other factors.

Note 7. You must install our specified point-of-sale system, which is described in detail in Item 11. You are required to purchase from us at our designation an approved seller. You must also use our required application, which you must purchase from our approved supplier. The amount you pay for the POS system is nonrefundable. You must also use services from ScreenCloud, Inc. to manage your digital signage. These figures include costs for video surveillance, security, television, sound, alarms systems and the cost of installing the necessary equipment.

Note 8. The rent deposit may be refundable under the terms of the lease agreement.

Note 9. Utilities include gas service, electric service and other utilities as you might need to operate your Restaurant. Utility companies may also require you to place a deposit before installing telephone, gas, electricity and related utility services. These deposits may be refundable in accordance with the agreements made with the utility companies.

Note 10. You must obtain and maintain certain types and amounts of insurance (See Item 8). This estimate represents the insurance deposit only. You will make additional payments for insurance according to the various terms of your policy. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, Gross Sales, number of employees, wages paid, square footage, location, business contents, and other factors bearing on risk exposure. Insurance providers may require either an annual payment or semi-annual installments. Also note that workers' compensation insurance will vary from state to state. You should review the rates in the state in which you are opening your Restaurant for an estimate of the premium you will be required to pay.

Note 11. We will assist you onsite at your restaurant during the week of the opening of your restaurant. The pre-opening Training Program at our designated training facility is covered by your initial franchise fee, but this onsite training is an additional cost.

Note 12. This estimate includes transportation, food, lodging, and other expenses that you will incur when you (or your Operating Partner), your Designated Manager. You may at your election (and with our approval) send additional employees to attend the Training Program (see Item 11) but you will incur additional costs for them. The figure we provide above does not include an estimate of the costs associated with sending any person other than you (or your Operating Partner) and your Designated Manager to attend the Training Program. These expenses may vary based on the distance travelled and the standard of living your attendees desire while attending the Training Program. You may also request that we provide any portion of the Training Program on-site at your Restaurant, but we are not required to grant your request. If you request (and we elect to provide) any portion of the Training Program on-site at your Restaurant, you must pay our then-current training fee (currently, \$750 per day), plus the cost of transportation, food, lodging and other expenses incurred by our trainers and staff in travelling to your Restaurant to provide such on-site assistance (see Item 11). The figure provided above assumes that we are not providing any portion of the Training Program on-site.

Note 13. This estimate includes legal and accounting fees. These costs will vary based on the amount of professional services you elect to use, and the cost of the service providers you elect to retain.

Note 14. The Franchise Agreement requires you to pay us a minimum of \$10,000 which we will spend on your behalf for your grand opening campaign. For every subsequent Restaurant you open, you must pay us \$5,000 to conduct your grand opening campaign. You may choose to spend more.

Note 15. You should have additional funds to cover the operations of the franchised restaurant beyond the revenue the restaurant will generate. You should consider rent, wages, salaries, utilities, maintenance, supplies, payroll, taxes, loan payments and other related operating costs to arrive at your reserve amount. You may need to have more or less money in your cash reserve. You may need to have additional working capital to cover for low sales or high operating costs.

Note 16. This is an estimate of your initial startup expenses for one Village Juice & Kitchen Franchise. The estimated initial investment figures shown above for upfitting and opening Restaurants located in North Carolina are based primarily on our experience and professional

consultation regarding the costs associated with constructing and opening a Restaurant (they generally exclude possible acquisition of real estate). The estimated initial investment figures provided in this chart assume that you (or your Operating Partner) are not paid any salary or wages, and do not include an estimate of such amounts or any other associated payroll costs for you (or your Operating Partner). We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

**TABLE 2 – TRADITIONAL RESTAURANT WITH ONSITE JUICING**

| TYPE OF EXPENDITURE <sup>1</sup>  | AMOUNT           |                  | METHOD OF PAYMENT       | WHEN DUE                        | TO WHOM PAYMENT IS MADE |
|---|------------------|------------------|-------------------------|---------------------------------|-------------------------|
|   | LOW              | HIGH             |                         |                                 |                         |
| Estimated Initial Costs for Operating Traditional Restaurant Without Onsite Juicing Fees <sup>1</sup> | \$457,000        | \$935,250        | As described in Table 1 | As described in Table 1         | As described in Table 1 |
| Additional Juicing Small Wares  | \$2,500          | \$3,500          | Vendor terms            | Before you open your Restaurant | Third-Party Suppliers   |
| Additional Juicing Equipment  | \$25,500         | \$25,500         | Vendor terms            | Before you open your Restaurant | Third-Party Suppliers   |
| Juicing Training Fee <sup>2</sup>   | \$5,000          | \$5,000          | Lump sum                | Before you open your Restaurant | Us or our affiliate     |
| <b>TOTAL</b>  | <b>\$490,000</b> | <b>\$969,250</b> |                         |                                 |                         |

Note 1. The costs to juice onsite are in addition to the costs associated with operating a Traditional Restaurant Without Onsite Juicing.

Note 2. You are required to complete a separate Juicing Training Program, described more fully in Item 11.

**TABLE 3 – NON-TRADITIONAL/EXPRESS RESTAURANT FRANCHISE**

| TYPE OF EXPENDITURE <sup>1</sup>    | AMOUNT    |           | METHOD OF PAYMENT   | WHEN DUE  | TO WHOM PAYMENT IS MADE                   |
|-------------------------------------|-----------|-----------|---|---|---|
|                                     | LOW       | HIGH      |   |   |   |
| Initial Franchise Fee <sup>2</sup>  | \$39,500  | \$39,500  | One lump sum payable upon execution of the Franchise Agreement. All amounts are non-refundable and deemed earned upon payment | Franchise fee is due on signing Franchise Agreement | Us  |
| Opening Package <sup>3</sup>        | \$8,000   | \$15,000  | Vendor terms  | Within 0 - 30 days of order                         | Us, our affiliate, and approved suppliers |
| Rent <sup>4</sup>                   | \$4,000   | \$12,000  | Landlord terms  | Monthly, depending on lease agreement               | Landlord                                  |
| Leasehold Improvements <sup>5</sup> | \$113,000 | \$185,000 | As incurred   | Before you open your Restaurant                     | Third-Party Suppliers                     |
| Equipment                           | \$75,000  | \$95,000  | Vendor terms  | Before you open your Restaurant                     | Third-Party Suppliers                     |
| Interior and Exterior Signage       | \$2,500   | \$8,000   | As incurred   | Before you open your Restaurant                     | Third-Party Suppliers                     |
| Furniture and Decor <sup>6</sup>    | \$5,000   | \$8,000   | As incurred   | Before you open your Restaurant                     | Third-Party Suppliers                     |
| POS Computer System <sup>7</sup>    | \$2,500   | \$5,000   | As incurred   | Varies depending on contract with supplier.         | Approved supplier                         |
| Deposits <sup>8</sup>               | \$3,000   | \$7,000   | Lump sum  | Usually before opening                              | Landlord, utilities, phone co.            |

| TYPE OF EXPENDITURE <sup>1</sup>   | AMOUNT   |          | METHOD OF PAYMENT | WHEN DUE  | TO WHOM PAYMENT IS MADE   |
|--|----------|----------|-------------------|---|---|
|  | LOW      | HIGH     |                   |   |   |
| Utilities <sup>9</sup>   | \$1,800  | \$4,000  | As incurred       | As incurred                                     | Third-Party Supplier  |
| Business Licenses  | \$500    | \$1,500  | As incurred       | Varies depending on jurisdiction                | Local, state, federal government; approved vendors  |
| Insurance <sup>10</sup>  | \$1,000  | \$3,500  | As incurred       | Varies depending on your contract with provider | Approved insurance provider   |
| Onsite Training Fees <sup>11</sup>   | \$10,000 | \$10,000 | As incurred       | Before opening                                  | Us  |
| Training, Living, and Travel Expenses <sup>12</sup>  | \$2,000  | \$6,000  | As incurred       | Before opening                                  | Third-Party Suppliers   |
| Professional Fees (other than Construction Management and Architecture Fees) <sup>13</sup> | \$1,000  | \$4,000  | As incurred       | Before you open your Restaurant                 | Third-Party Suppliers   |
| Architecture/ Construction Management Fees   | \$13,000 | \$21,000 | As incurred.      | As incurred.                                    | Approved Third-Party Vendor   |
| Grand Opening Marketing <sup>14</sup>  | \$10,000 | \$15,000 | Lump Sum          | 60 days before opening                          | All Grand Opening marketing are paid to us, to be spent on your behalf the 30-60 days prior to the opening of your restaurant through the first 30-60 days of operation. See Items 5, 6 and 11. |

| TYPE OF EXPENDITURE <sup>1</sup>          | AMOUNT    |           | METHOD OF PAYMENT | WHEN DUE    | TO WHOM PAYMENT IS MADE       |
|---|-----------|-----------|-------------------|-------------|-------------------------------|
|   | LOW       | HIGH      |                   |             |                               |
| Additional Funds – 3 months <sup>15</sup> | \$31,000  | \$45,000  | As incurred       | As incurred | Vendors, suppliers, utilities |
| <b>TOTAL<sup>16</sup></b>                 | \$322,800 | \$484,500 |                   |             |                               |

Non-Traditional Restaurants are non-traditional venues (food halls, dining halls, airports, hospitals) where community-seating or limited seating may be available.

**Explanatory Notes**

Note 1. All of the fees described in this Item that are payable to us are non-refundable. In our last fiscal year, all fees and expenses described in this Item that are payable to us, unless otherwise indicated, were imposed uniformly by us. Individual vendors, suppliers, utilities and landlords will have their own refund policies. All fees estimated assume you are opening your first location. You may pay less for your initial franchise fee, Grand Opening Marketing and Onsite Training if you are purchasing your second or subsequent locations (see Item 5 for more detail).

Note 2. As described in Item 5, the Initial Franchise Fee for your first Restaurant is \$39,500 and there are various discounts for second and subsequent locations. You must pay us the Initial Franchise Fee when you sign the Franchise Agreement. If you (or your Operating Partner) or your Designated Manager are unable to complete the Training Program to our satisfaction, we may terminate the Franchise Agreement. The Initial Franchise Fee is not refundable in whole or in part under any circumstances.

Note 3. Opening supplies and inventory include small wares, branded paper products, pre-packaged food and bottled beverages, food supplies, and other merchandise or products sold by the Restaurant. 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.

Note 4. The cost of acquiring or leasing your Premises will vary significantly depending upon the market in which the proposed site is located. A suitable building for a Non-Traditional Restaurant is approximately 800 square feet, with the size of the restaurant affecting production abilities and seating capacity for customers. Local market conditions, changes in the economy and inflation will all contribute to your real property costs. The location of the parcel of real property, its relationship to and the nature of any adjoining uses, and its accessibility will affect both its size and price. Lease agreements vary but usually require the lessee to pay for maintenance, insurance, taxes and any other charges or expenses for the land and building and the operation of the Restaurant or they may require that the lessee reimburse the lessor for its proportionate share of these payments (plus interest) made for the lessee and pay minimum monthly rent and/or percentage rent. This estimate assumes you will receive at least 6 months of free rent from your landlord. We must approve your



Premises and your lease (See Item 11). We require you to use our approved real estate and construction providers to assist you in the leasing and construction processes.

Note 5. We expect most VILLAGE JUICE & KITCHEN franchisees will lease their space. If you do not, your occupancy costs will exceed the disclosed amount. The Premises could be located in shopping centers or stand-alone locations, in commercial areas, or in downtown areas when that area is viable for a successful retail location. Leasehold improvements may include lighting, flooring, cooling/heating systems construction, property adjustments due to licensing or permit requirements, and other costs associated with initial build-out. Depending on the terms you negotiate with your landlord, the landlord may contribute to a portion of your interior build-out and your costs will vary based on the level of contribution of the landlord. The cost of your initial interior build-out will also depend on the brands purchased, installation and delivery charges, local market conditions and other factors.

Note 6. The cost of the furniture and fixtures will depend upon the brands purchased, freight and installation costs, applicable state and local taxes and other factors.

Note 7. You must install our specified point-of-sale system, which is described in detail in Item 11. You are required to purchase from us at our designation an approved seller. You must also use our required application, which you must purchase from our approved supplier. The amount you pay for the POS system is nonrefundable. You must also use services from ScreenCloud, Inc. to manage your digital signage. These figures include costs for video surveillance, security, television, sound, alarms systems and the cost of installing the necessary equipment.

Note 8. The rent deposit may be refundable under the terms of the lease agreement.

Note 9. Utilities include gas service, electric service and other utilities as you might need to operate your Restaurant. Utility companies may also require you to place a deposit before installing telephone, gas, electricity and related utility services. These deposits may be refundable in accordance with the agreements made with the utility companies.

Note 10. You must obtain and maintain certain types and amounts of insurance (See Item 8). This estimate represents the insurance deposit only. You will make additional payments for insurance according to the various terms of your policy. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, Gross Sales, number of employees, wages paid, square footage, location, business contents, and other factors bearing on risk exposure. Insurance providers may require either an annual payment or semi-annual installments. Also note that workers' compensation insurance will vary from state to state. You should review the rates in the state in which you are opening your Restaurant for an estimate of the premium you will be required to pay.

Note 11. We will assist you onsite at your restaurant during the week of the opening of your restaurant. The pre-opening Training Program at our designated training facility is covered by your initial franchise fee, but this onsite training is an additional cost.

Note 12. This estimate includes transportation, food, lodging, and other expenses that you will incur when you (or your Operating Partner), your Designated Manager. You may at your election (and with our approval) send additional employees to attend the Training Program (see Item 11) but you will incur additional costs for them. The figure we provide above does not include an estimate of the costs associated with sending any person other than you (or your Operating Partner) and your Designated Manager to attend the Training Program. These expenses may vary based on the distance travelled and the standard of living your attendees desire while attending the Training Program. You may also request that we provide any portion of the Training Program on-site at your Restaurant, but we are not required to grant your request. If you request (and we elect to provide) any portion of the Training Program on-site at your Restaurant, you must pay our then-current training fee (currently, \$750 per day), plus the cost of transportation, food, lodging and other expenses incurred by our trainers and staff in travelling to your Restaurant to provide such on-site assistance (see Item 11). The figure provided above assumes that we are not providing any portion of the Training Program on-site.

Note 13. This estimate includes legal and accounting fees. These costs will vary based on the amount of professional services you elect to use, and the cost of the service providers you elect to retain.

Note 14. The Franchise Agreement requires you to pay us a minimum of \$10,000 which we will spend on your behalf as your Grand Opening Expenditure (as defined in Item 11) during the Grand Opening Period (as defined in Item 11). For every subsequent restaurant, your Grand Opening Expenditure will be \$5,000. You may choose to spend more.

Note 15. You should have additional funds to cover the operations of the franchised restaurant beyond the revenue the restaurant will generate. You should consider rent, wages, salaries, utilities, maintenance, supplies, payroll, taxes, loan payments and other related operating costs to arrive at your reserve amount. For example, the wages and rental rates in the area where your franchised restaurant is located will affect the size of your cash reserve. You may need to have more or less money in your cash reserve. You may need to have additional working capital to cover for low sales or high operating costs. These figures are estimates based on our affiliate VJC's historical experience in operating VILLAGE JUICE & KITCHEN Restaurants.

Note 16. This is an estimate of your initial startup expenses for one Village Juice Franchise. The estimated initial investment figures shown above for upfitting and opening Restaurants located in North Carolina are based primarily on our experience and professional consultation regarding the costs associated with constructing and opening a Restaurant (they generally exclude possible acquisition of real estate). The estimated initial investment figures provided in this chart assume that you (or your Operating Partner) are not paid any salary or wages, and do not include an estimate of such amounts or any other associated payroll costs for you (or your Operating Partner). We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

**TABLE 4 - MULTI-UNIT AGREEMENT<sup>1</sup>**

| TYPE OF EXPENDITURE  | AMOUNT    |             | METHOD OF PAYMENT   | WHEN DUE                               | TO WHOM PAYMENT IS MADE |
|--|-----------|-------------|---|--|-------------------------|
|  | LOW       | HIGH        |   |  |                         |
| Initial Franchise Fee for Second and Third Location <sup>2</sup>         | \$59,000  | \$59,000    | If you sign a Multi-Unit Agreement, then the initial franchise fees for the locations you will be opening under the Multi-Unit Agreement are due at the time you sign the Multi-Unit Agreement. | Upon signing the Multi-Unit Agreement. | Us                      |
| Estimated Cost of Opening One Traditional Restaurant With Onsite Juicing | \$490,000 | \$969,250   | See Table 1   | See Table 1                            | See Table 1             |
| <b>TOTAL</b>   | \$549,000 | \$1,028,250 |   |  |                         |

Explanatory Notes

Note 1. The costs in this chart reflect the costs for purchasing the rights to open 3 Restaurants together with the costs associated with developing the first Restaurant. This chart assumes the first Restaurant you will open will be a Traditional Restaurant With Onsite Juicing. Your costs will vary from those estimated in this chart if you open a Non-Traditional Restaurant or a Traditional Restaurant Without Onsite Juicing.

Note 2. See Table 2 above for more detail about your estimated costs for opening your first Traditional Restaurant With Onsite Juicing. This Table 4 does not represent the costs estimated for developing your second and third Restaurants.

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

**Specifications for Products, Services and Suppliers**

To ensure the highest degree of quality and service, you must operate the Restaurant in strict conformity with the methods, standards, and specifications that we include in our proprietary and confidential Brand Standards Manual. We have developed and may develop additional standards and specifications for types, models and brands of required fixtures, furniture, equipment, components of the Computer System (defined in Item 11), furnishings, and signs, and other products, materials, supplies and services to be used at the Restaurant (collectively, the “Operating

Assets”). You may purchase and use only products, services, and suppliers that meet our standards and specifications.

You must sign and maintain an accounting services agreement with QuickBooks online and provide “read-only” or “view-only” access to the QuickBooks online reports and entries. You are required to purchase your computer software and/or hardware package or Point of Sale System from our approved supplier, Toast POS. You must pay our approved supplier Incentivio a subscription fee to use and access our VILLAGE JUICE & KITCHEN application. You are required to use ScreenCloud, Inc. to manage your digital signage. The specifications for your required purchases are outlined in Item 11. You will be required to purchase certain proprietary products and ingredients, including VJC HPP Juice and other ingredients and equipment, directly from us, our affiliate, or another approved vendor. Our affiliate and we are currently the only approved suppliers of VJC HPP Juice. You will be required to purchase food, supplies, and produce from approved suppliers. We require you to use our approved real estate and construction providers to assist you in the leasing and construction processes. The management fee is accounted for in Item 7. You are required to purchase compostable packaging from our affiliate or approved supplier. We may require you to participate in composting programs if they are available in your area. You may be required to use our preferred composting vendors and to pay our preferred composting vendors’ fees.

You are required to use the credit card processing service we approve. Since you accept credit cards as a method of payment at your Restaurant, you must comply with payment card infrastructure (“PCI”) industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process or transmit cardholder data and cover technical and operational payment system components involving cardholder data. Notwithstanding the credit card processing requirement, we do not represent, nor certify to you or your customers that the credit card processing service approved or provided by us or an affiliate is compliant, whether or not certified as compliant, with the PCI Data Security Standards. Your credit card processing provider should assist you with this compliance.

We may also develop standards and specifications for suppliers and distributors of certain products and services, including by designating certain suppliers and distributors as an approved supplier, or the exclusive supplier of certain products or services. If we do so, you must purchase the specified products and services only from distributors and suppliers that meet our standards and specifications, or that we have approved. That requirement may specifically include purchasing certain ingredients, products and packaging from our affiliate VILLAGE JUICE MANAGEMENT CO., LLC.

Approval of a product or supplier may be conditioned upon requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria.

Currently, you must purchase (i) the point-of-sale system and license fees, credit card processing services, food packaging and labels, paper menus, branded cups and bags, interior signage and decor, and juice equipment from our designated exclusive suppliers of such products

and services, and (ii) all other food, ingredients, printed paper and packaging, signage, table and chairs, products and services from suppliers that we have approved. We may require you to use approved suppliers for other goods and services in the future, or to designate an exclusive supplier for other items in the future, which may be us (or our affiliates). We are the only approved supplier for certain proprietary products you are required to purchase.

### **Method of Approving Suppliers**

To ensure quality control and adherence to our standards, if you want to use a supply or equipment source that we have not approved, you must first submit to us information including product specifications, product components, product performance history, product samples, and any other relevant information. We will evaluate the proposed product by considering the following criteria: the technical and performance properties of the item, design, appearance, product reliability, durability, the manufacturer's warranties, quality control methods, taste, ingredients, and financial ability of the product's producers and distributors. Our review is generally completed in 90 days. You will pay all fees incurred by us to obtain the necessary information prior to our giving approval or non-approval. We may charge you a fee to make the evaluation, including reimbursement for costs associated with the research and inspection (currently, \$50.00 per hour, plus expenses). Additionally, if the supply or equipment source is approved you will pay us at the time the alternate supplier is approved and prior to ordering from the alternate supplier, an administrative fee equal to 15% of the value of the item(s) initially purchased.

We have the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered at our option either directly to us or to a third party we designate for testing. We may elect to withhold approval of the supplier. You acknowledge that we may be likely to reject your request for a new supplier without conducting any investigation if we already have designated an exclusive supplier for the item proposed to be offered by the new supplier. We may periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our criteria. We also may charge suppliers a royalty for the right to manufacture products for use in the Restaurants. We will advise you in writing of our decision as soon as it is made, but in no case more than 120 days from the date of your submission. We impose these restrictions to safeguard the integrity of the both the Franchise System and our trademarks.

### **Unauthorized Suppliers**

Where we have designated an approved supplier, you must use that supplier. Not purchasing your business's equipment, inventory, computer hardware and software, food products, or any other items where we have designated an approved supplier would put you in violation of the Franchise Agreement. If you violate the Franchise Agreement, we may, at our option, either take legal action against you to compel compliance and/or terminate your Franchise Agreement. Because of the volume of business franchisees may bring in the future to our suggested suppliers, you may enjoy lower prices than you could receive from other suppliers, or on the other hand, you may encounter higher prices than you would otherwise encounter if you were not required to purchase from the authorized supplier. We may, but are under no obligation to, negotiate with

these suppliers to your benefit. We will have no obligation to share such revenue received with you.

### **Insurance**

In addition to the purchases or leases described above, you must also obtain and maintain, at your own expense the minimum insurance coverage that we periodically require under the Brand Standards Manual. Currently, we require the following types of minimum coverage general liability (\$1,000,000), damage to Premises (\$100,000), personal injury (\$1,000,000), motor vehicle combined (\$1,000,000), product liability (\$2,000,000), employment practices liability insurance (\$500,000), employee workmen's compensation (statutory limits), and general aggregate umbrella (\$2,000,000). The general liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your Restaurant's operation or activities of your personnel in the course of their employment. You must also purchase business interruption insurance and must use the proceeds received from your business interruption insurance to pay your Royalty during any period your business is interrupted by hurricanes, fires, or other disasters as the business interruption insurance proceeds will be included in Gross Revenue for purposes of determining royalties and other fees due to us. Each insurance policy must name us and any affiliates, officers, employees, owners, etc. we designate as additional named Insureds and provide for 30 days' prior written notice to us before the cancellation or material change of the policy. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You must furnish us copies of your certificates of insurance and copies of policies at our request or other evidence of your maintaining this insurance coverage and paying premiums.

The cost of this coverage will vary depending on the insurance carrier's charges, terms of payments and your history. All insurance policies must name us as an additional insured party. Your obligations relating to insurance coverage are defined in Section 16 of the Franchise Agreement.

### **Required Purchase Percent of Revenue**

Collectively, the purchases from us could represent 5% to 30% of your total purchases to establish and then operate your Restaurant. However, on an ongoing basis, we expect the proprietary products you are required to purchase to average approximately 5% to 15% of the purchases required to operate your Restaurant. No owner or officer owns any interest or receives any compensation from third party suppliers. The cost as a percentage of revenue will vary depending on the product mix you sell to your customers, the revenue achieved by your business, and your business's cost structure. In the future, we may have other approved suppliers where we receive compensation from your relationship with them. Currently you are not required to participate in a purchasing or distribution cooperative, but we have the right to require you to participate in one in the future.

### **Revenue Derived**

As of December 31, 2022, we derived none of our total revenue from purchases franchisees made from required purchases and leases from products or services. As of December 31, 2022,

our affiliate, VILLAGE JUICE MANAGEMENT CO., LLC, derived none of its total revenue from franchisees' required purchases and leases of products or services.

While we do not currently do so, we reserve the right in the future to derive revenue from the sale of products, supplies, equipment to you by our other approved suppliers. We are under no obligation to share any revenues received with you. Other than those mentioned, neither we, nor any affiliate, nor our owners are currently approved suppliers or own an interest in an approved supplier or receive any benefit from required purchases. However, we reserve the right to become, or approve our affiliates to become, approved suppliers in the future or receive benefits from required purchases that we do not currently receive. We have the right to change our business relationship with our approved supplier as well as the right to add and/or remove approved suppliers from the approved supplier list. Changes in our contracts with approved suppliers could adversely affect the National Brand Fund if the renegotiated contract eliminates National Brand Fund contributions.

We do not provide you with any material benefits based upon your use of approved suppliers.

#### **ITEM 9. FRANCHISEE'S OBLIGATIONS**

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

| <b>OBLIGATION</b>                                       | <b>SECTION IN AGREEMENT</b>   | <b>DISCLOSURE DOCUMENT ITEM</b> |
|---|---|---------------------------------|
| (a) Site selection and acquisition/lease                | Multi-Unit Agreement § 6.1; Franchise Agreement §§ 1, 2(b)(ix) and 10   | Item 11                         |
| (b) Pre-opening purchases/leases                        | Franchise Agreement §§ 4, 10, 11, and 12  | Item 5, 7, 8 and 11             |
| (c) Site development and other pre-opening requirements | Multi-Unit Agreement § 6.1; Franchise Agreement §§ 2(b)(ix), 7, 8(a)(i), 8(e), 9, 10, 11(a)(ii), 11(b), 11(c), 11(d), 11(k), 12(a), 12(b) | Items 7, 8, and 11              |
| (d) Initial and ongoing training                        | Franchise Agreement § 11(a)(ii) and (d)   | Items 6, 7, and 11              |
| (e) Opening   | Franchise Agreement §§ 1, 3, 4 and 8(a)(i)  | Item 11                         |

| <b>OBLIGATION</b>  | <b>SECTION IN AGREEMENT</b>  | <b>DISCLOSURE DOCUMENT ITEM</b> |
|--|--|---------------------------------|
| (f) Fees   | Multi-Unit Agreement § 5; Franchise Agreement §§ 2(b)(vi), 2(d), 3, 8, 11(d), 11(r), 13(d)(viii), 13(e)(iii) and Franchise Rider | Items 5, 6, 7 and 17            |
| (g) Compliance with standards and policies/ operating manual | Franchise Agreement §§ 2(b)(v), 4; 11; and Brand Standards Manual  | Items 8, 11 and 13              |
| (h) Trademarks and proprietary information                   | Franchise Agreement §§ 7 and 11(c); Brand Standards Manual   | Items 13 and 14                 |
| (i) Restrictions on products/services offered                | Franchise Agreement §§ 11(c), 11(e) and 12   | Items 8, 11, 12, and 16         |
| (j) Warranty and customer service requirements               | Franchise Agreement §§ 11(n) and (o), and 17(c)(iv)  | Item 11                         |
| (k) Territorial development and sales quotas                 | Franchise Agreement § 5  | Item 12                         |
| (l) On-going product/service purchases                       | Franchise Agreement § 12   | Item 6, 8 and 11                |
| (m) Maintenance, appearance and remodeling requirements      | Franchise Agreement §§ 10, 11(b) - (c)   | Items 6, 8, 11 and 17           |
| (n) Insurance  | Franchise Agreement § 16   | Items 7 and 8                   |
| (o) Advertising  | Franchise Agreement §§ 8 and 9   | Items 6, 7, 8, and 11           |
| (p) Indemnification  | Franchise Agreement § 19(b)  | Item 6                          |
| (q) Owner's participation/ management/staffing               | Franchise Agreement § 11   | Items 11 and 15                 |
| (r) Records and reports                                      | Franchise Agreement § 11(r)  | Item 6                          |
| (s) Inspections and audits                                   | Franchise Agreement § 11(r) and (s)  | Items 6 and 11                  |



| <b>OBLIGATION</b>                | <b>SECTION IN AGREEMENT</b>  | <b>DISCLOSURE DOCUMENT ITEM</b> |
|----------------------------------|--|---------------------------------|
| (t) Transfer                     | Multi-Unit Agreement § 7;<br>Franchise Agreement §§ 13 and 14                              | Item 17                         |
| (u) Renewal                      | Multi-Unit Agreement § 4.2;<br>Franchise Agreement § 2(b) - (c)                            | Item 17                         |
| (v) Post-termination obligations | Multi-Unit Agreement §§ 8, 9;<br>Franchise Agreement §§ 7(d), 11(j), 14, 15, 17, 18 and 19 | Item 17                         |
| (w) Non-competition covenants    | Multi-Unit Agreement § 8;<br>Franchise Agreement §§ 11(j), 14, 15, and 18                  | Item 17                         |
| (x) Dispute resolution           | Multi-Unit Agreement §§ 11.1, 12.7; Franchise Agreement §§ 19 and 21                       | Item 17                         |
| (y) Guaranty                     | Multi-Unit Agreement § 1.3, Attachment 3; Franchise Agreement § 11(q), Attachment 4        | Item 22                         |

## **ITEM 10. FINANCING**

At this time, we do not offer direct or indirect financing. We do not guarantee any 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 additional assistance.**

### **Assistance to Begin Operation of a Restaurant**

Before you open your Restaurant, and before the opening of each Restaurant under an Multi-Unit Development Agreement, we (or our designees) will:

1. Review and accept or reject a proposed site for your Restaurant (Franchise Agreement Sections 1, 4, and 10).
2. Review and approve or disapprove of a lease for the Restaurant (Franchise Agreement Section 6(a).)

3. Provide you with written specifications for our Restaurants, including requirements regarding dimensions, design, image, interior layout, decor, Operating Assets, color scheme, interior decorating services, and designated and approved suppliers for your purchase of all necessary products and supplies, but will not deliver or install the items. (Franchise Agreement Sections 4(a)-(c) and 10(a).)

4. Provide you with a list of products, specifications, and required or approved suppliers for your initial inventory and, in some cases, supply you with the products through us or our affiliate. The items you purchase directly from our affiliate will be delivered to you, but you will be responsible for obtaining all other supplies and inventory and we will not deliver them to you.

5. Provide you with a list of required equipment, signs, fixtures, and other supplies and approved suppliers for such items. We will not deliver these items to you or install these items. You will be responsible for obtaining and installing (if applicable) these items.

6. Review your proposed development and construction plans and specifications (including, any revisions to such plans and specifications) for your Restaurant and provide you notice of whether we accept such plans and specifications (Franchise Agreement Sections 4(a)-(c) and 10(a).)

7. Assist you in contracting with an approved real estate and construction management company.

8. Inspect your Restaurant prior to your proposed grand opening to confirm whether it meets our minimum standards and specifications and provide you confirmation in writing when your Restaurant is approved to open (Franchise Agreement Section 4(g).)

9. Provide the Training Program to you (or your Operating Partner), your Designated Manager and up to 3 other employees at our corporate headquarters (or another designated facility of our choice) (Franchise Agreement Section 11(d).)

10. Provide you an electronic copy of the Brand Standards Manual (Franchise Agreement Section 11(j).)

11. Develop and execute a marketing strategy for your Restaurant's grand opening (Franchise Agreement Section 4(e).)

### **Site Selection**

You must obtain and maintain a site acceptable to us for your Restaurant. If a site for your Restaurant 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. Unless you have our prior written approval to search for a proposed site outside of your Protected Territory (as defined in Item 12), all site reports that you submit to us must be for a site within your Protected Territory. We will use reasonable efforts to accept or reject a proposed site within 30 days after receiving your site report. Our determination

to accept or reject a site may be based on various criteria, including but not limited to business count, traffic count, accessibility, parking, visibility, competition and license availability. You must send us all information we require for the proposed site.

You must obtain our written acceptance of a proposed site for your Restaurant before signing any lease, sublease, or other document for the site. We may require that you hire a service-provider that we designate to assist you with the site selection process. Sites selected using the assistance of our designee must still be accepted by us. If we cannot agree on a site, then you will be in default under the Franchise Agreement and we can terminate the Franchise Agreement.

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 addendum attached as Attachment 2 to the Franchise Agreement. These lease terms shall include a Lease Rider.

If we recommend or give you information regarding your Protected Territory, or a site for the premises, and if we accept a site, our recommendation indicates only that we believe that the site meets our then acceptable criteria.

If you sign a Multi-Unit Development Agreement, you will be responsible for finding and selecting the locations for each of your Restaurants operated under the Multi-Unit Development Agreement in accordance with our then-current site standards. You must obtain our written acceptance of a proposed site for each of your Restaurants in accordance with our then-current standards. We will define the Territory for each of your Restaurants operated under a Multi-Unit Development Agreement based on our then-current standards for Territories.

### **Assistance During the Operation of Your Restaurant**

During your operation of your Restaurant, we (or our designees) will:

1. Provide you additional training per the terms of the Franchise Agreement (Franchise Agreement Section 11).
2. Advise you regarding your Restaurant's operation based upon reports or inspections. We also will guide you on standards, specifications, and operating procedures and methods that Restaurants use, including (1) facility appearance, guest service procedures, and quality control, (2) equipment and facility maintenance, (3) inventory management and working with national suppliers, (4) advertising, marketing and branding strategies, and (5) administrative, accounting, reporting and record retention (Franchise Agreement Section 4(e)).
3. Continue to provide you a copy or access to the Brand Standards Manual (defined below) (Franchise Agreement Sections 4(e).)
4. Let you use our Marks and certain copyrighted and copyrightable materials (Franchise Agreement Section 7) (See Item 13).

### **Brand Standards Manual**

We will provide you with our System Standards, and information on your other obligations under your Franchise Agreement, through one or more manuals, as well as other electronic media,

bulletins and/or other written materials (collectively, the “Brand Standards Manual”). We may modify the Brand Standards Manual periodically to reflect changes in System Standards. As of the issuance date of this Disclosure Document, the VJC Brand Standards Manual contains 253 pages. The current table of contents of the Brand Standards Manual is attached to this Disclosure Document as Exhibit J.

The Brand Standards Manual contains mandatory and suggested specifications, standards, and procedures. They are confidential and remain our property. Your employees are to see them only on a need to know basis, subject to confidentiality agreements.

### **Advertising and Promotion**

**Grand Opening Advertising.** You are required to pay us a minimum \$10,000 which we will spend on your behalf for a for a grand opening marketing program for your first Restaurant (“Grand Opening Expenditure”) during the 30-60 days prior to your Restaurant opening and the 30-60 days after your Restaurant opens (the “Grand Opening Period”). For every subsequent restaurant, your Grand Opening Expenditure will be \$5,000. You may choose to spend more.

**Advertising Fines.** You may develop advertising materials for your own use at your own cost. We encourage the sharing by franchisees of advertising ideas and materials. We require you to submit advertising and promotional materials to us in advance and to obtain our approval before using them. You are required to follow our instructions in connection with any advertising or promotional materials we provide for your use. (Franchise Agreement Section 8(f).) Failure to follow our instructions regarding pre-approval of advertising materials will result in fines. These fines will be as follows: 1<sup>st</sup> infraction: \$250, 2<sup>nd</sup> infraction: \$500 and third infraction: \$1,000. Imposition of these fines will in no way waive our right to consider your use of unapproved advertising as a default-triggering event.

**Brand Fund.** We have established the national advertising program (“National Fund”) to support the evaluation and adoption of new technology, products, and services, and the creation and distribution of advertising, marketing, and public relations materials, as we, in our sole discretion, deem appropriate for the benefit of the brand.

The contribution is currently 1% of weekly Gross Sales. We reserve the right to raise the contribution to the National Fund, to 3% of your Gross Sales. We may increase the Brand Fund to higher than 3% of Gross Sales, if approved by more than two thirds of Franchisee currently in the franchised system. Other franchisees’ National Fund contributions may be calculated at a different rate or on a different basis and, under limited circumstances, certain franchisees may not be required to pay National Fund fees. We have the sole discretion to settle or forgive any accrued and unpaid National Fund contributions owed by a franchisee. We are not required to spend any amount of money or any portion of the National Fund in your Territory.

We have the sole discretion to determine where the National Fund contributions will be spent to promote, enhance, or further the growth of the VILLAGE JUICE & KITCHEN brand, restaurant, and System, including, but not limited to: research; promotional marketing, public relations, and advertising expenses to promote the brand; hiring marketing, public relations and advertising agencies, technology companies, or in-house personnel to assist in developing the

VILLAGE JUICE & KITCHEN brand name; developing, evaluating, or using technologies that we believe may benefit the brand, the customers, the franchisees, or the brand's reputation; expenses associated with listings on websites, contest registrations, digital marketing content, influencer marketing, radio, billboards, TV, print, or internet advertising, and events and promotions designed to garner media attention and promote the brand name; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, or digital or social media content, including, but not limited to, advertisements, coupons, and other promotional materials; expenses incurred in developing and maintaining non-franchise sales portion of the Website or social media pages; and expenses incurred in using search engine optimization, pay-per-click, or other digital marketing software, services, or companies to help promote the brand. While we do not anticipate that any part of National Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the National Fund for public relations or recognition of the VILLAGE JUICE & KITCHEN brand, for the creation and maintenance of a website, 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" or similar language.

We may occasionally provide for placement of advertising on behalf of the entire franchise system, including franchisees; however, we are more likely to provide you with advertising content to use in your local territory or on a regional basis with other franchisees in an advertising cooperative. You will be responsible for implementing any promotional, membership, or public relations programs or placing any advertising content we create, at your own expense. If we create any advertising content, which we are not obligated to do, you will receive one sample of the advertising content at no charge. You must pay for the duplication and distribution of the content.

Brand Funds are payable to us. We have the right to establish in the future a nonprofit corporation or other business entity to collect National Fund advertising contributions from our franchisees. The National Fund is administered by our accounting and marketing personnel under our direction. The Brand Fund is not audited. We have no obligation to provide you with an accounting for the National Fund. We claim no power to require that advertising cooperatives be formed, changed, dissolved or merged. (Franchise Agreement Section 8(b).)

In 2022 we did not spend any money from the National Fund.

We may have the National Fund borrow from us or other lenders to cover any National Fund deficits. We may have the Fund invest any surplus for its future use. A brief statement regarding the availability of information regarding the purchase of VILLAGE JUICE & KITCHEN franchises may be included in advertising and other items produced using the National Fund; provided that we will not use National Fund funds principally to sell franchises. Company-owned VILLAGE JUICE & KITCHEN franchises contribute on the same basis as other franchisees to the National Fund.

**Advertising Council.** Currently, there is no advertising council composed of franchisees that advises franchisor on advertising policies.

**Local Advertising Cooperatives.** While we have not yet established any local advertising cooperatives, we have the right to require that advertising cooperatives be formed, changed, dissolved, or merged. If you are required to participate in an advertising cooperative, the amount of your contribution to the local advertising cooperative will be set based on a majority vote of the cooperative's members, but in no event will it exceed 4% of monthly Gross Sales. Each local advertising cooperative would be required to adopt written governing documents. Each cooperative would determine its own voting procedures; however, each franchisee and each company-owned VILLAGE JUICE & KITCHEN restaurant would be entitled to one vote in any local advertising cooperative. The members and their elected officials would be responsible for administration of the cooperative. Advertising cooperatives would be required to prepare quarterly and annual financial statements prepared by an independent CPA which would be required to be made available to all franchisees in the advertising cooperative. The Cooperative is not a trust fund. We would have no fiduciary duty to you or any franchisee in connection with the collection or use of the Cooperative monies or any aspect of the operation of the Cooperative. (Franchise Agreement Section 8(c).)

**Marketing Generally.** You are required to maintain a local marketing plan and budget, subject to our approval, utilizing no less than 2% of gross sales per month of operation for marketing and advertising. You may elect to utilize the type of media of your choice, subject to our approval. Suggested marketing includes targeted print or other media, markets, tastings at events (such as yoga, Pilates, etc.) and other grass roots efforts to educate the community about your Restaurant. We have the right to review your local marketing plan on an annual basis, and you must comply with the plan you and we agree upon annually.

We also may maintain one or more social media accounts (e.g., Twitter; Facebook, Instagram or such other social media platforms). You may not establish or maintain any social media presence utilizing any user names, or otherwise associating with the Marks, without our advance written consent. We may designate from time to time local or Territory-specific accounts/user names/handles to be maintained by you. You must adhere to the social media policies established from time to time by us and you will require all of your employees to do so as well.

Additionally, we will license you to use professionally prepared photos of our products and marketing materials for use with your Restaurant to insure conformity to our brand. You will periodically (at our discretion) have a professional photographer take photographs of your Restaurant, events, or other occasions that will be conducive to marketing your Restaurant. You will bear the ordinary costs and expenses of the photographer, selected in our sole discretion, to create and license the images to you.

You will also be granted a license to use our previously created images and photographs to be used in the marketing of your Restaurant to assure continuity and conformity to brand.

### **Online Presence.**

We may maintain a website in order to promote the Proprietary Marks, or any or all of the restaurants within the System. We may also develop and maintain any other type of online, internet, virtual, or digital presence (each an "Online Presence") as we see fit. An "Online Presence" includes (1) the brand website, other webpages, or domain names; (2) accounts, pages,

or profiles on social media sites; social networking sites; news sites; online, internet, or digital directories; video, photography, and messaging services; blogs; or forums; (3) e-commerce sites or accounts; (4) digital or online advertising and marketing content and services; (5) mobile applications; (6) virtual reality platforms; (7) any identifiers of an Online Presence; or (8) a presence on any other type of online, internet, virtual, or digital tool, good, or service that may be developed. We will have the sole right to control all aspects of each Online Presence, including its design, content, functionality, links to any other Online Presence, legal notices, and policies and terms of usage. We will also have the right to discontinue operation of any Online Presence at any time without notice to you. You may not establish or operate an Online Presence (including a website, webpage, domain name, Internet address, social media account, blog, forum, advertisement, e-commerce site, podcast, digital distribution platform account, or email address) that in any way concerns, discusses, or alludes to us, the System, or your Franchised Business without our written consent. The Marks may not be used as part of, in conjunction with, to establish, or to operate any Online Presence, except as specifically approved by us. You may not post, and must take such steps as necessary to ensure that your employees do not post, any information on an Online Presence relating to us, the System, the Marks, or the Franchised Business that (a) does not comply with our brand, social media, or Online Presence guidelines; (b) is derogatory, disparaging, or critical of us, the System, or the Marks; (c) is offensive, inflammatory or indecent; or (d) harms the goodwill and/or public image of the System and/or the Marks.

Subject to the terms of the Franchise Agreement and Brand Standards Manual, we may make available to you a subpage on our website that will be located at a sub-domain of the website to be specified by us (or on a subpage of another Online Presence) (the “Subpage”). Upon the termination, non-renewal, or expiration of the Franchise Agreement for any reason or a default under the Franchise Agreement for any reason, we will not upload content for you, you may not use the Subpage, and we may cease to make the Subpage available to you. For any Online Presence or email address you are approved to create, use, or maintain, we reserve the right to be exercised at our option to have the Online Presence or email address directly owned by us or to require it to be transferred to us after the expiration or termination of the Franchise Agreement. (Franchise Agreement Section 8(h).) We have the right to require that any Online Presence or email address we permit you to use, create or maintain be registered in our name. Upon request, you must provide us with any login credentials for any Online Presence or email address you are authorized to use. We have the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of our policies and we may take ownership of any Online Presence upon expiration or termination of the Franchise Agreement or during the term of the Franchise Agreement and operate it as we see fit.

### **Computer System**

Before your Restaurant opens, you must obtain and use the hardware, software and other products and services we specify periodically (the “Computer System”). Currently, we require you to purchase the following components of the Computer System from Toast, Inc. (the “Toast System”):

- 3 screens/pads
- 2 Cash Drawers

- 3 Credit Card Swipers
- 2 Receipt Printers
- 3 Kitchen Printers
- Required Peripheral Equipment (Cords, etc.)

In addition, you will be required to purchase other electronic equipment such as a stereo sound system, CCTV system and alarm system from the vendor of your choice.

Training and live support of the Toast System is included in the initial system cost, which is estimated to be between \$2,000 and \$3,500 per restaurant. You are also required to pay support and software subscription fees totaling between \$300 to \$375/month depending on the exact package for the restaurant. This range includes point of sale software and inventory management features. The exact number of consoles and other equipment you will purchase will likely vary depending on the customer capacity and layout of your Restaurant.

You are required to enter into a services contract with ScreenCloud, Inc. for cloud-based software that manages your digital signage and menus. The initial costs are approximately \$1,000 to \$1,200 for three televisions and three Kindle Fire Sticks. The monthly fee for the cloud-based software is \$72/month.

You are required to enter into a subscription agreement with Incentivio for the use of an all-in-one digital platform for the benefit of you and your Restaurant's guests. This platform will support loyalty programs, gift cards marketing, customer relationship management, and delivery integration with DoorDash. Incentivio currently charges a one-time \$150 set-up fee, a \$150 per month subscription fee for general services, and another \$45 per month subscription fee for gift cards.

The software for your point-of-sale system and digital signage may be either proprietary to us or commercially produced software. The software tracks orders and sales. It will also generate accounts receivable, accounts payable, and perform other functions. You will not be allowed to alter the chart of accounts without our prior approval. Your digital signage will also manage your menu and promotional materials. You must purchase or lease the required hardware, modem, and communications software as designated by us and from our designated supplier(s). Current computer system requirements are also updated from time to time in the Brand Standards Manual. As the current computer system requirements change, you may be required to upgrade or update your hardware and software. There are no restrictions on the frequency or the cost of upgrading. If the software is proprietary to us, we will grant you a license to use the software upon execution of the software licensing agreement and payment of the license fee. Currently, we do not have any proprietary software, but we may develop some in the future. We have no contractual obligation to upgrade the software. You will be provided, at your expense, with upgrades, updates, revisions and new releases to the software at such time as they are prepared as determined by the approved supplier, and at the sole discretion of the approved supplier. We will not be liable to you for any updates or failures to updates by the approved POS/computer system suppliers. (Franchise Agreement Section 11(t).)



You must also enter into a license agreement with Toast, Inc. for use of certain software and hardware associated with the Toast System that is required for the operation of your Restaurant.

We estimate the annual cost to update and maintain all of your required technology will be about \$6,000 to \$7,000.

We reserve the right to independently access all information collected or compiled by your POS, digital signage, and computer hardware and software system. We have the right to control your menu and digital screens and to work with you to rotate menus, specials, and offers on your screens.

We recommend that you back up your accounting, financial, and other data, which may require you to purchase a “back-up” subscription service. We are not responsible under any circumstances for any malfunction or “crash” of the POS or any other system, including for any data lost as a result of that malfunction or “crash.”

We will have the right at all times to access your computer system, digital signage, and POS system to retrieve, analyze and use any information regarding your Restaurant, including your financial information. You agree that we will have the free and unfettered right to retrieve any data and information from your computer or cloud based computer software solutions as we, in our sole discretion, deem appropriate, including electronically polling the daily sales, and other data of the Restaurant. There is no contractual limit on our right to access data. If the software is proprietary to us, we will grant you a license to use the software upon signing of the software licensing agreement and payment of the license fee. Currently we do not have any proprietary software, but we may develop some in the future. We have no contractual obligation to upgrade the software. You will be provided, at your expense, with upgrades, updates, revisions and new releases to the software at such time as they are prepared. We have the right to impose a monthly maintenance for such proprietary software. You must pay the monthly maintenance fee if you wish to use the proprietary software (which we may raise upon 90 days’ notice). (Franchise Agreement Section 11(u).) You are required to use our specified forms and to have all sales submitted through our website or other electronic means.

## **Training**

**Initial and Ongoing Training.** At least 60 days before your Restaurant opens, we will provide an initial training program as described herein (the “Training Program”). All training is provided by trainers with at least 12 months of experience with the VILLAGE JUICE & KITCHEN franchise system and/or 10 years of experience in the food service industry and who have been certified by us. You (or your Operating Partner) and your Designated Manager must complete the Training Program to our satisfaction before opening your Restaurant. There is no fee for the Training Program for you (or your Managing Owner), your Designated Manager, and up to 3 additional employees that you choose (and we accept), if all such persons attend the Training Program at the same time, but you are responsible for the costs associated with attendance for all your attendees, including travel and living expenses.

If we provide any portion of the Training Program more than one time, for example, to accommodate conflicting schedules of attendees, we may charge you our then-current training fee

(currently, \$750 per day (8 hour day), plus expenses) for any training that has been previously provided to at least one member of your team. We may also elect not to provide any portion of the Training Program more than once. You may invite additional employees to attend the Training Program if space allows, though we may charge you our then-current training fee (currently, \$750 per person) for each additional individual. We may limit the number of additional attendees for the Training Program. You may request that we provide any portion of the Training Program on-site at your Restaurant, and we will determine whether to provide such on-site training in our discretion. If we provide any portion of the Training Program on-site at your Restaurant, we will charge our then current training fee (currently, \$750 per day (8 hour day), plus expenses).

We may vary the length and content of the Training Program based upon the experience and skill level of the individuals attending. We provide instructional materials and resources at the Training Program, including the Brand Standards Manual, agendas, and other materials, which cover information on us, establishing your business, day-to-day operating procedures, reporting functions, branding, human resources guidelines, marketing, guest service procedures, equipment and facility maintenance, working with suppliers, quality control, and other administrative issues. We may also establish pre-training requirements, which the attendees will be expected to meet before attending the Training Program, including study of provided materials and exams.

If we do not feel that you (or your Operating Partner) and your Designated Manager have completed the Training Program to our satisfaction, we may require these individuals to attend additional training, and we may charge you our then-current additional training fee (currently, \$750 per day (8 hour day)), plus expenses.

While not required, you (or your Operating Partner) or your Designated Manager may request additional training at the end of the Training Program if your attendees do not feel sufficiently trained in the operation of a Restaurant. We and you will jointly determine the duration of this additional training. We may charge you our then-current fee for this additional training (currently, \$750 per day (8 hour day)). However, if your attendees satisfactorily complete our Training Program and have not expressly informed us at the end of the program that they do not feel sufficiently trained in the operation of a Restaurant, then you and they will be considered to have been trained sufficiently to operate a Restaurant.

If you appoint a new Designated Manager, he or she must attend the then-current Training Program within 30 days of the date of appointment and you must pay us our then-current training program fee (currently, \$750 per person), unless we determine that you are sufficiently trained to provide a comparable substitute training program to such Designated Manager. If we permit you to train any Designated Manager yourself, you must provide such training according to our then-current standards and specifications, and we must determine that such Designated Manager has been adequately trained prior to providing any services at your Restaurant. If we determine that any Designated Manager that you trained is not sufficiently trained to provide services at your Restaurant, we may require such person attend our Training Program and you must pay us our then-current training program fee (currently, \$750 per person). If we determine that you are sufficiently trained to provide a comparable substitute training program to any Designated Manager, we may not make the Training Program available to such person until the next time our Training Program would otherwise be offered.

We must accept the hire of an Operating Partner, Designated Manager, or any general manager of the Restaurant.

You are responsible for providing a training program that we designate for all your employees other than the attendees of the Training Program. All employees must satisfactorily pass this training program before providing services at your Restaurant. If we determine that you (or your Operating Partner), your Designated Manager, or any employee is not properly trained to provide the services offered by your Restaurant, we may require this person to cease providing services at your Restaurant and/or to be trained by one of our trainers at our then-current training fee (currently, \$750 per day (8 hour day)).

In sum, if you, your Designated Manager, or your employees are not sufficiently trained, we can require each person to attend additional training. You may also request certain additional training. We reserve the right to charge you our then-current training fee for the additional training we provide.

You must pay all travel and living expenses (including wages, transportation, food, lodging, and workers' compensation insurance) that you (or your Operating Partner) and your Designated Manager, or any other employee incurs during the Training Program, any additional training, or at any meetings and/or other training courses and programs. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to your Restaurant to conduct on-site assistance, including food, lodging and transportation.

We will provide you with written instructional materials and the training will be led by a qualified individual with at least one year's experience managing a VILLAGE JUICE & KITCHEN restaurant and/or 10 years of experience in the food service industry.

As of the issuance date of this Disclosure Document, we provide the following Training Program:

**TRAINING PROGRAM**

| <b>Subject</b>                | <b>Hours Of Classroom Training</b> | <b>Hours Of On-The-Job Training</b> | <b>Location</b>                               |
|-------------------------------|------------------------------------|-------------------------------------|---|
| Welcome and Introduction      | 2                                  | 0                                   | Our headquarters or other location we approve |
| Station Training (FOH)        | 0                                  | 40                                  | A designated training facility                |
| Station Training (BOH)        | 0                                  | 40                                  | A designated training facility                |
| Open/Closing Training         | 0                                  | 24                                  | A designated training facility                |
| Food Preparation              | 0                                  | 40                                  | A designated training facility                |
| Vendor Information            | 0                                  | 2                                   | A designated training facility                |
| Product Ordering & Par Levels | 0                                  | 6                                   | A designated training facility                |

| <b>Subject</b>           | <b>Hours Of Classroom Training</b> | <b>Hours Of On-The-Job Training</b> | <b>Location</b>                               |
|--------------------------|------------------------------------|-------------------------------------|---|
| Nutritional Info/Website | 4                                  | 0                                   | Our headquarters or other location we approve |
| Point of Sale Training   | 0                                  | 4                                   | Our headquarters or other location we approve |
| Admin/Banking/HR         | 0                                  | 2                                   | A designated training facility                |
| Manager on Duty          | 0                                  | 16                                  | A designated training facility                |
| Tests                    | 0                                  | 4                                   | A designated training facility                |
| Marketing                | 2                                  | 0                                   | Our headquarters or other location we approve |
| Homework/ServSafe        | 16                                 | 0                                   | Online courses/Homework/Readings Materials    |
| <b>TOTALS</b>            | <b>24</b>                          | <b>178</b>                          |   |

Note 1: The hours devoted to each module are estimates and may vary based on how quickly trainees learn the material, their prior experience with the subject and scheduling. On-the-job training includes cross training in all subject areas of the business.

Note 2: We may vary the length and content of the Training Program based upon the experience and skill level of the individual(s) attending.

Note 3: We may elect to conduct some or all of the training at one of the Restaurants to provide you with hands on training, in addition to or in lieu of the training facility. We believe that some of the best experience you will receive is working “hands on” in the Restaurant and we will utilize our Restaurants to provide you on the job training, knowledge, and operational skills.

**Initial Onsite Training.** For 1-3 days before you open your Restaurant, and 1-3 days after you open your Restaurant, based upon the experience and readiness of your Restaurant team, we will send a training team (the identity and composition of which shall be in our discretion and may be comprised of only one person or may be comprised of more than one person) to your Restaurant to assist you with final preparation to open, suggestions for your Restaurant, and to provide on-site advice, guidance, and initial operations support. The days may not be consecutive. We will charge an additional onsite training fee of \$10,000 for your first location. You will not be required to pay for Onsite Training for your second or subsequent locations, but if you do want additional onsite assistance for your second or subsequent location, we will provide you with limited onsite assistance for a fee of \$5,000. This limited assistance will be for two to three days.

### **Juicing Training Program**

After requesting and receiving our approval to operate a Traditional Restaurant With Onsite Juicing, and after acquiring all necessary equipment, you (or your Operating Partner) and

certain of your employees must receive additional juicing training (“Juicing Training Program”). You must designate an employee, which may be the Designated Manager or another employee, as the Juice Operator. The Juice Operator must be certified by attending our Juicing Training Program. You must pay Good Nature, our designated training vendor, a fee of \$1,500 for each person who will be attending training. We also charge a fee of \$5,000 for our juicing training.

We will provide you with instructional materials to complete before your training begins. The Juicing Training Program includes training at your Restaurant with our representatives and the manufacturer’s representatives. You will also have a training at our designated location before opening. This training will typically last about six days, but we have the right to adjust the training time. All training will be led by a qualified individual with at least one year’s experience operating the juicing equipment.

You must pay all travel and living expenses (including wages, transportation, food, lodging, and workers’ compensation insurance) that you (or your Operating Partner) and your Juice Operator incur during the Juicing Training Program. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) and the manufacturer’s trainer(s) to your Restaurant to conduct on-site assistance, including food, lodging and transportation.

If you appoint a new Juice Manager, he or she must attend the then-current Juicing Training Program prior to taking on the role of Juice Manager, and you must pay us our then-current training program fee unless we determine that you are sufficiently trained to provide a comparable substitute training program to such Juice Operator. You must not allow anyone who has not participated in our required Juice Training Program to act as your Juice Manager, operate your juicing equipment, or otherwise assist in the processing of juice. If we permit you to train any Juice Operator yourself, you must provide such training according to our then-current standards and specifications, and we must determine that such Juice Operator has been adequately trained prior to performing any juicing at your Restaurant. If we determine that any Juice Operator that you trained is not sufficiently trained, we may require such person attend additional training and you must pay us our then-current add-on Juicing Training Program fee (currently, \$750 per person trained, plus additional travel and payroll expenses you will incur). If we determine that you are sufficiently trained to provide a comparable substitute training program to any Juice Operator, we may not make the Juicing Training Program available to such person until the next time our Juicing Training Program would otherwise be offered.

As of the issuance date of this Disclosure Document, we provide the following Juicing Training Program:

| <b>Subject</b>  | <b>Hours Of Classroom Training</b> | <b>Hours Of On-The-Job Training</b> | <b>Location</b> |
|---|------------------------------------|-------------------------------------|-----------------|
| Pre-Training: Food Safety and Standard Operating Procedures | 6 hours                            | 0 hours                             | Your Restaurant |

| <b>Subject</b>  | <b>Hours Of Classroom Training</b> | <b>Hours Of On-The-Job Training</b> | <b>Location</b>                                     |
|---|------------------------------------|-------------------------------------|---|
| Operating and maintaining the machine, ordering, batching, pressing | 0 hours                            | 8 hours                             | Your Restaurant with manufacturer's representatives |
| Introduction to Recipes   | 8 hours                            | 0 hours                             | Our designated training facility                    |
| Juicing Operations  | 8 hours                            | 0 hours                             | Our designated training facility                    |
| Bottling, Distribution, and Stocking                                | 8 hours                            | 0 hours                             | Our designated training facility                    |
| Making Juice With Supervision                                       | 16 hours                           | 0 hours                             | Our designated training facility                    |
| Making Juice Without Supervision                                    | 8 hours                            | 0 hours                             | Our designated training facility                    |
| Onsite Training   | 0 hours                            | 40 hours                            | Your Restaurant, with our representative            |

**National Convention**

We may, but are not required, to conduct a National Convention. If we conduct a National Convention, you will be required to attend. A fee of up to \$600 will be charged for each person who is required to attend, whether or not you actually attend. You must pay all travel and living expenses that you and any of your attendees incur as part of the National Convention.

**Opening Requirements**

1. The typical length of time we estimate between your signing of the Franchise Agreement (or first paying us money) and opening your Restaurant is 9 to 12 months. Prior to opening your business, you must perform the following tasks. We may assist you in this effort.

| <b>TASK</b>   | <b>TIME FRAME</b>             | <b>FORM OF HELP</b>                                       |
|---|-------------------------------|---|
| Sign Franchise Agreement  | 9-12 mos. before opening      | Assistance from us  |
| Conduct Site Research   | 6-12 mos. before opening      | Assistance from us  |
| Complete Lease Negotiations                                       | 4-6 mos. before opening       | Assistance from us  |
| Build out of Space  | Begin 4-6 mos. before opening | Guidance from us  |
| Attend training   | 1-3 mos. before opening       | Lectures and Manuals. Training is only offered as needed. |
| Observe VILLAGE JUICE & KITCHEN Operations in Existing Restaurant | Begin 1-3 mos. before opening | Hands-on experience                                       |

| <b>TASK</b>                    | <b>TIME FRAME</b>       | <b>FORM OF HELP</b>  |
|--------------------------------|-------------------------|----------------------|
| Establish Vendor Relationships | 1-2 mos. before opening | Assistance from us   |
| Submit Opening Orders          | 2 weeks before opening  | Submitted through us |

The factors that may increase or decrease the time periods discussed above are: the amount of time and effort you commit to the site selection process and the construction of your restaurant; the availability of acceptable sites within the geographical area you choose; your ability to obtain a lease, financing and building permits; your credit and personal financials; and zoning and licensing requirements. Delays or a lack of effort by you, your contractors or your prospective landlord will increase these time periods. If you change your employment, business or financial status before the opening of your restaurant, you do so at your own risk. Any and all such changes should be made only as a result of careful thought and advanced planning after obtaining advice from appropriate professional advisors. We may terminate the Franchise Agreement and retain your Initial Franchise Fee if you fail to open your Restaurant for full use by customers by the first anniversary of signing the Franchise Agreement.

### **Accounting**

We currently require that all franchisees use accrual-based accounting using a standard chart of accounts in providing us with our required reports. We may change our accounting procedures in the future, and you must comply with any such changes.

### **ITEM 12. 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.

### **Single Unit Restaurants**

You will receive a Protected Territory. Your Protected Territory may differ in size depending on local demographics and population density. Your Protected Territory will be defined by zip codes, county or municipal boundaries, geographic or highway boundaries, radius from your authorized location or logical marketing areas. For Protected Territories, we typically will create an area of two (2) miles or containing a population of 50,000, whichever is smaller. We use U.S. Census data to assist in evaluating a territory and will not adjust for changes in population during the Term of your Franchise Agreement. Except for our right to operate or allow another party to operate a Restaurant at any airport, we will not operate nor allow any other party to operate a Restaurant using the Trademarks of the kind being licensed to you within your Protected Territory as long as you are not in default under your Franchise Agreement.

You lose your Protected Territory only if you fail to open your restaurant in a timely fashion, fail to operate it for any period of 3 days or more, excluding “Acts of God,” without our prior written permission, or if your Franchise Agreement is terminated due to defaults by you that are not timely cured. Other than the foregoing, the territory rights granted under the Franchise Agreement are not contingent upon achieving a certain sales volume, market penetration, or any

other contingency and cannot be altered. Opening the restaurant in timely fashion means within 12 months of signing the Franchise Agreement, plus such extensions, if any, as we may agree to in writing.

You may not relocate the business premises without our express written approval. Our decision to approve a request for relocation would be based on our evaluation of demographics and traffic patterns in the new area. We would furnish a decision within 30 days of your request to relocate. Should you relocate the Restaurant without such permission, the new location will be treated as an entirely new franchise sale subject to new initial franchise fees as provided in Section 3(a) of the Franchise Agreement and to such other provisions as would apply to new franchise sales. If your landlord terminates your right to possess your accepted business premises before the Franchise Agreement's term expires, then you and we must determine a new location within 60 days.

The Restaurant is to be operated solely as a retail restaurant business. You shall have no right to sell your products or goods by mail order catalog sales, computer, telemarketing, mobile application, and/or internet marketing or by any other fashion other than sales to patrons at your specific business location or at approved off-site events.

We have the right to provide catering services, or license others to provide catering services under the trademarks within your Protected Territory. While you have no rights to provide catering services under the Franchise Agreement, we may permit you to provide catering services. Any off-site catering we permit must be done in accordance with procedures we establish. We do not guarantee that we, our affiliates, or another franchisee will not provide catering services within your Protected Territory. Additionally, while you have no rights to sell food at wholesale under the Franchise Agreement, we may permit you to sell to local grocery and other stores within your Protected Territory, provided you may not solicit or sell to grocers or other vendors outside your Protected Territory. Any wholesale selling we permit must be done in accordance with procedures we establish. We do not guarantee that we, our affiliates, or another franchisee will not sell wholesale to grocery stores and other vendors within your Protected Territory.

Regardless of either proximity to your Protected Territory or your Restaurant or any actual or threatened impact on sales of your Restaurant, we retain all rights not expressly granted to you, including, among others, to: (a) use the Proprietary Marks and System in connection with establishing and operating VILLAGE JUICE & KITCHEN businesses at any location outside the Protected Territory; (b) use the Proprietary Marks or other marks in connection with selling or distributing any goods (including branded merchandise or product) or services anywhere in the world (including within the Protected Territory), whether or not you also offer them, through channels of distribution other than a physical, full-service, brick-and-mortar VILLAGE JUICE & KITCHEN restaurant, including, for example, other permanent or temporary retail locations, kiosks, carts, catalogs, mail order, or the Internet or other electronic means (excluding food trucks); (c) acquire, establish or operate, without using the Proprietary Marks, any business of any kind at any location anywhere in the world (including within the Protected Territory); (d) use the Proprietary Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Protected Territory) and (e) establish or



operate, or license other persons to establish or operate, a Restaurant at any airport within the Protected Territory.

If we decide in the future to exercise these rights, we will not be obligated to compensate you for such sales made inside your Protected Territory.

You may purchase additional VILLAGE JUICE & KITCHEN franchises from us on the then-current terms. To do so you must pay an initial franchise fee equal to the initial franchise fee currently charged if the following conditions are satisfied: (a) You must then be not in default under any provision of this agreement; (b) you must satisfy us that you are capable of successfully staffing, financing, and operating the additional restaurant; and (c) you must satisfy us that adding the new restaurant will be in the best interests of the VILLAGE JUICE & KITCHEN franchise system. Besides the rights listed herein, you have no other rights of first refusal or option rights on additional territory. The Franchise Agreement does not grant to you any option, right of first refusal, or similar rights to acquire additional Restaurant franchises within the Protected Territory or contiguous territories.

### **Airport Locations**

If you operate a Restaurant at an airport location, you will not receive a Protected Territory.

### **Multi-Unit Agreement**

When you sign your Multi-Unit Agreement, you will receive a Development Area mutually agreed upon by the parties (“Development Area”), which Development Area will remain exclusive until the earlier of (i) the Multi-Unit Agreement is superseded by Franchise Agreements signed for each location in the development schedule; (ii) when your Multi-Unit Agreement is terminated for breach or failure to meet your development obligation; or (iii) when the Multi-Unit Agreement expires, unless renewed. During the term of the Multi-Unit Agreement, we will not operate nor allow any other party to operate a VILLAGE JUICE & KITCHEN retail location using the trademarks of the kind being licensed to you in your Development Area. We have the right to accept or reject the locations for all future sites developed under the Multi-Unit Agreement and to designate the territory associated with each site applying our then-current standards for site selection and territory designation. Upon the earlier of the execution of the Franchise Agreement for the last franchise location to be developed under the Multi-Unit Agreement or the expiration of the Multi-Unit Agreement, your Development Area will revert back to us, subject to the territory protection you will have for any restaurants you have opened in the Development Area. Your Development Area under the Multi-Unit Agreement will most likely be larger than your territory under any of your Franchise Agreements. You lose the Development Area granted in the Multi-Unit Agreement only if you fail to open your location(s) within the time period agreed upon in the Multi-Unit Agreement plus such extensions, if any, as we may agree to in writing, your Multi-Unit Agreement expires, or if your Multi-Unit Agreement is terminated due to defaults by you that are not timely cured. Otherwise, your right to continue to develop the Development Area under the Multi-Unit Agreement is not contingent upon achieving a certain sales volume, market penetration, or any other contingency and cannot be altered. The Multi-Unit Agreement does not grant to you a license to operate a VILLAGE JUICE & KITCHEN restaurant. A license to open a VILLAGE JUICE & KITCHEN restaurant can only be granted by signing a Franchise Agreement with us.

The Multi-Unit Agreement simply grants to you the exclusive right to develop a certain number of VILLAGE JUICE & KITCHEN restaurants within the Development Area in accordance with the development schedule.


If you sign a Multi-Unit Development Agreement, you will be responsible for finding and selecting the locations for each of your Restaurants operated under the Multi-Unit Development Agreement in accordance with our then-current site standards. You must obtain our written acceptance of a proposed site for each of your Restaurants in accordance with our then-current standards. We will define the Territory for each of your Restaurants operated under a Multi-Unit Development Agreement based on our then-current standards for Territories.

### **ITEM 13. TRADEMARKS**

VJC owns all of the trademarks used by us and our franchisees. By a license agreement effective September 20, 2018, VJC has granted us the worldwide right to use and sublicense all of VJC’s intellectual property that is or may be associated with the system or the proprietary marks (“VJC License Agreement”). The trademarks and service marks listed below and any additional trademarks and service marks are referred to herein as the “Proprietary Marks.” VJC License Agreement grants us the right to sublicense the Proprietary Marks to franchise locations. The term of the License Agreement will renew automatically for one year terms unless terminated. The License Agreement may be terminated (resulting in the loss of our right to use and to sublicense the use of the Marks to you) by mutual agreement of the parties, or by VJC for a number of reasons, including if we default on any obligations, we are dissolved, make an assignment for the benefit of creditors, become insolvent, consent to appointment of a receiver, or our business is seized. If the VJC License Agreement is terminated, the sublicenses with our franchisees will remain until the termination or expiration of their franchise agreements or renewal agreements. Additionally, all franchise agreements shall automatically be assigned to VJC. All rights in and goodwill from the use of the Marks accrue to VJC. Except as described above, no agreement significantly limits our rights to use or sublicense the Marks in a manner material to the franchise.

The following table sets forth the status of applications filed with the U.S. Patent and Trademark Office (“USPTO”) on the Principal Register of the principal marks licensed to you:

| <b>DESCRIPTION OF MARK</b> | <b>APPLICATION/<br/>REGISTRATION<br/>NUMBER</b> | <b>APPLICATION/<br/>REGISTRATION<br/>DATE</b> |
|----------------------------|---|---|
| VILLAGE JUICE CO.          | 5630659   | Registered<br>December 18, 2018               |
| VILLAGE JUICE & KITCHEN    | 6674005   | Registered<br>March 15, 2022                  |

| DESCRIPTION OF MARK   | APPLICATION/<br>REGISTRATION<br>NUMBER | APPLICATION/<br>REGISTRATION<br>DATE |
|---|--|--------------------------------------|
|  | 5840297                                | Registered<br>August 20, 2019        |
| BILLY CAKES   | 6821254                                | Registered<br>August 16, 2022        |

Presently, there are no agreements in effect that significantly limit our rights to use or license the use of the Proprietary Marks in a manner material to the franchise. All uses of the Proprietary Marks of which we are aware occur with our permission. We know of no infringing use of the Proprietary Marks that could materially affect your use of them.

We intend to file all necessary affidavits of use and renewal applications when they become due. There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, or the Trademark Administrator of any state or any court; nor are there any pending infringement, opposition, or cancellation proceedings or material litigation, involving the above Proprietary Marks.

Even if we do successfully register the Proprietary Marks, a federal or state trademark or service mark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Prior to entering into the Franchise Agreement, you should check and be sure that there are no existing uses of our marks or names or any marks or names confusingly similar to any of them within the market area where you want to do business. If you find any similar names or marks, you must immediately notify us. Any action to be taken in that event is strictly within our discretion.

You must follow our rules and regulations with respect to the use of the Proprietary Marks. You cannot use any of the Proprietary Marks or any other marks, names, or indicia of origin that are or may be confusingly similar to the Proprietary Marks as part of a corporate name or other legal name.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and you may not communicate with any person other than us, our affiliate, and/or our affiliates' attorneys, regarding any infringement, challenge or claim. We and/or VJC may take the action we deem appropriate and control exclusively any litigation, PTO proceeding or other administrative proceeding from the infringement, challenge or claim or otherwise concerning any Mark. You must sign the documents and take the actions that, in the opinion of our or our affiliate's attorneys, are necessary or advisable to protect and maintain our interests in the Marks. We will reimburse you for all damages and

expenses that you incur in responding to any trademark infringement proceeding disputing your use of any Marks, if you have notified us immediately of the proceeding, and complied with our directions in responding to it.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We do not have to reimburse you for your costs, loss of revenue or other expenses of promoting a modified and/or substitute trademark or service mark.

Your right to use the Proprietary Marks is derived solely from Franchise Agreements entered into between you and us for the purpose of operating a VILLAGE JUICE & KITCHEN restaurant. All usage of the Proprietary Marks by you and any goodwill established from this usage is to our and/or VJC's exclusive benefit. After the termination, non-renewal, or expiration of the Franchise Agreement, you may not, except with respect to restaurant businesses operated by you according to Franchise Agreements granted by us, at any time or in any manner identify yourself or any business as a franchisee or former franchisee of, or otherwise associated with, us or use in any manner or for any purpose any Proprietary Mark or other distinguishing signs of our restaurant or any colorable imitation of same.

You may not use any Proprietary Mark as part of any corporate name or with modifying words, terms, designs, or symbols except for those licensed by us. You may not use any Proprietary Mark in connection with any business or activity, other than the business conducted by you according to Franchise Agreements entered into between you and us, or in any other manner not explicitly authorized in writing by us. You must immediately notify us and/or VJC in writing of any claim of apparent infringement of or challenge to your use of any Proprietary Mark, or claim by any person of any rights in any Proprietary Mark or similar trade name, trademark, or service mark of which you become aware. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We and/or VJC will take any action determined appropriate and will have complete control of any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding caused by any infringement, challenge, or claim or otherwise relating to any Proprietary Mark.

Under the Franchise Agreement, we must indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Mark in compliance with the Franchise Agreement is held to constitute trademark infringement.

#### **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 claim copyrights in the Brand Standards Manual (which contains our trade secrets), handbooks, all Franchise System Websites, advertising and marketing materials, all or part of the Marks, and other portions of the System and other similar materials used in operating Restaurants. We have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Restaurant (and must stop using them if we so direct you).

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 (defined below) or copyrighted materials. We know of no infringing uses of our copyrights which could materially affect your using the copyrighted materials in any state. We need not protect or defend our copyrights, although we intend to do so if we determine that it is in the System's best interests. We may control any action involving the copyrights, even if you voluntarily bring the matter to our attention. We need not participate in your defense nor indemnify you for damages or expenses in a proceeding involving a copyright.

We may, in our sole discretion, modify or discontinue use of the claimed subject matter of any patents or patent applications, the copyrights and the proprietary information and/or use other information and/or rights in their place. If we decide to do so, you must do so also, at your expense. However, if we require you to modify or discontinue use of any claimed subject matter of any patents or patent applications, the copyrights or proprietary information and/or use other information and/or rights in their place at any time other than upon renewal of the franchise, and that requirement is a direct result of proceedings or litigation that determined that we and our franchisees' use of such claimed subject matter of any patents or patent applications, copyright or preparatory information infringed upon a third party's rights, we will bear the cost of those modifications or discontinuances.

Our Brand Standards Manual and other materials contain our and our affiliates' confidential information (some of which constitutes trade secrets under applicable law) (the "Confidential Information"). This information includes any information, not generally known to the public, in any form, relating to the System and the Restaurant and its operations, including all trade secrets of the Restaurant; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Restaurant not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Restaurant (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); product formulas, recipes or methods of production; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that we or our affiliates designates as confidential, including all information contained in the Brand Standards Manual.

All ideas, concepts, inventions, techniques, innovations or materials concerning a VILLAGE JUICE & KITCHEN franchise, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and for the benefit of the System as a whole. You assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show ownership or to help us obtain intellectual property rights in the item.

You may not use our Confidential Information in an unauthorized manner. You must adopt and implement procedures to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to personnel of your Restaurant and certain other people only to the extent they have a "need to know" to perform their jobs and using non-disclosure and non-

competition agreements with those having access to Confidential Information in a form determined by us. We may regulate the form of agreement that you use and we will be a third party beneficiary of that agreement with independent enforcement rights. All customer information is owned by us and you must only use the Customer Information for the promotion and operation of your Restaurant. You will not use or sell any Customer Information to any third parties and you will comply with all applicable laws governing the use and protection of the Customer Information.

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

If you are an entity, you must identify one of your owners who is a natural person with at least a 25% ownership interest and voting power in you (the “Operating Partner”). We may require our acceptance of the Operating Partner. You (or your Operating Partner) are responsible for the management, direction and control of your Restaurant, subject to the terms and conditions of the Franchise Agreement. However, you may elect not to supervise your Restaurant on a full-time basis, provided that you appoint a manager who has completed our then-current Training Program to work full-time at your Restaurant (your “Designated Manager”). Your Designated Manager must supervise the management and day-to-day operations of your Restaurant and continuously exert best efforts to promote and enhance your Restaurant and the goodwill associated with the Marks. We must accept your Designated Manager. Your Restaurant must always be under the direct supervision of you (or your Operating Partner) or a Designated Manager (See Item 11). During the first year of operation, you, your Operating Partner, or your accepted Designated Manager must be personally present at your Restaurant at least 40 hours per week, 50 weeks of the year.

You (or your Operating Partner) and each Designated Manager must complete all required training to our satisfaction. In the event that your Operating Partner ceases to own at least its required ownership interest in you, you must recruit a new Operating Partner within 30 days of the change in ownership and submit the identity of the new Operating Partner to us for our review and acceptance or rejection. If you appoint a new Operating Partner or Designated Manager after you open your Restaurant, the Operating Partner or Designated Manager must complete the Training Program within 30 days after the date of appointment (See Item 11). You must keep us informed at all times of the identity of the Operating Partner and the Designated Manager.

You, if the Franchisee is an individual, or the shareholders, officers, directors, partners, and members, if the Franchisee is a legal entity, and all such persons’ spouses, must sign our form of non-competition and non-disclosure agreements, as well as personal guarantees of performance in which they will guarantee the performance of the Restaurant’s obligations to us. We also require you, if the Franchisee is an individual, or the owners of Franchisee, if Franchisee is a legal entity, to agree to be bound personally by the terms and conditions of the Franchise Agreement. We also require that your managers sign non-competition and non-disclosure agreements in the form we require. All of your employees, contractors, or agents who have access to our confidential information must sign non-disclosure agreements in the form we require.

If we determine that your Restaurant is not being managed properly, we may, but need not, assume your Restaurant’s management (or appoint a third party to assume its management). All funds from your Restaurant’s operation while it is under our (or the third party’s) management will

be kept in a separate account by us, and all expenses will be charged to this account. If we (or a third party) assume your Restaurant's management, we may charge you (in addition to the Royalty, any Marketing Fund Contribution, and other amounts due to us or our affiliates) \$750 per day, plus our (or the third party's) direct out-of-pocket costs and expenses. During the term of the Franchise Agreement, we may adjust the amount of this daily fee periodically by an amount that is commensurate with inflation. We (or a third party) have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Restaurant incurs, or to any of your creditors for any products, other assets, or services your Restaurant purchases, while we (or a third party) manage it.

The people you retain to work in your Restaurant will be your agents and employees. They are not our agents or employees and we are not a joint employer of such persons. You will be solely responsible for recruiting and hiring the persons you employ to operate the Restaurant and must determine whom to hire, how many people to hire, retain, and train, and how you will compensate such persons. You are responsible for your employees' and agents' training, wages, taxes, benefits, safety, schedules, work condition, assignments, discipline, and termination. You must comply with all applicable employment laws. We will not operate your Restaurant, direct your employees, or oversee your employment policies or practices. All personnel employed by you in connection with the operation of your Restaurant must maintain the brand standards we require.

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

You must offer and sell all services and products that we periodically specify for Restaurants. You must only offer and sell approved products and services at the Premises and in the manner we have authorized. Our System Standards may regulate required and/or authorized products and services. We may also periodically set maximum or minimum prices for services and products that your Restaurant offers. You will use certain products that we designate in connection with providing services to customers. 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. You may not perform any services or offer or sell any products at the Restaurant, the Premises or any other location that we have not authorized (See Item 8).

Any off-site catering and wholesale sales must be done in accordance with procedures we establish. Although there are no restrictions on the retail customers or trade area you may serve from your Restaurant premises, as a practical matter, you will be limited to serving customers who choose to visit your Restaurant or those to whom you may provide catering or wholesale goods or services, according to the standards we specify in our Brand Standards Manual.

If at any time (including after our initial approval) we determine that you fail to meet our specifications and standards in connection with your Restaurant's offering and sale of products or services, we may permanently or temporarily terminate your right to offer these products or services.

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

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

| <b>PROVISION</b>                                   | <b>SECTION IN AGREEMENT</b>                               | <b>SUMMARY</b>  |
|--|---|---|
| (a) Length of the franchise term                   | Multi-Unit Agreement § 4.1;<br>Franchise Agreement § 2(a) | Multi-Unit Agreement: Months to be negotiated by the parties.<br>Franchise Agreement: Initial term is 10 years  |
| (b) Renewal or extension of the term               | Franchise Agreement § 2(b)                                | Multi-Unit Agreement: No right to renew.<br>Franchise Agreement: perpetual successor terms of 10 years, if you meet certain requirements and conditions   |
| (c) Requirements for Franchisee to renew or extend | Franchise Agreement § 2(b)                                | You must be in good standing and exercise your option within a window of time. You must agree to the terms of the Franchise Agreement then being offered, make required upgrades to your business, secure a sufficiently long lease term, sign a release, upgrade and update your store and all technology to meet our then-current standards, and pay your renewal fee equal to the greater of 25% of then-current initial franchise fee or \$10,000. You must agree to the terms of the Franchise Agreement then being offered. You may be asked to sign a contract with materially different terms and conditions than your original contract. |
| (d) Termination by Franchisee                      | Franchise Agreement §§ 2(c) and 17(e)                     | You may terminate the Franchise Agreement with 30 days' written notice if we materially breach the Franchise Agreement and do not cure the default within 90 days after receiving written notice from you. Also, upon expiration of the franchise term if you do not exercise your option to renew.   |
| (e) Termination by Franchisor without cause        | Franchise Agreement §17(g);<br>Multi-Unit Agreement § 9.1 | We may not terminate the Franchise Agreement without cause.<br><br>Termination of the Multi-Unit Agreement permits us to terminate your single-unit franchise agreement and vice versa.   |
| (f) Termination by Franchisor with cause           | Multi-Unit Agreement §§ 9.1, 9.2;                         | We may terminate your Franchise Agreement only if you or your owners commit one of several violations constituting "cause."   |



| PROVISION                                  | SECTION IN AGREEMENT  | SUMMARY  |
|--|---|--|
|  | Franchise Agreement §§ 17(a), (b), (c), and (g)   | <p>The laws of your state may provide additional rights to you concerning termination of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.</p> <p>Termination of the Multi-Unit Agreement permits us to terminate your single-unit franchise agreement and vice versa.</p> <p>Upon default, we will have a step-in right.</p>  |
| (g) “Cause” defined — curable defaults     | Multi-Unit Agreement § 9.1, 9.2;<br>Franchise Agreement §§ 2(b), 17(a), 17(b), 17(c), and 17(g) | <p>Franchise Agreement &amp; Multi-Unit Agreement: We can terminate your Franchise Agreement and Multi-Unit Agreement if you do either of the following: (1) you fail to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by the Franchise Agreement or in any Brand Standards Manual, policy and procedure statement or other written documents provided by us; or (2) you fail to carry out the terms of the Franchise Agreement in good faith.</p> <p>You will have 15 days to cure any such default unless you have already defaulted twice within the previous 12 months; in that case, you would have only 5 days to cure the default.</p> <p>Termination of the Multi-Unit Agreement permits us to terminate your single-unit franchise agreement and vice versa.</p> |
| (h) “Cause” defined — non-curable defaults | Multi-Unit Agreement § 9.1;<br>Franchise Agreement §§ 2(b), 17(a), 17(b), 17(c), and 17(g)      | <p>Multi-Unit Agreement: We can terminate you if you attempt to sell the Multi-Unit Agreement, fail to timely meet Minimum Development Obligations, or fail to meet certain material obligations, such as payment obligations, under the Multi-Unit Agreement.</p> <p>Franchise Agreement: We can terminate you upon occurrence of any of the following:<br/>2 otherwise curable defaults within 12 months; willful and material falsification; willful and repeated customer deception; non-complying purported or attempted assignment; default under a security interest; loss of right to possess Restaurant premises; bankruptcy, receivership,</p>   |

| PROVISION   | SECTION IN AGREEMENT   | SUMMARY   |
|---|--|---|
|   |  | <p>attachment and the like. A provision in the Franchise Agreement that terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, U. S. Code Section 101.</p> <p>A default under any Franchise Agreement with us will be a default under all Franchise Agreements with us. Termination of the Multi-Unit Agreement permits us to terminate your single-unit franchise agreement and vice versa.</p>  |
| (i) Franchisee’s obligations on termination/non-renewal | Multi-Unit Agreement § 9.3; Franchise Agreement §§ 11(j), 14, 15, and 18 | <p>Multi-Unit Agreement: Lose rights to develop territory.</p> <p>Franchise Agreement: Pay us sums due including liquidated damages if owed; return our property including the Brand Standards Manual and business data; discontinue use of Licensed Marks; cooperate with our lease assignment rights, if any; unless we take over the premises, remove all signs with Marks immediately; cease representing self as a present or past VILLAGE JUICE &amp; KITCHEN franchisee; destroy or surrender marks, names, indicia; discontinue ads; assign us phone numbers; sell us such inventory and other business assets as we request.</p> |
| (j) Assignment of contract by franchisor                | Multi-Unit Agreement § 7.1; Franchise Agreement § 13(a)                  | <p>Multi-Unit Agreement: We have the right to freely assign our rights and duties under this Agreement to an assignee who accepts the obligations under the Multi-Unit Agreement.</p> <p>Franchise Agreement: We may freely assign our rights and duties under the Agreement.</p>   |
| (k) “Transfer” by franchisee — defined                  | Multi-Unit Agreement § 7.2, 7.3; Franchise Agreement § 13(b) - (g)       | <p>Multi-Unit Agreement: No right to sell, encumber, partition, subfranchise, or otherwise divide rights under Multi-Unit Agreement without our consent.</p> <p>Franchise Agreement: Broadly defined to include bequests, fractional interests, shares, death, incapacity etc.; our consent is always required; but you must pay us transfer fees only for certain transfers.</p>   |
| (l) Franchisor approval of transfer by franchisee       | Multi-Unit Agreement § 7.2; Franchise Agreement § 13(c)                  | Multi-Unit Agreement and Franchise Agreement: Our prior written agreement is required for all transfers. The franchise can be terminated for non-compliance. We will not unreasonably withhold approval.  |

| PROVISION  | SECTION IN AGREEMENT                                    | SUMMARY  |
|--|---|--|
| (m) Conditions for franchisor approval of transfer                       | Multi-Unit Agreement: none; Franchise Agreement § 13(d) | Transferee must assume your obligations under the Franchise Agreement, attend and successfully complete our training school, and execute a franchise and collateral agreements in the then current form; and you must release us of all claims. Guarantees and share restriction agreements are required if to a corporation or LLC. If a sale is involved, you must first negotiate with us in good faith for the purchase of your franchise. In addition, you must offer us a 45-day right of first refusal and a transfer fee must be paid consisting of (i) \$10,000 from you, and (ii) \$25,000 if the location is operating or \$10,000 if the location is unopen. A purchaser must have a credit rating, moral character, reputation and business qualifications satisfactory to us, and meet all then current requirements of new Franchisees. |
| (n) Franchisor's right of first refusal to acquire franchisee's business | Franchise Agreement § 13(c)                             | Franchise Agreement: 45 days. We may assign it to another.   |
| (o) Franchisor's option to purchase franchisee's business                | Franchise Agreement: § 13(c), § 18(i) and (k)           | We have an option to purchase your Restaurant upon termination, non-renewal, or expiration of the Franchise Agreement. Upon termination you may have to assign your lease and phone numbers to us without compensation and allow us to purchase your other assets at their current published prices with us offsetting.  |
| (p) Death or disability of franchisee                                    | Franchise Agreement § 13(g)                             | Your qualifying heirs may take the franchise by assignment if we approve them to operate your business, or your estate may sell to a transferee we have approved, but in any event the business must be kept open. No transfer fee. Your interest must be transferred to an heir or approved buyer within 9 months after your death or disability.<br><br>Upon death or disability, we will have a step-in right.  |
| (q) Non-competition covenants during the term of the franchise           | Franchise Agreement § 14(a) and (b)                     | You must not own or otherwise engage in any other similar business that derives more than 25% of its revenue from the sale of primarily plant-based food options, juices, milks,   |

| PROVISION  | SECTION IN AGREEMENT                   | SUMMARY   |
|--|--|---|
|  |  | smoothies, smoothie bowls, salads, grain bowls, raw vegan desserts or related products on a dine-in or carry-out basis. Non-competition provisions are subject to state law. There are separate confidentiality and non-solicitation covenants as well.   |
| (r) Non-competition covenants after the franchise is terminated or expires | Franchise Agreement § 14(a) and (b)    | For 2 years after termination, non-renewal, or expiration of the Franchise Agreement, you must not own or engage in any other similar business located within 5 miles of your Restaurant or any business location licensed by us which derives more than 25% of its revenue from the sale of primarily plant-based food options, juices, milks, smoothies, smoothie bowls, salads, grain bowls, raw vegan desserts or related products on a dine-in or carry out basis. Non-competition provisions are subject to state law. There are separate confidentiality and non-solicitation covenants as well. |
| (s) Modification of the agreement  | Franchise Agreement § 23(e)            | We reserve the right to amend this Agreement if a Franchise Agreement change is agreed to by 70% of the then-current franchisees. Otherwise no modifications to the Agreement other than in writing. Modification by agreement of a certain percentage of franchisees may be subject to state law.  |
| (t) Integration/ Merger Clause   | Franchise Agreement § 23(c)            | Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.  |
| (u) Dispute resolution by arbitration or mediation                         | Franchise Agreement §§ 21(a) and 21(b) | Except for certain claims, all disputes not first settled informally or in mediation must be arbitrated in Winston Salem, North Carolina, under rules of the American Arbitration Association, which will only occur after the parties try informally to resolve the dispute and participate in mediation. Dispute resolution provisions are subject to state law.  |
| (v) Choice of forum  | Franchise Agreement §§ 21(a) and 21(b) | AAA, Winston Salem, North Carolina; North Carolina courts (if any), which provision is subject to the subjectivity of individual state laws.  |
| (w) Choice of law  | Franchise Agreement § 21(j)            | North Carolina law, except federal Lanham Act and federal Arbitration Act, which choice of law is subject to the subjectivity of individual state laws.   |

Refer to the state law addendums in Exhibit D for information specific to the laws of your state.

**ITEM 18. PUBLIC FIGURES**

We use no public figures to promote the franchise.

**ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned 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.

We do not make any financial performance representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management at 900 Northwest Blvd., Winston-Salem, NC 27101, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO 1  
SYSTEM WIDE RESTAURANT SUMMARY  
FOR YEARS 2020, 2021 and 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        | 3                                       | 3                                     | 0                 |
|                                 | 2021        | 3                                       | 5                                     | +2                |
|                                 | 2022        | 5                                       | 5                                     | 0                 |
| <b>Company Owned or Managed</b> | 2020        | 2                                       | 2                                     | 0                 |
|                                 | 2021        | 2                                       | 2                                     | 0                 |
|                                 | 2022        | 2                                       | 2                                     | 0                 |
| <b>TOTALS</b>                   | <b>2020</b> | <b>5</b>                                | <b>5</b>                              | <b>0</b>          |
|                                 | <b>2021</b> | <b>5</b>                                | <b>7</b>                              | <b>+2</b>         |
|                                 | <b>2022</b> | <b>7</b>                                | <b>7</b>                              | <b>0</b>          |

Note 1: Two locations in North Carolina and one location in South Carolina are university Non-Traditional Restaurants operated by a single licensee.

Note 2: As of 2023, the location in Harrisonburg, Virginia ceased operations for other reasons.

**TABLE NO 2**  
**TRANSFERS OF RESTAURANTS FROM FRANCHISEES TO**  
**NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)**  
**FOR YEARS 2020, 2021 and 2022**

| State          | Year        | Number of Transfers |
|----------------|-------------|---------------------|
| North Carolina | 2020        | 0                   |
|                | 2021        | 1                   |
|                | 2022        | 0                   |
| Totals         | <b>2020</b> | <b>0</b>            |
|                | <b>2021</b> | <b>1</b>            |
|                | <b>2022</b> | <b>0</b>            |

**TABLE NO 3**  
**STATUS OF FRANCHISED RESTAURANTS**  
**FOR YEARS 2020, 2021 and 2022**

| STATE     | YEAR | OUTLETS AT START OF YEAR | OUTLETS OPENED | TERMINATIONS | NON-RENEWALS | OUTLETS REACQUIRED BY FRANCHISOR | CEASED OPERATIONS—OTHER REASONS | OUTLETS AT END OF THE YEAR |
|-----------|------|--------------------------|----------------|--------------|--------------|----------------------------------|---------------------------------|----------------------------|
| Florida   | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| Georgia   | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| Illinois  | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| Indiana   | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| Kentucky  | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| Maryland  | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| Michigan  | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| Minnesota | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|           | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |

| STATE          | YEAR | OUTLETS AT START OF YEAR | OUTLETS OPENED | TERMINATIONS | NON-RENEWALS | OUTLETS REACQUIRED BY FRANCHISOR | CEASED OPERATIONS—OTHER REASONS | OUTLETS AT END OF THE YEAR |
|----------------|------|--------------------------|----------------|--------------|--------------|----------------------------------|---------------------------------|----------------------------|
|                | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| New York       | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|                | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|                | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| North Carolina | 2020 | 3                        | 0              | 0            | 0            | 0                                | 0                               | 3                          |
|                | 2021 | 3                        | 0              | 0            | 0            | 0                                | 0                               | 3                          |
|                | 2022 | 3                        | 0              | 0            | 0            | 0                                | 0                               | 3                          |
| South Carolina | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|                | 2021 | 0                        | 1              | 0            | 0            | 0                                | 0                               | 1                          |
|                | 2022 | 1                        | 0              | 0            | 0            | 0                                | 0                               | 1                          |
| Tennessee      | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|                | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|                | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| Utah           | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|                | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|                | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| Virginia       | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|                | 2021 | 0                        | 1              | 0            | 0            | 0                                | 0                               | 1                          |
|                | 2022 | 1                        | 0              | 0            | 0            | 0                                | 0                               | 1                          |
| Washington     | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|                | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|                | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| Wisconsin      | 2020 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|                | 2021 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
|                | 2022 | 0                        | 0              | 0            | 0            | 0                                | 0                               | 0                          |
| Totals         | 2020 | 3                        | 0              | 0            | 0            | 0                                | 0                               | 3                          |
|                | 2021 | 3                        | 2              | 0            | 0            | 0                                | 0                               | 5                          |
|                | 2022 | 5                        | 0              | 0            | 0            | 0                                | 0                               | 5                          |

Note 1: Two locations in North Carolina and one location in South Carolina are university Non-Traditional Restaurants operated by a single licensee.

Note 2: As of 2023, the location in Harrisonburg, Virginia ceased operations for other reasons.

**TABLE NO 4**  
**STATUS OF COMPANY-OWNED RESTAURANTS**  
**FOR YEARS 2020, 2021 and 2022**

| STATE | YEAR | OUTLETS AT START OF YEAR | OUTLETS OPENED | OUTLETS REACQUIRED FROM FRANCHISEE | OUTLETS CLOSED | OUTLETS SOLD TO FRANCHISEE | OUTLETS AT END OF YEAR |
|-------|------|--------------------------|----------------|------------------------------------|----------------|----------------------------|------------------------|
|-------|------|--------------------------|----------------|------------------------------------|----------------|----------------------------|------------------------|

|                       |             |          |          |          |          |          |          |
|-----------------------|-------------|----------|----------|----------|----------|----------|----------|
| <b>North Carolina</b> | 2020        | 2        | 0        | 0        | 0        | 0        | 2        |
|                       | 2021        | 2        | 0        | 0        | 0        | 0        | 2        |
|                       | 2022        | 2        | 0        | 0        | 0        | 0        | 2        |
| <b>Totals</b>         | <b>2020</b> | <b>2</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>2</b> |
|                       | <b>2021</b> | <b>2</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>2</b> |
|                       | <b>2022</b> | <b>2</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>2</b> |

**TABLE NO 5  
AS OF DECEMBER 31, 2022  
PROJECTED OPENINGS FOR 2023**

| <b>State</b>          | <b>Franchise Agreements Signed But Not Opened</b> | <b>Projected New Franchised Openings</b> | <b>Projected New Company-Owned Openings</b> |
|-----------------------|---|--|---|
| <b>North Carolina</b> | 0   | 0  | 0   |
| <b>Ohio</b>           | 0   | 0  | 0   |
| <b>Virginia</b>       | 0   | 0  | 0   |
| <b>Totals</b>         | <b>0</b>  | <b>0</b>                                 | <b>0</b>                                    |

Among the attached Exhibits you will find:

Exhibit B-1 – RESTAURANT DIRECTORY/Listing of Current Franchisees lists the names of all current franchisees and licensees and the addresses and telephone numbers of their outlets as of the issuance date of this FDD.

Exhibit B-2 – LISTING OF CERTAIN PAST FRANCHISEES lists the name, city, state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this FDD.

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

We are not aware of any trademark-specific franchisee organizations associated with our franchise system. There are no independent franchisee organizations that have been asked to be included in this disclosure document.

You should note that if you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.



**ITEM 21. FINANCIAL STATEMENTS**

Attached as Exhibit C are audited financial statements for the periods ending December 31, 2022, December 31, 2021, and December 31, 2020.

**ITEM 22. CONTRACTS**

A copy of the following contracts or documents are also attached as Exhibits hereto:

- Exhibit A VILLAGE JUICE & KITCHEN FRANCHISE AGREEMENT with attached Franchise Rider, Lease Rider, Internet, Social Media, and Telephone Assignment, Guaranty, Noncompetition Agreement, Nondisclosure and Non-solicitation Agreement, Juicing Addendum
- Exhibit G Multi-Unit Agreement
- Exhibit H Sample General Release Agreement
- Exhibit I ACH Transfer Agreement
- Exhibit N Statement of Prospective Franchisees

**ITEM 23. RECEIPTS**

You will find copies of a detachable receipt in Exhibit O at the very end of this disclosure document. Please sign both acknowledging receipt of this disclosure document and return one of them to us for our files.

**EXHIBIT A  
FRANCHISE AGREEMENT**

**OHIO FRANCHISEE NOTICE OF RIGHT TO CANCEL**

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Notice of cancellation

\_\_\_\_\_  
(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to VILLAGE JUICE CO. FRANCHISING, LLC, 900 Northwest Blvd., Winston-Salem, NC 27101, (336)749-0492 not later than midnight of \_\_\_\_\_.

I hereby cancel this transaction.

\_\_\_\_\_  
(Purchaser's Signature)

(Date) \_\_\_\_\_

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- Attachment 5A -- Noncompetition Agreement
- Attachment 5B -- Nondisclosure and Non-solicitation Agreement
- Attachment 6 -- Juicing Addendum
- Attachment 7 – Commencement Date Agreement

**VILLAGE JUICE CO. FRANCHISING, LLC  
FRANCHISE AGREEMENT**

**LOCATION FRANCHISE**

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is made and entered into as of \_\_\_\_\_ (“Effective Date”) by and between VILLAGE JUICE CO. FRANCHISING, LLC, a North Carolina limited liability company (“Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_, (the “Franchisee”). If the Franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners.

**RECITALS:**

**A.** Franchisor has expended time, money and effort to develop a unique system for operating upscale but relaxed, casual restaurants emphasizing primarily plant-based food options, along with an assortment of cold pressed juices, almond milks, smoothies and smoothie bowls, as well as salads, grain bowls, raw vegan desserts and related proprietary products. (The methods of operation are referred to herein as the “System”; the chain of current and future VILLAGE JUICE & KITCHEN restaurants are referred to herein as the “Chain.”)

**B.** The distinguishing characteristics of the System include the name “VILLAGE JUICE & KITCHEN,” special recipes for primarily plant-based food options, along with an assortment of cold pressed juices, almond milks, smoothies and smoothie bowls, as well as salads, grain bowls, raw vegan desserts and related proprietary products, unique interior and exterior building design and appearance and consistency, and uniformity of products and services, all of which may be improved, amended and further developed by Franchisor from time to time.

**C.** Franchisor identifies its goods and services with certain service marks, trade names and trademarks, including, but not limited to, the “VILLAGE JUICE CO” trademark (federal trademark registered on December 18, 2018, registration number 5630659), as well as certain other trademarks, service marks, slogans, logos and emblems which have been and which may hereafter be designated by Franchisor for use in connection with the System (the “Marks”).

**D.** Franchisee desires to obtain a license from Franchisor for use of the Marks and the System solely for the operation of a business at the location listed below (the “Restaurant”), and Franchisee desires to use the Marks and the System, and to obtain and use the methods, know how, experience and form of operation acquired, devised and/or established by Franchisor and other benefits derived from this license relationship strictly in accordance with the provisions set forth below.

NOW, THEREFORE, in consideration of the recitals and the mutual agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Grant.** Franchisor hereby grants to Franchisee, on the terms and conditions contained in this Agreement, and Franchisee accepts from Franchisor, a license (“License”) to establish, own, and operate under the System, one Restaurant at the location (“Location”) specified in the Franchise Rider attached hereto as Attachment 1. Franchisee agrees to identify the Restaurant and all of the items Franchisee sells or offers for sale only by the Marks. Franchisee has no right to use the System or the Marks for any purpose other than as expressly provided herein.

Pursuant to this grant, Franchisee, at its own expense, shall construct or remodel, and equip, staff, open and operate the Restaurant at the Location, in accordance with this Agreement. Unless otherwise agreed in a writing executed by Franchisor, Franchisee shall commence operating the Restaurant within one (1) year after the execution of this Agreement, and shall diligently operate such business in accordance with this Agreement for the Term stated herein. Failure to timely open the Restaurant shall constitute an event of default under the Agreement.

Franchisor and Franchisor’s affiliates reserve any and all rights not expressly granted to Franchisee under this Agreement, including, without limitation, the right to sell anywhere (including within the protected Territory) products and services (including to Franchisee’s customers) under the VILLAGE JUICE & KITCHEN name, or under any other name, through any channel of distribution other than a retail outlet.

2. **Term, Expiration, and Additional License Period.**

(a) **Initial Term.** The initial term of this Agreement shall commence upon the Effective Date and shall expire at midnight on the day preceding the tenth (10<sup>th</sup>) anniversary date of the Effective Date (the “Term” or the “Initial Term”), unless this Agreement has been sooner terminated in accordance with the terms and conditions herein. However, if Franchisee leases the site for the Restaurant and the term of the lease for the site of the Restaurant (excluding renewal options) is for a term that is longer than the Term of this Agreement, then the Term of this Agreement will be automatically extended to coincide with the term of the lease, not to extend greater than ten (10) years from the start of such lease term. Such Term shall be memorialized through the Commencement Date Agreement within Attachment 7 herein. If Franchisee, Franchisee’s affiliates, or owners owns, either directly or indirectly, the real estate or the building at the site, then the term of this Agreement will, at Franchisor’s option, be for ten (10) years and will not automatically extended to coincide with the term of the lease.

(b) **Additional License Period.** Upon expiration of the Initial Term, Franchisee will have the right to be granted a renewal of the License for an additional consecutive period of ten (10) years from the date of expiration of the Initial Term (the “Renewal Term”), provided the following conditions have been met:

(i) Franchisee has given Franchisor written notice of its intent to renew the Franchise not less than nine (9) months nor more than twelve (12) months prior to the expiration of the Initial Term;

**(ii)** Franchisee is not in default of any of the provisions of this Agreement both at the time Franchisee gives notice of its intent to exercise its rights under the terms of this Section 2(b) and at the commencement of the Renewal Term;

**(iii)** All debts and obligations of Franchisee under this Agreement shall be current, including but not limited to Franchisee's obligations to make contributions to the Brand Fund (as defined herein) and each Cooperative (as defined herein) of which Franchisee is a member;

**(iv)** Franchisee has not received more than three (3) notices of default during any consecutive twelve-month (12) month period during the Initial Term;

**(v)** Franchisee executes and delivers to Franchisor, within thirty (30) days after delivery to Franchisee, the form of VILLAGE JUICE & KITCHEN Franchise Agreement being offered to new franchisees on the date Franchisee gives the notice under Section 2(b)(i), including all attachments and exhibits and Franchisor's other then-current ancillary agreements, which agreements shall supersede this Agreement in all respects, and the terms and conditions of which may substantially differ from this Agreement ("Renewal Agreement");

**(vi)** Franchisee has paid to Franchisor a renewal fee equal to the greater of Twenty-Five Percent (25%) of the then-current initial franchise fee or Ten Thousand Dollars (\$10,000), which fee shall be due in immediately available funds upon the execution of the Franchise Agreement to be executed as provided in Section 2(b)(v);

**(vii)** Franchisee; Owners; guarantors of the Franchisee; for themselves and on behalf of their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns (collectively, "Releasers") execute and deliver to Franchisor a general release, in the form prescribed by Franchisor, releasing, to the fullest extent permitted by law, all claims that Releasers may have against Franchisor; Franchisor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities.

**(viii)** Franchisee shall make or provide for in a manner satisfactory to Franchisor, such renovation, upgrading, and re-equipping of the Restaurant as Franchisor may require, including, without limitation, renovation, replacement and/or upgrading of signs, equipment, furnishings, Computer Systems (as defined below), fixtures, colors, and decor, to reflect the then-current standards and image of the System.

**(ix)** Franchisee presents satisfactory evidence that Franchisee has the right to remain in possession of the Premises for the duration of the renewal term, unless Franchisor determines that the location of Franchisee's business is no longer viable for the operation



of Franchisee's Restaurant, in which case Franchisor may condition Franchisee's right to renew on Franchisee's obtaining a new site for Franchisee's Restaurant that Franchisor accepts.

(x) If Franchisee fails to perform any of the acts set forth in subsections (i) through (ix) of this Section 2(b) in a timely fashion, such failure will be deemed an election by Franchisee not to exercise its right to renew, and will cause Franchisee's right to renew to expire without further notice or action by Franchisor.

(c) **Expiration.** Renewal of the License after the Initial Term shall not constitute a renewal or extension of this Agreement, but shall be conditioned upon satisfaction of the above provisions and shall, upon expiration of the Initial Term, be governed by the Renewal Agreement then executed by Franchisee. If Franchisee fails to meet any of the conditions under this Section 2 with respect to renewal of the License, then the License shall automatically expire at the end of the Initial Term.

(d) **Continued Operation Following Expiration.** Unless Franchisee exercises its option to renew the License granted under this agreement in accordance with this Section, Franchisee has no right to continue to operate the Restaurant after the expiration date. If Franchisor permits Franchisee to continue to operate the Restaurant after the expiration date, but before the execution by Franchisee of a Renewal Agreement for a new term as required by Section 2(c) above, then the temporary continuation of the Restaurant will be on a month-to-month basis, and will be terminable at Franchisor's will by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If Franchisor allows Franchisee to continue to operate the Restaurant on a month-to-month basis after termination, non-renewal, or expiration of this Agreement, then Franchisee must pay to Franchisor weekly an additional fee equal to the greater of One Thousand Dollars (\$1,000) or One Hundred Fifty Percent (150%) of the Continuing Royalty due for the same week for every week of month-to-month operation after the Expiration Date, up to Franchisor's then-current initial franchise fee, which fee shall be in addition to Continuing Royalty, Brand Fund contributions, and any other payments due to Franchisor under this Agreement. If applicable law requires a longer notice period, the thirty (30) day period will be deemed modified to be the shortest notice period required by such laws.

### 3. **Franchise Fees and Payments.**

(a) **Initial Franchise Fee, Royalties and Other Payments.** In consideration of Franchisor's execution of this Agreement and the services that Franchisor will perform, Franchisee agrees to pay to Franchisor the following fees in such manner as Franchisor may from time to time designate:

(i) An initial franchise fee in the amount set forth on Attachment 1 hereto ("Initial Franchise Fee") for the initial grant of the License and Franchisor's associated pre-opening obligations, which shall be paid as set forth on Attachment 1 attached hereto. The Initial Franchise Fee shall primarily compensate Franchisor for Franchisor's pre-opening obligations under this Agreement, which include, but are not limited to, assistance in site selection, training of Franchisee's personnel in operating the Restaurant, establishment of

vendor relationships, providing Franchisee with a copy of Franchisor's Brand Standards Manual, and other consulting and support associated with pre-opening expenses ("Pre-Opening Services"). The parties recognize the value of the Initial Franchise Fee approximates the market value of the Pre-Opening Services. The Initial Franchise Fee shall be deemed earned upon receipt.

**(ii)** In further consideration of the grant of the License and in consideration of Franchisor's ongoing services to Franchisee, Franchisee agrees to pay to Franchisor a weekly continuing royalty fee (the "Continuing Royalty"), as set forth on Attachment 1 attached hereto. The Continuing Royalty is due and payable in weekly installments on the Tuesday for the preceding week of each week during the Term or such other date determined by Franchisor with sixty (60) days' advanced written notice to Franchisee ("Due Date"). Currently, the week shall be reported as Sunday through Saturday. If Franchisee fails to pay the full amount of the Continuing Royalty on the Due Date, or Franchisee has insufficient funds to cover the electronic transfer when initiated by Franchisor, Franchisee shall pay interest on the amount due and unpaid at an interest rate equal to the lower of ten percent (10%) or the maximum interest rate allowed by law.

**(iii)** On or before the dates Franchisor designates, Franchisee shall be required to pay to Franchisor the Opening Packet fee of between Twelve Thousand Dollars (\$12,000) and Eighteen Thousand Dollars (\$18,000). The Opening Packet cost is a one-time payment.

**(iv)** If Franchisee is opening its first Restaurant, Franchisee must pay to Franchisor an onsite training fee in the amount of Ten Thousand Dollars (\$10,000) upon the execution of this Agreement. This fee is waived if this Agreement is for Franchisee's second or subsequent Restaurant.

**(v)** If Franchisor or any of its affiliates is the designated supplier for any required product or service for the Restaurant (including but not limited to equipment, Computer Systems or marketing or Online Presence services), Franchisee shall pay Franchisor's or its affiliate's then-current rates for such products or services.

**(vi)** Franchisor reserves the right to have suppliers bill it or an affiliate for goods and services that benefit the system of VILLAGE JUICE franchisees. Franchisee agrees to pay Franchisor its pro rata share of these goods and services costs and fees.

**(vii)** Franchisee will be required to pay Franchisor's then-current fee for the development, implementation, and maintenance of technologies for use at the Restaurant ("Technology Fee"). The Technology Fee shall be Franchisor's or its affiliate's then-current rates for such technology fees and shall be payable monthly and due on the first Tuesday of each month. Franchisor reserves the right to modify, amend, delete, or add to the technologies, goods, and services provided for the Technology Fee. Franchisor has the right to increase the Technology Fee with thirty (30) days' notice to Franchisee based on supplier pricing increases, modification to or upgrades of the technology used in the System, and introduction of new technology.

**(b) Franchisee's Account.** On each Due Date, Franchisor must pay Franchisor the fees set forth above, as well as any other amounts due to Franchisor under this Agreement or any other agreement between Franchisor and Franchisee. Franchisor may instead transfer these amounts due from Franchisee's bank operating account ("Account"). If a transfer from Franchisee's Account is refused, an administrative fee of Thirty-Five (\$35) will be assessed, as well as reimbursement to Franchisor of any fee its bank charges for uncollected deposit funds. If Franchisee has not reported Gross Sales to Franchisor for any fiscal period, Franchisor will transfer from the Account an amount calculated in accordance with Franchisor's estimate of the Gross Sales during the fiscal period. If, at any time, Franchisor determines that Franchisee has underreported its Gross Sales, or underpaid the Continuing Royalty or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after Franchisor and Franchisee determine that such credit is due. Alternatively, Franchisor shall have the right in lieu of the Continuing Royalty report submission procedure outlined above to obtain the Gross Sales directly from electronic communication with Franchisee's point of sale system.

In connection with payment of the Continuing Royalty by EFT, Franchisee shall: (1) comply with procedures specified by Franchisor in the Brand Standards Manual; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by EFT as described in this Section; (3) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account for payments of the Continuing Royalty and other amounts payable under this Agreement, including any interest charges; (4) make sufficient funds available in the Account for withdrawal by EFT no later than the Due Date for payment thereof; and (5) maintain a single bank account to make all payments required by this Agreement. Franchisee must advise Franchisor at least fifteen (15) business days prior to any change in Franchisee's bank account or financial institution; no such change will be permitted without the prior written authorization of Franchisor. To ensure the orderly electronic transfer of the Continuing Royalties and all other fees as outlined in this Section 3, Franchisee will enter into and maintain a banking agreement with the financial institution which will be responsible for the transfer and payment of the fees owed by Franchisee to Franchisor, and a copy of that agreement will be submitted to Franchisor prior to the E

ffective date of this Agreement. Franchisee shall not withhold any payments required to be made under this Agreement on any grounds, including any allegations of Franchisor's non-performance.

Failure by Franchisee to have sufficient funds in the Account shall constitute a default of this Agreement and may subject this Agreement to termination for cause as hereinafter set forth.

**(c) Application of Fees.** If Franchisee is delinquent in the payment of any obligation to Franchisor, its subsidiaries, affiliates or designees, then Franchisor (or such subsidiaries, affiliates or designees), will have the right to apply any payment from Franchisee to any obligation due, including the oldest obligation due, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to such application.

(d) **Inflation Adjustments.** Franchisor and its affiliates reserve the right to increase the amount of any fee provided for hereunder, including, without limitation, the Continuing Royalty, Advertising Fee or Bookkeeping Services fee, due Franchisor or an affiliate under this Agreement or a related agreement (“Inflation Adjustment”). An Inflation Adjustment shall be in relation to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor, the cost-of-living-adjustment (“COLA”) using the COLA factors determined by the United States Department of Labor, or such other measure determined reliable by Franchisor. Franchisor will notify Franchisee of the amount or percentage adjustment thirty (30) days prior to their effective date.

(e) **No Offset or Retention of Funds.** Franchisee may not offset or withhold payments owed to Franchisor or any of its affiliates for amounts purportedly due to Franchisee or its affiliates as a result of any dispute of any nature or otherwise, but will pay such amounts to Franchisor or its affiliates and only thereafter seek reimbursement.

4. **Franchisor Services.** During the Term, Franchisor agrees to provide to Franchisee the following services:

(a) Franchisor shall provide Franchisee with specifications for the design of the restaurant and related facilities to be used in the operation of the restaurant;

(b) Franchisor shall provide Franchisee with recommendations or specifications for fixtures, furnishings, decor, signs and equipment;

(c) Franchisor shall regulate the ordering of initial restaurant fixtures, furniture, telephones, point-of-sale (“POS”) computer system, computers, and other equipment and supplies necessary to open Franchisee’s restaurant in a timely manner and according to standards and specifications; standards and specifications for (i) all food products, beverages, ingredients and cooking materials sold from or used in the operation of the Restaurant, and (ii) all containers, boxes, cups, packaging, menus, uniforms and other products and materials used in connection with the operation of the restaurant;

(d) Franchisor shall provide Franchisee with a pre-opening management training program for the Operations Manager (as defined in Section 11(a)) and one or more managers accepted by Franchisor, and such other persons as Franchisor may reasonably designate, and such other training for employees of Franchisee at the locations and for such periods as may be designated by Franchisor from time to time; provided that Franchisee shall be responsible for all expenses incurred by such persons in connection with training, including, without limitation, all cost of travel, lodging, meals and wages;

(e) At Franchisee’s reasonable request, Franchisor will promptly provide such advice and information as it considers reasonably appropriate to assist Franchisee with all methods and procedures associated with the System marketing and advertising; management and administration, the use of the System or any changes to it and the use and application of products and services. Franchisee understands and agrees that such advice and information may be rendered

by phone, electronically, through the Brand Standards Manual, training and/or by such other means as Franchisor deems appropriate in its sole discretion. Franchisor may, in its discretion, convene meetings of franchisees as it considers necessary or appropriate, in its discretion;

**(f)** Franchisee hereby grants Franchisor and its agents the right to enter the Premises at any time prior to occupancy by the Franchisee in order to inspect, photograph, and/or videotape on-going new construction or leasehold improvements, designs, purchased and installed equipment, operations and the performance of any and all services by Franchisee and/or Franchisee's employees, invitees or agents. Franchisee shall cooperate with Franchisor's representatives during those inspections by rendering whatever assistance they may reasonably request, including assistance necessary to enable Franchisor to contact and interview any vendor, contractor, subcontractor or Franchisee employee. Upon reasonable notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee, at its sole expense, shall take such steps as deemed to be necessary by Franchisor to immediately correct any and all deficiencies detected during any such inspection, including without limitation, correcting construction deficiencies or defects, replacing equipment and supplies, and requiring Franchisee to desist from the further use of any equipment, designs, advertising materials, products, and/or supplies that do not conform with Franchisor's then-current plans and specifications, standards or requirements.

**(g)** Franchisor's supervision and periodic inspections and evaluations of Franchisee's operation as described more fully in Section 11(r), which supervision, inspections and evaluations shall be conducted at such times and in such manner as shall be reasonably determined by Franchisor; and

**(h)** Franchisor shall communicate to Franchisee information relating to the operation of a VILLAGE JUICE & KITCHEN Restaurant, and to the extent necessary or pertinent to the operation of the Restaurant, Franchisor's know-how, new developments, techniques and improvements in the areas of restaurant management, employee training, marketing and food preparation and service.

**(i)** Franchisor shall provide, at no expense to Franchisee, a list of equipment and supplies for the Restaurant, and Franchisor reserves the right to amend and/or modify such list(s).

**(j)** Franchisor may in certain situations incur legal expenses while providing assistance to Franchisee with respect to, without limitation, lease negotiations, or other legal compliance issues. Such assistance may be at the request of Franchisee or required by Franchisor; provided however, that Franchisor shall have the sole discretion as to whether or not to provide legal assistance. In the event Franchisor does incur legal expenses on behalf of Franchisee, Franchisee shall reimburse Franchisor for such expenses immediately upon notice from Franchisor. Franchisor may, at its option, be reimbursed by EFT.

FRANCHISEE AGREES THAT FRANCHISOR IS NOT OBLIGATED TO PROVIDE ANY TRAINING OR ASSISTANCE TO FRANCHISEE'S PARTICULAR LEVEL OF SATISFACTION, BUT AS A FUNCTION OF FRANCHISOR'S EXPERIENCE, KNOWLEDGE AND JUDGMENT. FRANCHISEE ALSO ACKNOWLEDGES THAT

FRANCHISOR IS NOT OBLIGATED TO PROVIDE ANY SERVICES TO FRANCHISEE THAT ARE NOT SET FORTH IN THIS AGREEMENT. IF FRANCHISEE BELIEVES FRANCHISOR HAS FAILED TO ADEQUATELY PROVIDE ANY PREOPENING SERVICES TO FRANCHISEE OR TO FRANCHISEE'S EMPLOYEES, WHETHER WITH RESPECT TO SITE SELECTION, SELECTION AND PURCHASE OF EQUIPMENT AND SUPPLIES, TRAINING, OR ANY OTHER MATTER AFFECTING THE ESTABLISHMENT OF FRANCHISEE'S RESTAURANT, FRANCHISEE MUST NOTIFY FRANCHISOR IN WRITING WITHIN THIRTY (30) DAYS FOLLOWING THE OPENING OF FRANCHISEE'S RESTAURANT OR FRANCHISEE WILL BE DEEMED TO CONCLUSIVELY ACKNOWLEDGE THAT ALL PRE-OPENING AND OPENING SERVICES REQUIRED TO BE PROVIDED BY FRANCHISOR WERE SUFFICIENT AND SATISFACTORY IN FRANCHISEE'S JUDGMENT, AND COMPLIANT WITH ALL REPRESENTATIONS MADE TO FRANCHISEE. IF FRANCHISEE FAILS TO SO NOTIFY FRANCHISOR, FRANCHISEE WILL BE DEEMED TO HAVE WAIVED ALL CLAIMS RELATING TO OR ARISING FROM FRANCHISOR'S OBLIGATIONS TO PROVIDE PRE-OPENING ASSISTANCE;

**5. Territorial Provisions.**

(a) **Territory.** Subject to the provisions of this Section 5, provided Franchisee is in compliance with its obligations under this Agreement, Franchisor agrees to grant Franchisee a protected territory as designated in the attached Site Selection Addendum (the "Territory"). Until such time as the Location is identified and agreed upon in the Lease Rider or in the Site Selection Acceptance Letter (as defined in the Franchise Rider), no Territory will be granted to Franchisee and Franchisor shall have the right to locate other franchises anywhere Franchisor determines without interfering with any territorial rights of Franchisee. Franchisee expressly acknowledges that all VILLAGE JUICE & KITCHEN restaurants (whether owned by Franchisor, Franchisee or other System franchisees) may solicit business from customers without regard to the customers' geographic location. Franchisor does not warrant or represent that no other VILLAGE JUICE & KITCHEN restaurant will solicit or make any sales within the Territory, and Franchisee hereby expressly acknowledges and agrees that such solicitations or sales may occur within the Territory. Franchisor shall have no duty to protect Franchisee from any such sales, solicitations, or attempted sales. Franchisee recognizes and acknowledges that (i) it will compete with other VILLAGE JUICE & KITCHEN restaurants which are now, or which may in the future be, located near or adjacent to Franchisee's Territory, or may operate or license others to operate a Restaurant at any airport within Franchisee's Territory and (ii) that such restaurants may be owned by Franchisor, its affiliates, and/or third parties. Franchisee further acknowledges that only Franchisor shall be permitted to solicit business from customers by means of computerized or other electronic remote-entry ordering systems (such as, for example, the internet, phone, or mobile applications) capable of accepting orders placed from within or outside the Territory. If Franchisor permits Franchisee to solicit business through these means, Franchisee must abide by Franchisor's then current standards, which may include a different delivery zone than Franchisee's Territory or permit others to deliver into Franchisee's Territory.

(b) **Reservation of Rights.** Franchisor grants franchises and the rights to develop and operate VILLAGE JUICE & KITCHEN businesses only pursuant to the express terms of written agreements and not orally. All rights that are not granted to Franchisee in this Agreement are

specifically reserved to Franchisor, and Franchisor will not be restricted in any manner from exercising them nor will Franchisor be required to compensate Franchisee should Franchisee exercise them. This includes the right, directly or through others and regardless of either (a) proximity to Franchisee's Restaurant or Territory or (b) any actual or threatened impact on sales of Franchisee's Restaurant to:

(i) use the Marks and System in connection with establishing and operating VILLAGE JUICE & KITCHEN businesses at any location outside the Territory;

(ii) use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise) or services anywhere in the world (including within the Territory), whether or not Franchisee also offers them, through channels of distribution other than a VILLAGE JUICE & KITCHEN full-service, brick-and-mortar Restaurant (including, for example, other permanent or temporary retail locations, kiosks, carts, catalogs, mail order, or the internet or other electronic means), provided that food trucks shall be excluded from this section;

(iii) acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world (including within the Territory);

(iv) use the Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory); and

(v) establish or operate, or license other persons to establish or operate, a Restaurant at any airport within the Territory.

(c) **Alternate Channels of Distribution.** Franchisee may offer and sell approved products and services only from the VILLAGE JUICE & KITCHEN Restaurant, except as Franchisor otherwise approves in advance, and in such event only in accordance with the requirements of this Agreement and the procedures set forth in the Brand Standards Manual. Franchisee may not offer or sell products through any other means or locations, including via the internet, except as permitted by Franchisor. Unless Franchisee obtains Franchisor's prior written permission, Franchisee shall only offer or sell products and services to retail customers for their use and consumption and not for resale.

(d) **Inadvertent Assignment.** Franchisee agrees that in the event Franchisor inadvertently assigns Franchisee a radius contained in another Franchisee's protected Territory or assigns a portion of Franchisee's protected Territory or Franchisee's radius to another franchisee, that it would be difficult, if not impossible, to determine what damages may arise from such action by Franchisor. Therefore, the parties expressly agree that the liquidated damages from such an inadvertent assignment of radiuses to two or more franchisees shall entitle the affected franchisees to a partial refund of the Initial Franchise Fee as damages, which damages shall not exceed a pro-rata refund of the portion of the Initial Franchise Fee allocated on a population basis to the affected area. Franchisee agrees that the liquidated damages described herein are Franchisee's sole remedy in the event of an inadvertent assignment by Franchisor.

## 6. Premises.

(a) **Leased Premises.** Franchisee is responsible for constructing, renovating or up fitting or causing to be constructed, renovated or up fitted, the Restaurant. Franchisor may require Franchisee to use an approved real estate and construction management company to assist with the leasing and construction processes, and Franchisee must pay all costs associated with use of such real estate and construction management company. Within eight (8) months after the Effective Date of this Agreement Franchisee shall acquire or lease, at Franchisee's expense, commercial real estate that is properly zoned for the operation of the Restaurant, which real estate and lease must be approved by Franchisor prior to signing or construction (the "Lease Date"). If Failure by Franchisee to acquire or lease a site for the Restaurant by the Lease Date shall constitute a default under this Agreement, and Franchisor, in its sole discretion, may terminate the Franchise Agreement pursuant to the terms of Section 17 of this Agreement. Franchisor may, in its sole discretion, provide up to two (2) thirty (30) day extensions to Franchisee to acquire a lease as long as Franchisee is: (i) in full compliance with this Agreement and (ii) is using good faith and diligent efforts to acquire a lease. Franchisee must make a written request to Franchisor requesting such extension no later than fifteen (15) days prior to the Lease Date. If Franchisee intends to lease the premises where the Restaurant will be operated (the "Premises"), Franchisee shall submit to Franchisor executed copies of all such leases immediately after execution and at such other times as Franchisor may request. The term of the leases plus all options for Franchisee to renew shall together equal or exceed the Term. All leases pertaining to the Premises shall also include an Addendum in the form of Exhibit 2 hereto, or shall contain terms and conditions substantially similar to those contained in Attachment 2 which Franchisor has approved in writing. At Franchisee's request, Franchisor shall offer assistance to Franchisee in selecting a site for the location and advising Franchisee in negotiating an acceptable lease agreement for the site. Franchisor shall not represent Franchisee in a legal capacity and advises Franchisee to seek independent legal counsel in the review and negotiation of its lease agreement. FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S ACCEPTANCE OF A SITE FOR FRANCHISEE'S RESTAURANT IS NOT AND SHALL NOT BE CONSTRUED AS A GUARANTEE OR ASSURANCE THAT THE BUSINESS WILL BE PROFITABLE.

(b) **Owned Premises.** If Franchisee intends to own the Premises, Franchisee shall furnish Franchisor proof of ownership prior to the date Franchisee commences any construction, build-out or remodeling of the Premises. In the event that Franchisee proposes to lease the Premises from any owner, member, manager, partner, director, officer or other principal of Franchisee, or from any person or entity related to or affiliated with Franchisee or one or more of Franchisee's owners, partners, directors, officers or other Principals (the "Related Party"), Franchisor may require the Related Party to sign this Agreement and/or separate agreements for the purpose of binding the Related Party to applicable provisions of this Agreement, as determined by Franchisor. Franchisee shall also execute a written lease agreement approved by Franchisor with the Related Party prior to the date Franchisee commences any construction, build-out or remodeling of the Premises and deliver a copy to Franchisor. Such lease agreement must conform with the requirements as set forth within Section 6(a) of this Agreement and the lease shall name Franchisee as the sole lessee hereunder and may not be assigned or sublet without Franchisor's prior written



consent. Such lease must also include an Addendum in the form of Exhibit 2 hereto, or shall contain terms and conditions substantially similar to those contained in Attachment 2 which Franchisor has approved in writing.

(c) **Premises Identification.** If Franchisor does not exercise its purchase rights described in Section 18(k), then subject to Franchisor's instructions, regardless of whether the Premises are owned or leased, Franchisee shall remove all signs and other items and indicia which serve, directly or indirectly, to identify the Premises as a VILLAGE JUICE & KITCHEN restaurant and send photographic proof of the completion of the de-identification process within ten (10) days of the expiration or termination of this Agreement. In the event Franchisee does not comply with this requirement, Franchisor may enter the Premises, without being guilty of trespass and without incurring any liability to Franchisee, to remove all signs and other items identifying the Premises as a VILLAGE JUICE & KITCHEN restaurant and to make such other modifications as are reasonably necessary to protect the Marks and VILLAGE JUICE & KITCHEN, and to distinguish the Premises from VILLAGE JUICE & KITCHEN restaurants. Provided, however, that this obligation of Franchisee shall be conditioned upon Franchisor giving Franchisee prior written notice of the modifications to be made and the items to be removed.

(d) **Suitability of Premises.** Regardless of whether the Premises are owned or leased, it shall be the responsibility of Franchisee to determine that the Premises can be used, under all applicable laws and ordinances, for the purposes provided herein and that the Premises can be constructed or remodeled in accordance with the terms of this Agreement. Franchisee shall obtain all permits and licenses that may be required to construct, remodel and operate the Restaurant. Franchisee agrees that the Premises will not be used for any purpose other than the operation of the Restaurant in compliance with this Agreement.

(e) **Relocation.** Franchisee shall not, without first obtaining Franchisor's written consent, which shall not be unreasonably withheld: (i) relocate the Restaurant; or (ii) renew, alter, amend or modify any lease, or make or allow any transfer, sublease or assignment of its rights pertaining to the Premises. If we allow you to relocate your Restaurant, this relocation will be at your own expense and you must pay us a relocation fee equal to Five Thousand Dollars (\$5,000).

## 7. **Proprietary System and Marks.**

(a) **Ownership; Use by Others.** Franchisor and its affiliates shall have and retain all rights associated with the Marks other than those expressly licensed herein, including, but not limited to the following: (a) to use the Marks in connection with selling products and services; (b) to grant licenses to others to use the Marks, in addition to those licenses already granted to existing franchisees; (c) to develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee; and (d) to sell and distribute food and other items via alternate distribution channels bearing the Marks. Franchisee acknowledges that any unauthorized use of the System or the Marks is and shall be deemed an infringement of Franchisor's rights. Franchisee shall execute any documents deemed necessary by Franchisor or its counsel for the protection of the System and the Marks or to maintain their validity or enforceability, or to aid Franchisor in acquiring rights in or in registering any of the System and the Marks or any trademarks, trade names, service marks, slogans, logos and emblems subsequently adopted by Franchisor.

Franchisor shall indemnify and reimburse Franchisee for damages obtained by a third party based on Franchisee's use of the VILLAGE JUICE CO. Mark, provided Franchisee has at all times fully complied with this Agreement. Franchisee shall give notice to Franchisor of any knowledge that Franchisee acquires regarding the use by others of the same or similar names or marks or of any claim or litigation instituted by any person or legal entity against Franchisee involving the System or any of the Marks. Franchisee shall cooperate with Franchisor in any suit, claim or proceeding involving the System or the Marks or their use to protect Franchisor's rights and interest in the System and the Marks. In the event of any settlement, award or judgment rendered in favor of Franchisor relating to the use or ownership of the System or the Marks, such settlement, award or judgment shall be the sole property of Franchisor and Franchisee shall not be entitled to or make any claim for all or any part of it.

**(b) Use of Marks.** During the term of this Agreement or thereafter, directly or indirectly, Franchisee shall not commit any act of infringement or contest or aid in contesting the validity or ownership of the System or the Marks, or take any other action to disparage them. Franchisee shall use the Marks only in connection with the operation of the Restaurant at the Location specified herein, and shall use them only in the manner authorized by Franchisor. Franchisee shall prominently display the Marks in the manner prescribed by Franchisor on all signs, plastic and paper products, and other supplies and packaging materials designated by Franchisor. Franchisee shall not fail to perform any act required under this Agreement, or commit any act which would impair the value of the Marks or the goodwill associated with the Marks. Franchisee shall not at any time engage in any business or market any products or service under any name or mark which is confusingly or deceptively similar to any of the Marks, including but not limited to any variation of the "VJK" initials. Franchisee shall not use any of the Marks as part of its corporate or trade name and shall not use any trademark, trade name, service mark, logo, slogan or emblem in connection with the Restaurant that has not been authorized by Franchisor. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or applicable state law. Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name, website or URL containing or utilizing any of the Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Marks. Franchisee also acknowledges that its use of the Marks pursuant to this Agreement does not give Franchisee any ownership or other interest in or to the Marks, except the license granted by this Agreement.

**(c) Designation as Franchisee.** Franchisee shall take such additional action as may be necessary under the laws of the state in which the Restaurant is operated to make clear to the public that Franchisee is an independent franchisee of Franchisor and not owned by Franchisor. Franchisee shall post in a conspicuous location at the business premises, as well as on invoices, purchase orders, marketing materials and the like that "This VILLAGE JUICE & KITCHEN Franchise is independently owned and operated by Franchisee under license from VILLAGE JUICE CO. FRANCHISING, LLC"

**(d) Discontinuance of Use: Additional Marks.** Franchisor has the right to change, revise, or substitute different Marks for use in identifying the System, the Restaurant, and the products sold or offered for sale through the Restaurant, if Franchisor, in its sole discretion, determines that change, revision, or substitution of different Marks will be beneficial to the System. In such circumstances, the use of the substitute proprietary marks shall be governed by

the terms of this Agreement. Franchisee shall comply with each such change, revision, or substitution and bear all expenses associated therewith. In the event that a court of competent jurisdiction should order, or if Franchisor in its sole discretion should deem it necessary or advisable, Franchisee shall modify or discontinue use of any Mark. Franchisee shall comply with Franchisor's directions regarding any such Mark within thirty (30) days after receipt of notice from Franchisor or, if such modification or discontinuance is court-ordered, immediately. Franchisor shall not be obligated to compensate Franchisee for any costs or expenses incurred by Franchisee in connection with any such modification or discontinuance. Franchisee shall also use such additional or substitute Marks as Franchisor shall direct.

(e) **Changes in Law Affecting Marks.** In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement, Franchisee shall sign any documents and do such other act and thing as in the opinion of Franchisor may be necessary to effect the intent and purpose of the provisions of this Agreement.

(f) **Copyrights.** Franchisee acknowledges that as between Franchisee and Franchisor, any and all present or future copyrights relating to the System or the VILLAGE JUICE & KITCHEN concept, including, but not limited to, the Brand Standards Manual, menus, construction plans and specifications and marketing materials, (collectively, the "Copyrights") belong solely and exclusively to Franchisor. Franchisee has no interest in the Copyrights beyond the nonexclusive License granted in this Agreement.

(g) **Ideas and Innovations.** All inventions, ideas, applications, trademarks, service marks, enhancements, modifications, improvements or other processes, methods and designs, technologies, computer software, electronic code, original works or authorship, formulas, recipes, patents, copyrights, marketing and business plans and ideas, and all improvements and enhancements thereto that Franchisee may develop, invent, discover, conceive or originate, alone or in conjunction with any other person or persons during the Term that relate in any way, either directly or indirectly, to the Restaurant and/or the System (collectively referred to as "Inventions and Ideas") developed by the Franchisee and/or any personal guarantors, either in whole or in part during the Term, shall be the exclusive property of Franchisor. Franchisee must promptly disclose the existence of any and all Inventions and Ideas to Franchisor. Franchisee and all guarantors of this Agreement hereby assign to Franchisor, without compensation, all right, title and interest in such Inventions and Ideas, and agree that they will execute any and all instruments and do any and all acts necessary or desirable to establish and perfect in Franchisor the entire right, title and interest in such Inventions and Ideas.

All ideas, concepts, techniques or materials concerning the Restaurant, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefor. Franchisor may incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee hereby assigns ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor reasonably requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the

System. As Franchisor may reasonably request, Franchisee shall, at Franchisor's expense, take all actions reasonably necessary to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

(h) **Customer and Other Data.** To the extent required or otherwise authorized by Franchisor, Franchisee shall maintain a current list of the names, home addresses, work addresses, e-mail addresses and telephone numbers of the customers and past customers who have provided such information to the Restaurant (the "Customer List"). Franchisee shall provide the Customer List to Franchisor upon request. The Customer List shall be the property of Franchisor. Franchisee shall not disclose such information to any person or entity other than Franchisor, or sell such list(s) or any portions thereof to any person or entity without the express written consent of Franchisor. Likewise, other data collected by Franchisee or Franchisee's information technology system (Customer List and the other data collectively referred to herein as "Franchisee Data") is deemed to be owned by Franchisor, and Franchisee agrees to furnish the Franchisee Data to Franchisor at any time that Franchisor requests it. Franchisor hereby grants Franchisee a limited license to use Franchisee Data while this Agreement or a successor franchise agreement is in effect, but only in accordance with the policies that Franchisor establishes periodically and applicable law. Upon termination, expiration or non-renewal of this Agreement for any reason, Franchisor shall be the exclusive owner of Franchisee Data, and Franchisee shall not use or disclose Franchisee Data in any form or manner, except as may be utilized with Franchisor's prior written consent. Franchisee shall not be due any compensation based upon Franchisor use of the Franchisee Data. Franchisee may not sell, transfer, or use Franchisee Data for any purpose other than marketing VILLAGE JUICE & KITCHEN products and services. Franchisee shall not delete the Franchisee Data without the express written consent of Franchisor. Franchisee acknowledges and agrees that Franchisor shall have no responsibility under any circumstances for any malfunction or "crash" of any computer, storage, or data system or program provided by or approved by Franchisor, including, but not limited to, for any data lost as a result of such malfunction or "crash." Franchisor shall have unlimited, independent access to all information and data (including Franchisee Data) produced by or otherwise located on any of Franchisee's computer systems or programs (excluding any matters relating to labor relations and employment practices).

## 8. **Advertising.**

(a) **Contributions and Expenditures.** Recognizing the value of advertising and the importance of the standardization of advertising to the furtherance of the goodwill and public image of the System, Franchisor and Franchisee agree as follows:

(i) **Grand-Opening Advertising.** Franchisee is required to pay Franchisor (i) Ten Thousand Dollars (\$10,000) if Franchisee is opening its first Restaurant, or (ii) Five Thousand Dollars (\$5,000) if Franchisee is opening its second or subsequent Restaurant, for grand-opening advertising to publicize the existence and opening of Restaurant, which advertising campaign shall be conducted by Franchisor in its sole discretion. Franchisee may expend additional amounts on such advertising, provided the form and content is approved by Franchisor as provided in Section 8(f). Franchisee may also be required to participate in promotional events that may offer and feature giveaways of food items and/or merchandize during the grand opening.

(ii) **Weekly Contributions and Expenditures.**

(A) Each week during the term for which a brand fund (“Brand Fund”) has been established Franchisee shall contribute to the Brand Fund such amount as Franchisor may designate from time to time, which amount is as of the date of this Agreement one percent (1.0%) of Gross Sales (as defined in Attachment 1) of the Restaurant. Franchisor may increase the maximum required contribution to the Brand Fund to three percent (3.0%) of Gross Sales

Franchisor may increase the maximum required contribution to the Brand Fund above three percent (3.0%) of Gross Sales, provided such increase is approved by at least two-thirds (2/3) of owners of the Restaurants required to contribute to the Brand Fund (including both Franchisor-owned and franchised Restaurants). Franchisee shall make its weekly contribution to the Brand Fund on the date and in the manner as Franchisor may designate from time to time. Franchisee agrees to make such contributions by EFT or in such other manner as the Franchisor may require, on or before each Due Date based on Franchisee’s Gross Sales from the prior week, or such other date(s) identified by Franchisor with thirty (30) days’ prior written notice.

(B) Franchisee shall spend at least two percent (2.0%) of its monthly Gross Sales on local advertising. All local advertising is subject to Franchisor’s approval as set forth in Section 8(f). Franchisor shall have the right, but not the obligation, to review Franchisee’s local marketing plan on an annual basis, and Franchisee shall comply with the local marketing plans agreed upon by Franchisee and Franchisor.

(b) **Brand Fund.** Franchisee agrees and acknowledges that contributions to the Brand Fund are intended to increase recognition of the Marks and to further the public image and acceptance of the System and that Franchisor does not undertake any obligation to ensure that expenditures from the Brand Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Brand Fund by VILLAGE JUICE & KITCHEN restaurants operating in such geographic area or that Franchisee or the Restaurant will benefit directly or in proportion to its contribution to the Brand Fund. Neither Franchisor nor any of its respective officers, directors, agents or employees, shall be liable to Franchisee with respect to the maintenance, direction or administration of the Brand Fund, including without limitation, with respect to contributions, expenditures, investments or borrowing, except for acts constituting willful misconduct.

As long as Franchisee is in compliance with this Section 8, Franchisee will be furnished with advertising materials which were produced by means of expenditures from the Brand Fund for distribution to licensees of the System on the same terms and conditions as such materials are furnished to other franchisees.

The Brand Fund, all contributions thereto, and any earnings thereon shall be used exclusively to meet all costs of maintaining, administering, or directing, and preparing promotional and/or advertising activities. Franchisor has the sole discretion to determine how and where the

Brand Fund contributions are spent to promote, enhance, or further the growth of the System, including, without limitation, for promotional marketing, public relations, and advertising expenses, hiring marketing, public relations and advertising agencies and in-house personnel to assist in developing the VILLAGE JUICE & KITCHEN brand name and average unit volumes, expenses associated with listings in telephone books, subsidies of premiere/marquis restaurants designed to garner media attention and promote the brand name, travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials, production of circulars, media, advertisements, coupons, and promotional materials (including point of purchase materials) and for any other use Franchisor determines. A brief statement regarding the availability of information regarding the purchase of VILLAGE JUICE & KITCHEN franchises may be included in advertising and other items produced using the Brand Fund, provided that Franchisor will not use Brand Fund funds principally to sell franchises. Sums paid by Franchisee into the Brand Fund shall be maintained in an account separate from the other monies of Franchisor and shall not be used to defray any of Franchisor's expenses, except for such reasonable administrative costs and overhead, if any, that Franchisor may incur in activities reasonably related to the administration or direction of the Brand Fund and promotion and advertising programs for franchisees and the System, including, among other things, the cost of personnel for creating and implementing advertising, promotional, and marketing programs. The Brand Fund and its earnings shall not otherwise inure to the benefit of Franchisor. It is anticipated that all contributions to and earnings from the Brand Fund shall be expended for promotional and/or advertising purposes during the taxable year in which the contributions and earnings are received. If, however, excess amounts remain in the Brand Fund at the end of such taxable year, all expenditures for the following taxable year(s) shall be made first out of accumulated earnings from the previous year, next out of earnings in the current year, and finally from contributions.

The Brand Fund is not and shall not be an asset of Franchisor or its designee. The National Fund is administered by Franchisor's accounting and marketing personnel under Franchisor's direction. The Brand Fund is not audited. Franchisor has no obligation to provide an accounting for the Brand Fund unless required by state law. If an accounting is required by law, we will provide you with an unaudited accounting of the National Fund upon reasonable request no more than once annually (or as otherwise required by law). At Franchisor's option, Franchisor can create a separate entity to be the recipient of Franchisee's Brand Fund contributions and Franchisee agrees, upon Franchisor's request, to tender Brand Fund payments to said entity.

Franchisor, in Franchisor's sole discretion, may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year, and the Brand Fund may borrow from Franchisor or other lenders to cover deficits of the Brand Fund or cause the Brand Fund to invest any surplus. THE BRAND FUND IS NOT A TRUST FUND. FRANCHISOR SHALL HAVE NO FIDUCIARY DUTY TO FRANCHISEE IN CONNECTION WITH THE COLLECTION OR USE OF THE BRAND FUND MONIES OR ANY ASPECT OF THE OPERATION OF THE BRAND FUND. FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR WILL HAVE NO LIABILITY TO FRANCHISEE FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED TO THE BRAND FUND OR ANY NATIONAL ADVERTISING PROGRAMS OR FRANCHISOR'S MODIFICATION OR DISCONTINUANCE FOR ANY REASON OF THE BRAND FUND OR ANY ADVERTISING PROGRAMS, OR FRANCHISEE'S PARTICIPATION THEREIN.

(c) **Local Cooperative Advertising.** Franchisee agrees that Franchisor shall have the right, in its sole discretion, to designate from time to time a geographical area in which the Restaurant is located for the purpose of establishing an advertising cooperative (the “Cooperative”). If a Cooperative has been established applicable to the Restaurant at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Cooperative. If a Cooperative applicable to the Restaurant is established at any later time during the Term, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. In no event shall the Restaurant be required to contribute to more than one Cooperative. The following provisions shall apply to each Cooperative:

(i) Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, approved in advance by Franchisor in writing.

(ii) Each Cooperative shall be organized for the purposes of producing and conducting general advertising programs and activities for use in and around the applicable geographic area and developing standardized promotional materials for use by the members.

(iii) Franchisor and its affiliates shall make contributions to each Cooperative of which they are a member on the same basis as required of comparable franchisees within the System.

(iv) No advertising programs or materials may be used by the Cooperative or furnished to its members, and no advertising or promotional activities may be conducted by the Cooperative, without the prior written approval of Franchisor. All such programs, materials and planned activities shall be submitted to Franchisor for approval in accordance with the procedure set forth in Section 8(f). Franchisor, in its sole discretion, may provide the Cooperative with sales reports as available and reasonable from time to time.

(v) Subject to the provisions of Section 8(a)(ii)(B), each cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the governing body of the Cooperative.

(vi) Franchisee shall make its contributions to the Cooperative on the date and in the manner designated by the Cooperative. Franchisee shall also submit such statements and reports as may be designated from time to time by the Cooperative. The Cooperative shall submit to Franchisor such statements and reports as Franchisor may designate from time to time.

(vii) Notwithstanding the foregoing, Franchisor, in its sole discretion, may, upon written request of a franchisee stating reasons supporting such request, grant to any franchisee an exemption from the requirement of membership in a Cooperative. Such an exemption may be for any length of time and may apply to one or more restaurants owned by such franchisee. If an exemption is granted to a franchisee, such franchisee may be required to expend on local advertising the full amount that would otherwise be payable to the Cooperative. Franchisor, in its sole discretion, may also exempt one or more restaurants

owned or controlled by Franchisor or its affiliate from the requirement of membership in a Cooperative for such periods as Franchisor deems appropriate.

(viii) The Cooperative is not a trust fund. Franchisor shall have no fiduciary duty to Franchisee in connection with the collection or use of the Cooperative monies or any aspect of the operation of any Cooperative.

(d) **Supplemental Advertising.** Franchisee shall have the right to conduct, at its separate expense, supplemental advertising in addition to the expenditures specified in this Section 8. All such supplemental advertising shall either have been prepared by Franchisor or approved by Franchisor pursuant to Section 8(f).

(e) **Yellow Pages Advertising.** Franchisee shall arrange for the listing of the Restaurant's telephone number and address in the local telephone directories and any other print or online business directory designated by Franchisor under the name "VILLAGE JUICE & KITCHEN" or such other name as Franchisor may designate. All advertising and promotion in such media (beyond a simple listing of name, address, and telephone number) shall be subject to Franchisor's approval. Franchisor has the right to arrange for yellow page listings for franchisees under the System and, at Franchisee's expense, for Franchisee; in which case Franchisee shall pay Franchisor as Franchisor may designate. Franchisee's rights to retain its assigned telephone number, local directory listing, advertisements and Internet listings are subject to the provisions of Section 18(i) of this Agreement.

(f) **Approval by Franchisor.** Any and all advertising and promotional materials Franchisee uses must be approved by the Franchisor. Prior to their use by the Cooperative or by Franchisee, all advertising and promotional materials not prepared or previously approved by Franchisor within the 90-day period preceding their intended use shall be submitted to Franchisor for approval. If approval is not received within twenty (20) days from the date of receipt by Franchisor of such materials, the materials shall be deemed disapproved by Franchisor. Franchisor may disapprove of any advertising or promotional materials at any time. Neither the Cooperative nor Franchisee shall use any disapproved advertising or promotional materials regardless of whether any such items had been previously approved by Franchisor.

(g) **Franchisor Advertising.** Franchisor will, from time to time expend its own funds to produce such promotional materials and conduct such advertising as it deems necessary or desirable. In any advertising conducted solely by or for Franchisor, Franchisor shall have the sole discretion to determine the products and geographical markets to be included, and the medium employed and Franchisor shall not have any duty or obligation to supply Franchisee with any advertising or promotional materials produced by or for Franchisor at its sole expense. Franchisor disclaims and Franchisee hereby acknowledges that Franchisee has not received or relied upon any warranty regarding the success of any advertising and/or promotional plans or materials recommended by Franchisor for use by Franchisee. Further, Franchisee acknowledges and agrees that all advertising and promotional plans and materials created in whole or in part by Franchisor are and remain the exclusive property of Franchisor. Franchisor shall have the right to include promotion of available franchises in all marketing and advertising materials, including, but not limited to, signage in the Restaurant, websites, print media, and TV or radio spots. Franchisor may from time to time expend its own funds to produce such promotional materials and conduct



such advertising as it deems necessary or desirable. In any advertising conducted solely by or for Franchisor, Franchisor shall have the sole discretion to determine the products and geographical markets to be included, and the medium employed and Franchisor shall not have any duty or obligation to supply Franchisee with any advertising or promotional materials produced by or for Franchisor at its sole expense.

**(h) Ownership of Advertising.** Franchisor shall be the sole and exclusive owner of all materials and rights which result from advertising and marketing program produced and conducted, whether by Franchisee, Franchisor, the Cooperative or the Brand Fund. Any participation by Franchisee in any advertising, whether by monetary contribution or otherwise, shall not vest Franchisee with any rights in the Marks employed in such advertising or in any tangible or intangible materials or rights, including, copyrights, generated by such advertising. If requested by Franchisor, Franchisee shall assign to Franchisor any contractual rights or copyright it acquires in any advertising.

**(i) Online Presence.** Franchisee will not, directly or indirectly, establish or operate an Online Presence that in any way concerns, discusses or alludes to the Franchisor, the System or the Franchisee's Franchised Business without Franchisor's written consent, which Franchisor is not obligated to provide. An "Online Presence" includes (1) the brand website, other webpages, or domain names; (2) accounts, pages, or profiles on social media sites; social networking sites; news sites; online, internet, or digital directories; video, photography, and messaging services; blogs; or forums; (3) e-commerce sites or accounts; (4) digital or online advertising and marketing content and services, including podcasts; (5) mobile applications; (6) virtual reality platforms; or (7) a presence on any other type of online, internet, virtual, or digital tool, good, or service that may be developed. Further, the Marks may not be used as part of, in conjunction with, to establish or to operate any Online Presence, unless specifically approved by the Franchisor, which approval Franchisor is not obligated to provide. Franchisee will not post, and will take such steps as necessary to ensure that its employees do not post, any information to an Online Presence relating to the Franchisor, the System, the Marks, or the Franchised Business that (a) does not comply with the Franchisor's then-current brand, social media, or Online Presence guidelines described in the Brand Standards Manual or otherwise provided to Franchisee, (b) is derogatory, disparaging, or critical of the Franchisor, the System or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. Franchisee shall not establish or permit or aid anyone else in establishing any links to any Online Presence which Franchisor may create. Any Online Presence will be deemed "advertising" under this Agreement and will be subject to (among other things) Franchisor's approval under this Agreement. Franchisor alone has the right, but not the obligation, to establish, maintain, modify or discontinue all internet and electronic commerce activities pertaining to the System, including through any Online Presence. Franchisor shall not be liable for downtime that may occur to any such Online Presence, whether such downtime is caused by Franchisor or a third-party. Franchisor alone will be, and at all times remain, the sole owner of the copyrights to all material which appears on any Online Presence, including any and all material Franchisee may furnish to Franchisor for use on an Online Presence. Ownership of all URLs and other identifiers with any such Online Presence shall vest exclusively in Franchisor. Franchisor shall have the right, but not the obligation, to designate one or more webpage(s) or other form of Online Presence to describe Franchisee and/or the Franchised Businesses, with such webpage(s) or Online Presence to be located within Franchisor's website or another Online Presence. Franchisee shall comply with Franchisor's

policies with respect to the creation, maintenance and content of any such web page(s) and any other Online Presence; and Franchisor shall have the right to refuse to post and/or discontinue posing any content and/or the operation of any webpage or Online Presence. Franchisee shall not establish a separate website or Online Presence, without Franchisor's prior written approval (which Franchisor shall not be obligated to provide). If approved to establish an Online Presence, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Online Presence. Franchisor shall have the right to modify the provisions of this Section 8(i) relating to any Online Presence as Franchisor shall solely determine is necessary or appropriate.

(j) **Online Use of Marks.** Franchisee shall not use the Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium, except as permitted by Franchisor's then-current policies. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without Franchisor's prior written approval of Franchisee's plan for transmitting such advertisements.

(k) **Social Media.** Franchisor may from time to time maintain one or more social media sites (e.g., www.twitter.com; www.facebook.com, or such other social media sites). Franchisee shall not establish or maintain any social media sites utilizing any user names, or otherwise associating with the Marks, without Franchisor's advance written consent. Franchisor may designate from time to time local or Territory-specific user names/handles to be maintained by Franchisee. Franchisee must adhere to the social media policies established from time to time by Franchisor and Franchisee will require all of Franchisee's employees to do so as well.

9. **Telephone Number.** Franchisee shall establish a local telephone number for the Restaurant. Franchisee shall keep Franchisor notified as to the current telephone number for the Restaurant. In no event shall Franchisee use such number for any other business. Franchisee further covenants that in the event it obtains any additional or substitute telephone service or telephone number at the Restaurant, it will promptly notify Franchisor and such additional or substitute number shall be subject to the terms of this Section 9.

## 10. **Construction, Design and Appearance: Equipment.**

(a) **Construction.** Franchisee must obtain Franchisor's approval of and open the Restaurant for business within twelve (12) months from the Effective Date of this Agreement (the "Opening Date"). Franchisor may, within its sole discretion, grant Franchisee up to two (2) thirty (30) day extensions to open the Restaurant for business as long as Franchisee is: (i) in full compliance with this Agreement and (ii) is using good faith and diligent efforts to open the Restaurant for business. Franchisee must make a written request to Franchisor requesting such extension no later than fifteen (15) days prior to the Opening Date. Franchisee agrees that it will construct or remodel the Premises at the accepted Location in accordance with Franchisor's standards and specifications for the construction, remodeling, layout, design, and décor for VILLAGE JUICE & KITCHEN businesses ("Construction Standards"). Franchisor will provide Franchisee with Franchisor's specifications for the construction and design of the Restaurant ("Spec. Sheet") to the extent such specifications exist. The Construction Standards will be provided by Franchisor at no cost to Franchisee. Franchisee shall purchase or lease the equipment,

displays, fixtures, and furnishings that conform with Franchisor's Construction Standards. Franchisee is solely responsible for the construction of the Premises. Franchisee shall obtain Franchisor's prior acceptance of Franchisee's proposed plans for construction, remodeling, layout, design, and décor for the Restaurant. Such plans for construction must be submitted electronically to Franchisor, for Franchisor's approval. Franchisee will commence any required construction promptly after execution of a lease for or closing on the purchase of the Premises. Franchisee shall maintain continuous construction of the Premises until completion. Franchisee will complete construction in accordance with the plans for the Restaurant Franchisor has accepted. Except as may be required to have the accepted plans changed to comply with the Applicable Law, Franchisee shall not deviate from the accepted plans without the prior approval of Franchisor. Franchisor has no obligation to include the requirements of any Applicable Law in the Construction Standards or in the Standard Plans. Franchisee also acknowledges that the requirements of the Construction Plans may exceed those required under the Applicable Law. "Applicable Law" means any law, rule, regulation, code or requirement applicable to the construction, remodeling, design, layout, building, permitting, and development of the Restaurant, including, without limitation the Americans With Disabilities Act ("ADA") or similar rules governing public accommodations for persons with disabilities. It is solely Franchisee's responsibility to make sure that the design and construction of the Restaurant and the Premises are in compliance with all Applicable Laws. Franchisee Indemnifying Parties (as defined in Section 19 of this Agreement) shall indemnify and hold Franchisor Indemnified Parties (as defined in Section 19 of this Agreement) harmless against any and all claims, actions, causes of action, costs, fees, fines and penalties, of every kind and nature, should the design and/or construction of the Premises fail in any way to comply with any Applicable Laws. Franchisor has the right to require Franchisee to use an approved architect, general contractor, construction manager, or other supplier of design, engineering, construction, and related services. Franchisee will be required to utilize the services of an architect. The architect must have relevant restaurant industry knowledge and be familiar with the design and planning of restaurant buildings. Franchisee agrees provide to Franchisor construction progress updates in a form approved by Franchisor at the intervals designated by Franchisor.

**(b) Signs.** Franchisee shall prominently display, at its own expense, both on the interior and exterior of the Premises, advertising signs in such form, color, number, location and size, and containing such Marks, logos and designs as Franchisor shall designate. Franchisor will order any exterior sign for the Restaurant on Franchisee's behalf and at Franchisee's expense. Franchisor will, on Franchisee's behalf and at Franchisee's expense, direct and control placement of the exterior sign on the Restaurant, working with Franchisee's landlord or tenant association, if necessary. Any other such advertising signs shall be obtained from a source designated or approved by Franchisor. Franchisee shall obtain all permits and licenses required for such signs and shall also be responsible for ensuring that all signs comply with all laws and ordinances. Franchisee shall not display in or upon the premises any sign or advertising of any kind to which Franchisor objects.

**(c) Remodeling and Re-equipping.** Franchisor reserves the right to require Franchisee to generally refurbish the Restaurant and/or the Premises at Franchisee's expense, in order to conform to the building design, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for VILLAGE JUICE & KITCHEN franchises, which include, without limitation, structural changes, installation of new materials and equipment,

remodeling, redecoration, changing color schemes, and modifications and/or repairs to existing improvements. Franchisor may require Franchisee to use its approved vendor to assist Franchisee for remodeling and/or re-equipping of the Restaurant. Franchisee will be required to purchase interior design services from our affiliate, or approved supplier prior to opening. Such remodeling and re-equipping may include, without limitation, replacing worn out, obsolete, or dated equipment, fixtures, furnishings and signs; structural modifications, redecorating; or purchasing more efficient or improved equipment. Franchisor may require Franchisee to perform remodeling and to purchase equipment at such times as Franchisor, in its sole discretion, deems necessary and reasonable; provided, that Franchisor may not require any remodeling requiring an expenditure in excess of Twenty-Five Thousand Dollars (\$25,000) during the first two (2) years of the Term unless the expenditure is necessary for menu item production as determined by Franchisor. FRANCHISEE ACKNOWLEDGES THAT EQUIPMENT, ALTERATIONS AND RENOVATIONS REQUIRED BY FRANCHISOR MAY INVOLVE SUBSTANTIAL ADDITIONAL INVESTMENT BY FRANCHISEE DURING THE TERM OF THIS AGREEMENT. In the event of Franchisee's delay, refusal, or failure to make repairs or modifications to the Premises as specified by this Section, Franchisor or its agents may enter the Premises, without further notice and without liability for trespass or other tort and with Franchisee's complete cooperation, and remove, repair, and/or replace, at Franchisee's expense, any items which do not conform to Franchisor's then-current standards and specifications or which are not in conformity with Franchisee's obligation to maintain the Restaurant and the Premises in the highest degree of repair and condition. In addition to any and all other remedies that Franchisor may have in law or in equity, Franchisee shall reimburse Franchisor for all out-of-pocket expenses incurred by Franchisor in connection with any refurbishing work performed by Franchisor pursuant to this Section, plus an administrative fee of Fifteen Percent (15%) of the total aggregate amount of expenses incurred by Franchisor. In the event that Franchisee fails to reimburse Franchisor within seven (7) days of the date Franchisee is billed for all such amounts, Franchisee authorizes Franchisor to collect all amounts due, including interest, at the rate of eighteen percent (18%) per annum or the maximum amount permitted by law, whichever is lower, and an additional ten percent (10%) late fee on the entire amount due, through electronic banking transfers as specified in this Agreement. These remodeling and refurbishing obligations are in addition to Franchisee's general responsibility to maintain the condition and appearance of the Premises consistent with Franchisor's then-current standards. Franchisee must keep the Premises, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as determined by Franchisor.

**(d) Inspections.** Franchisee hereby grants Franchisor and its agents, the right to enter the Premises and/or the Restaurant, with or without notice, in person or remotely via communications technology, at any time prior to occupancy by Franchisee in order to inspect, photograph, and/or videotape on-going new construction or leasehold improvements, designs, purchased and installed equipment, operations and the performance of any and all services by Franchisee and/or Franchisee's employees, invitees or agents. Franchisee shall cooperate with Franchisor's representatives during those inspections by rendering whatever assistance they may reasonably request, including assistance necessary to enable Franchisor to contact and interview any architect, designer, vendor, contractor, sub-contractor or Franchisee employee. Upon reasonable notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee, at its sole expense, shall take such steps as deemed to be necessary by the Franchisor to immediately correct any and all deficiencies detected during any such inspection,

including without limitation, correcting construction deficiencies or defects, replacing equipment and supplies, and requiring the Franchisee to desist from the further use of any equipment, designs, advertising materials, products, and/or supplies that do not conform with Franchisor's then-current plans and specifications, standards or requirements.

## **11. Operations, Standards of Quality, Inspections.**

**(a) Operations Manager.** Franchisee shall designate an individual to serve as the "Operations Manager" for the Restaurant. The Operations Manager shall meet the following qualifications:

**(i)** The Operations Manager shall devote full time and best efforts to the supervision and conduct of the development and operation of the Restaurant and shall agree in writing to be bound by non-compete, non-solicitation and confidentiality provisions substantially similar to those contained in Sections 13, 14 and 15 of this Agreement.

**(ii)** The Operations Manager shall be accepted by Franchisor and shall complete Franchisor's initial training requirements and shall participate in and complete to Franchisor's satisfaction all additional training as may be reasonably required by Franchisor. If at any time for any reason the Operations Manager no longer qualifies to act as such, Franchisee shall promptly designate another Operations Manager subject to the same qualifications set forth in this Section 11.

**(b) Management of the Restaurant.** The Operations Manager and one or more competent managers accepted by Franchisor (who shall have completed Franchisor's initial training program to Franchisor's satisfaction) shall personally devote their full time and best efforts to the management and operation of the Restaurant in order to ensure compliance with this Agreement and to maintain Franchisor's high standards. Management responsibility shall include, without limitation, presence of the Operations Manager, manager, or an assistant manager who has successfully completed any training required by Franchisor before being designated as an Operations Manager, manager, or assistant manager at the Restaurant during all business hours; maintaining the highest standards of product quality and consistency; maintaining the Restaurant in the highest condition of sanitation, cleanliness and appearance; and supervising employees to ensure that the highest standard of service is provided and to ensure that Franchisee's employees deal with customers, suppliers, Franchisor, and all other persons in a courteous and polite manner. Franchisor shall receive advance written notice of any change in the Operations Manager, manager, or assistant manager.

**(c) Compliance with Franchisor's Standards.** Franchisee shall operate the Restaurant through strict adherence to Franchisor's standards, specifications and policies as they now exist, and as they may from time to time be modified. Such standards and policies include, without limitation: (i) specifications and preparation methods for food and beverages; (ii) minimum hours of operation as specified from time to time in the Brand Standards Manual, (iii) menu items and services offered; (iv) employee uniform requirements and specifications; and (v) use of specified emblems and Marks on containers, bags, boxes, napkins, and other products. Franchisee agrees to follow the instructions of Franchisor as well as Franchisor's employees, agents, and/or Franchisor's area directors or developers.

(d) **Training.** It will be solely Franchisee's responsibility to ensure that all new employees and current employees are trained to perform their duties in a proper manner at the Restaurant and Franchisee shall implement and maintain an employee training program, at Franchisee's expense, pursuant to all specifications, standards and procedures prescribed by Franchisor. Franchisee shall ensure that all employees have all necessary certifications and credentials as required by applicable state laws and licensing regulations, and that all employees must satisfy all continuing educational training requirements as may be specified by applicable laws and regulations. In the event that Franchisor provides training to Franchisee's employees upon Franchisee's request, Franchisee Indemnifying Parties hereby release, indemnify and hold harmless the Franchisor Indemnified Parties of every kind arising out of or related to the training and/or the continuing education of Franchisee's employees as set forth herein. Franchisor reserves the right to assess a training fee or attendance fee for any conferences, conventions, retreats, or other training Franchisor or its approved suppliers provide.

(e) **Compliance with Specifications and Procedures.** Franchisee acknowledges that the Brand Standards Manual is designed to protect Franchisor's Marks, brand image, goodwill, and standards and systems, and not to control the day-to-day operation of the business. Franchisee shall comply with all rules, regulations, and directives specified by Franchisor, as well as all mandatory standards, specifications and procedures contained in the Brand Standards Manual, as amended from time to time.

(f) **Franchisee Control.** Franchisee acknowledges that it is responsible for the day-to-day operation of its Restaurant, including hiring, setting the conditions of employment, supervision, discipline and termination of all personnel, purchases and maintenance of equipment and supplies, preparing Franchisee's own marketing plans and funding and implementing those marketing plans, maintenance of employment records, and daily maintenance, safety, security and the achievement of compliance with the Brand Standards Manual. Franchisor's ability to approve certain matters, to inspect the Restaurant and its operations and to enforce its rights exists only to the extent necessary to protect its interest in the System and the Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee. Franchisee expressly has control over the following for its employees: wages, benefits, and other compensation; hours of work and scheduling; hiring and discharge; discipline; workplace health and safety; supervision; assignment; and work rules and directions governing the manner, means, or methods of work performance.

(g) **Employment Matters.** Franchisee's employees are not Franchisor's agents or employees and Franchisor is not a joint employer of these individuals. Franchisee is solely responsible for performing all administrative functions at the Restaurant, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide facilities, equipment, housing or transportation for Franchisee's employees or provide to Franchisee's employees tools or materials required for Franchisee's employees to perform services for Franchisee. Franchisee shall comply with all employment laws and regulations.

(h) **Employer Acknowledgment.** Franchisee shall obtain from each of its employees an acknowledgment signed by such persons providing that such individual understands, acknowledges, and agrees that (i) he or she is an employee of Franchisee and not Franchisor and

(ii) he or she shall look solely to Franchisee, and not to Franchisor or its affiliates, agents, or employees, for his or her compensation and for all other employment matters.

(i) **Evidence of Relationship.** Franchisee shall hold itself out to the public as an independent contractor by, without limitation: (i) clearly identifying itself in all dealings with third parties as a franchised, independently owned and operated entity, including on all public records, checks, stationery, contracts, receipts, marketing materials, envelopes, letterhead, business cards, employment applications, and other employment documents, invoices and other communications, electronic or otherwise; and (ii) displaying a sign in the Restaurant so as to be clearly visible to the general public indicating that the Restaurant is independently owned and operated as a franchised business.

(j) **Brand Standards Manual.** Franchisor will provide Franchisee with one or more manuals which shall contain (i) the mandatory and suggested specifications, standards and operating procedures prescribed from time to time by Franchisor and (ii) information relative to other obligations of Franchisee hereunder and the operation of the Restaurant. The Brand Standards Manual will be provided in electronic format. The Brand Standards Manual shall at all times remain the sole property of Franchisor and shall promptly be returned to Franchisor upon the expiration or other termination of this Agreement. Franchisor may, from time to time, revise the contents of the Brand Standards Manual. To the extent that Franchisor shall deem it necessary or appropriate, Franchisor will provide Franchisee with policy and procedure statements or other written notice of specifications standards and procedures, policies, menus, recipes, food products and other standards and specifications contained in the Brand Standards Manual, policy and procedure statements and other written notices as issued from time to time by Franchisor. Franchisee acknowledges and agrees that all information in the Brand Standards Manual, policy and procedure statements and other notices constitute confidential information and trade secrets, and shall not be disclosed at any time by Franchisee. **Franchisee shall not copy, disclose, duplicate, record or otherwise reproduce, in whole or in part, for whatever reason, the Brand Standards Manual or any other communication or information provided by Franchisor. Franchisor shall have the right to modify the policies and procedures of the Brand Standards Manual at any time, which modifications shall be binding upon Franchisee.**

(k) **Variations in Standards.** Because complete and detailed uniformity under varying conditions may not be possible or practical, Franchisor specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the Chain, to vary standards within the Restaurant or any other restaurant in the Chain based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of a franchisee's territory, business practices or customs, or any other condition which Franchisor deems to be of importance to the operation of such restaurant or the Chain. Franchisee acknowledges that because of these factors and others, there may be variations from standard specifications and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee.

(l) **Franchisee Developments.** Franchisor shall have the right to use and incorporate into the System for the benefit of other franchisees and Franchisor any modifications, ideas or improvements, in whole or in part, developed or discovered by Franchisee or Franchisee's employees or agents, without any liability or obligation to Franchisee or the developer thereof.

Any and all modifications, ideas or improvements shall be “work made-for-hire” for Franchisor as further described within Section 7(g) of this Agreement.

**(m) Compliance with Laws.** Franchisee shall at all times during the Term comply with all laws, ordinances, rules and regulations of all applicable governmental bodies, and pay any and all taxes, assessments, fines and penalties arising out of the operation of the Restaurant, including state and federal unemployment taxes and sales taxes.

**(n) Courtesy, Cooperation, Fair Dealing and Ethical Business Practices.** In all dealings with customers, suppliers, Franchisor and others, Franchisee will act according to the highest standards of honesty, integrity, fair dealing and ethical conduct. At all times and under all circumstances, Franchisee and its employees shall treat all customers and other persons, including Franchisor’s agents, officers, and employees with the utmost respect and courtesy, and shall fully cooperate with Franchisor and its agents, officers, and employees in all aspects of the franchise relationship. Franchisee will operate Franchisee’s business in full compliance with all applicable laws, ordinances and regulations, including all licensing requirements. Franchisee will not engage in any illegal discriminatory practices. Franchisor makes no representations as to what (if any) licenses, permits, authorizations or otherwise will be required in connection with Franchisee’s establishment or operation of Franchisee’s business. Franchisee is solely responsible for determining what licenses, permits, authorizations or otherwise are required and to obtain them, all at Franchisee’s expense, including for example alcohol and liquor licenses. Franchisee will refrain from any practice which may injure the goodwill associated with the Marks. Franchisee will notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which relates to, or which may affect the operation or financial condition of, Franchisee, Franchisee’s business and/or the Marks.

Franchisee agrees to comply with and/or assist Franchisor in Franchisor’s compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise. Franchisee agrees to comply with and assist Franchisor in Franchisor’s compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to Franchisee’s business as may be required by Franchisor or by law. Franchisee confirms that Franchisee is not listed in the Annex to Executive Order 13224 and agrees not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and Franchisee specifically acknowledges and agrees that Franchisee Indemnifying Parties’ indemnification responsibilities as provided in Section 19(b) of this Agreement pertain to Franchisee’s obligations hereunder.

**(o) Business Relations.** Franchisee shall at all times operate the Restaurant in a financially sound, prudent and business-like manner and, without limiting the generality of the foregoing, pay all its bills and accounts promptly when due and shall take no action, or omit to take any action, the result of which would be to tend to disrupt, damage or jeopardize Franchisee’s



relationship with suppliers or customers, Franchisor's good reputation, or the good reputation of Franchisor's other licensees. Franchisee will not engage in any trade practice or other activity which is harmful to the goodwill or reflects unfavorably on the reputation of Franchisee, Franchisor, the Restaurant, the Marks, the services and/or products sold at the Restaurant, or constitutes deceptive or unfair competition or otherwise is in violation of any applicable laws.

**(p) Crisis Management.** Franchisee will without delay inform Franchisor by telephone and e-mail upon the occurrence of a Crisis Management Event. "Crisis Management Event" means any event that occurs at or about the Restaurant that has or may have a significant negative impact on Franchisee, Franchisor, or the Restaurant, or which could have a deleterious effect on the VILLAGE JUICE & KITCHEN brand, Marks or System (a "Crisis"). Examples include, but are not limited to, food contamination, food spoilage/poisoning, food tampering, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the Franchisee, Franchisor, Restaurant, the VILLAGE JUICE & KITCHEN brand, Marks or System. Franchisee will cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event. In the event of the occurrence of a Crisis Management Event, Franchisor may establish emergency procedures which may require Franchisee to temporarily close the Restaurant to the public, in which event Franchisor shall not be liable to Franchisee for any loss or costs, including consequential damages or lost profits occasioned thereby. Franchisee shall follow all of Franchisor's policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by Franchisor or as specified in the Brand Standards Manual, whether or not Franchisee has retained outside counsel or a public relations firm to assist with such matters.

**(q) Change in Marital Status.** If Franchisee or one of its owners or guarantors has a change in marital status during the Term of this Agreement, Franchisee shall promptly inform Franchisor of that change and Franchisee agrees that any new spouse will sign Franchisor's form guaranty, non-compete, non-solicitation and confidentiality agreements.

**(r) Books and Records; Financial Reporting.**

**(i) Books and Records.** Franchisee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Franchisee's expense, full, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles. Franchisee shall maintain such records at the Premises, unless otherwise authorized by Franchisor. Franchisee agrees at all times to use the chart of accounts, format for financial statements, and accounting procedures established from time to time by Franchisor. Franchisor has the right to require Franchisee to grant Franchisor unlimited, remote, 24/7 access to Franchisee's books, records, and accounts that are provided through Computer Systems.

**(ii) Submission of Performance Reports.** Franchisee shall submit to Franchisor the following performance reports for review or auditing: (1) Gross Revenues reports and performance reports for the prior month; (2) monthly financial statements, including a balance sheet and income statement; and (3) such forms, reports, records, information, and data as Franchisor may designate, in the form and at the times and places

required by Franchisor, including without limitation, by electronic telecommunications data transmission methods, upon request and as specified from time to time in the Manual or otherwise in writing. Franchisor may require Franchisee to have a certified public accountant review such statements, reports, and information, the expense of which shall be borne entirely by the Franchisee, and then submit such reviews to the Franchisor. Franchisee also shall immediately notify Franchisor in writing when one (1) or more liens or judgments are filed against the Franchisee, the Restaurant and/or any of the personal guarantors (if any) under this Agreement.

(iii) **Submission of Financial Statements and Tax Returns.** Franchisee shall submit, within forty-five (45) days following the close of business of Franchisee's fiscal year, copies of a balance sheet, profit and loss statement, and cash flow report prepared and certified by a certified public accountant which cover the previous twelve (12) months of operations of the Restaurant. Franchisee also shall submit, within five (5) days of their filing, its federal and state tax returns for each year during the term of this Agreement; provided, however, that if Franchisee is not a corporation or partnership, Franchisee may, at its option, submit only those schedules to its personal tax filings which reflect the revenues and expenses of the Restaurant.

(iv) **Audit of Franchisee's Records.** Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, and tax returns of the Restaurant and remove copies thereof from the Restaurant premises. Franchisor shall also have the right at any time, at Franchisor's expense, to have an independent audit made of the Restaurant books, records and accounts. If any inspection or audit reveals that an underpayment exists, Franchisee shall immediately pay to Franchisor the amount owing to Franchisor, as determined by the inspection or audit. Upon discovery of an understatement of two percent (2%) or more, in addition to prompt payment of the underreported amount, Franchisee shall reimburse Franchisor for any and all expense connected with such inspections or audits, including but not limited to reasonable accounting and legal fees as well as interest as provided for in Section 3(b) of this Agreement. Such payments shall be without prejudice to any other remedies Franchisor may have under this Agreement or otherwise at law. If a discrepancy of less than two percent (2%) is revealed, Franchisor will bear the costs of the audit.

(v) **Forms.** Franchisee will use only such forms, including, without limitation, those used in and generated by software required by Franchisor, as are approved by Franchisor in the Brand Standards Manual or otherwise in writing. Franchisee will obtain all forms specified by Franchisor and/or the required software, at Franchisee's expense, from suppliers approved by Franchisor. Franchisor may maintain and make available to Franchisee all or a portion of such forms on the intranet system in addition to, or in lieu of, providing hard copies to Franchisee.

(vi) **Payroll.** At Franchisor's request, Franchisee will use a payroll service designated by Franchisor, or another service approved in writing by Franchisor, at Franchisor's sole discretion, which will include as part of its service the impounding and payment of all employee withholding taxes payable to the Internal Revenue Service and state and local taxing authorities. Franchisee will be responsible for all charges related to

the payroll service. In addition, upon Franchisor's request Franchisee must submit copies of all quarterly Forms 941 and all proofs of payment related thereto to Franchisor within ten (10) days of the date such forms and payments are submitted to pertinent governmental agencies.

(vii) **Accounting Service Provider.** Franchisor has the right to require Franchisee to use an accounting service provider mandated by Franchisor.

(s) **Inspections.** Franchisor and its agents have the right to enter the Premises, with or without notice, in person or remotely via communications technology, in order to inspect, photograph, and/or videotape on-going new construction or leasehold improvements, equipment and operations, and the performance of any and all services provided in and around the Premises to ensure compliance with all requirements of this Agreement. Franchisee will cooperate with Franchisor's representatives in those inspections by rendering whatever assistance Franchisor may reasonably request, including using communications or audiovisual technology, such as a smartphone, to facilitate the remote inspection by Franchisor or Franchisor's agents and the assistance necessary to enable Franchisor to contact and interview contractors, vendors and suppliers, as well as Franchisee's customers and former customers. Upon reasonable notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee will take such steps as may be necessary to correct the deficiencies detected during any such inspection, including without limitation immediately correcting any problems with construction or leasehold improvements, and immediately desisting from the further use of any equipment, advertising materials, products, or materials that do not conform to Franchisor's then-current plans and specifications, the Brand Standards Manual, or other standards or requirements, and to repair or replace anything in the Restaurant that does not so conform. Franchisee acknowledges and agrees that any and all inspections by Franchisor and all demands made by Franchisor to correct deficiencies and conform to Franchisor's standards and specifications will not constitute a representation or warranty by Franchisor that the Restaurant or Premises comply with applicable laws, codes, ordinances, regulations or governmental standards. Upon reasonable written notification from Franchisor of a scheduled inspection, one of Franchisee's Owners (defined below) must be present during such inspection.

(t) **Computer/POS System.**

(i) **Obligation to Obtain Computer Systems.** Franchisee, at its expense, shall purchase or lease and thereafter maintain such computer hardware and software, mobile application(s), cloud-based systems and/or software, robotics, automation equipment, smartphone(s), tablet, broadband high-speed internet service, active e-mail account, required dedicated telephone and power lines, modem(s) printer(s), point-of-sale systems, electronics, scheduling systems, and other computer-related or technology-related accessories or peripheral equipment as Franchisor specifies ("Computer Systems"). Franchisor's requirements for the Computer Systems will be updated from time to time as deemed necessary by Franchisor in accordance with changing technology and industry standards and may include the requirement to purchase or lease new Computer Systems at Franchisee's expense. Franchisee must periodically update, as required by the Franchisor and/or the Computer Systems' manufacturers or vendors, all Computer Systems solely at

the Franchisee's expense. Franchisee may be required to license proprietary Computer Systems directly from Franchisor or Franchisor's affiliates. Franchisee may be required to enter into license agreement(s) with Franchisor or other suppliers to provide all or part of the Computer Systems. Franchisor and its agents shall have the right to access all information related to the operation of the Restaurant that is accessed or stored on the Computer Systems, whether in-person or from a remote location, without the need for Franchisee's consent, at the times and in the manner prescribed by Franchisor, which may be unlimited, remote, 24/7 access if required by Franchisor. Franchisor may use data from the Computer Systems in any way it deems fit. Despite the fact that Franchisee agrees to buy, use, and maintain the Computer Systems according to Franchisor's standards and specifications, Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer Systems; (2) the manner in which the Computer Systems interfaces with Franchisor's and any third party's computer system; and (3) any and all consequences if the Computer Systems is not properly operated, maintained, and upgraded. Franchisee may not install any software, other than authorized upgrades, or make any hardware modifications to the Computer Systems that might hamper or interfere with the operation of the Computer Systems in the manner Franchisor requires. Franchisee acknowledges and agrees that Franchisor shall have no responsibility under any circumstances for any malfunction or "crash" of any Computer System provided by or approved by Franchisor, including, but not limited to, for any data lost as a result of such malfunction or "crash." Franchisor shall have unlimited, independent access to all information and data (including the Franchisee Data) produced by or otherwise located on any of Franchisee's Computer Systems.

**(ii) Connection to Franchisor's Systems.** Franchisor has the right to require Franchisee to connect to Franchisor's computer or wireless system. If required, Franchisee shall provide such assistance as may be required to connect its Computer Systems with Franchisor's computer or wireless system. Franchisor shall thereafter have the right from time to time and at any time to retrieve and use for any purpose such data and information from Franchisee's Computer Systems, or from any third party or Franchisor-provided Computer Systems as Franchisor, in its sole and exclusive discretion, deems necessary or desirable. In view of the contemplated interconnection of Computer Systems and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it will strictly comply with Franchisor's standards and specifications for all item(s) associated with Franchisee's Computer Systems. Franchisor shall have no liability to Franchisee as a result of Franchisor access or failing to access the Computer Systems. Franchisee shall provide Franchisor with all required passwords or login credentials to access the Computer Systems.

**(iii) Telephone and Connectivity.** Franchisee will secure and maintain separate business telephone numbers and email addresses used at the Restaurant as specified by Franchisor in the Brand Standards Manual or otherwise. Franchisee will also secure and maintain high speed Internet connection at the Restaurant as

specified by Franchisor in the Brand Standards Manual or otherwise. Franchisee will provide continuous telephone answering coverage by an employee whenever the Restaurant is open for business. Franchisee will be solely responsible for the payment of all bills which result from the use and/or maintenance of the telephone lines and Internet connections at the Restaurant and the operation of all Computer Systems.

(iv) **Data.** All data provided by Franchisee, uploaded to Franchisor's system from Franchisee's Computer Systems, and/or downloaded from Franchisee's Computer Systems to Franchisor's system, is, and will be owned exclusively by Franchisor and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Restaurant (including but not limited to consumer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination, non-renewal, or expiration of, this Agreement for any reason. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the establishment and operation of the Restaurant pursuant to this Agreement.

(u) **Maintenance of Telephone/Computer/POS System.** Franchisee will secure and maintain separate business telephone lines for telephone and e-mail use at the Restaurant as specified by Franchisor in the Brand Standards Manual or otherwise. Franchisee will also secure and maintain a high speed Internet connection at the Restaurant as specified by Franchisor in the Brand Standards Manual or otherwise. Franchisee will provide continuous telephone answering coverage by an employee whenever the Restaurant is open for business. Franchisee will be solely responsible for the payment of all bills which result from the use and/or maintenance of the telephone lines and Internet connections at the Restaurant and the operation of all computer hardware and software associated with the computer/POS System. Franchisee will additionally acquire and maintain a computer system, as well as all software and telecommunications infrastructure as required by the Brand Standards Manual, for maintaining the computer/POS System. The computer system shall meet or exceed the minimum requirements periodically prescribed by Franchisor, including all hardware, software, and Internet, Intranet and e-mail connections specified by Franchisor. Such requirements will be updated from time to time as deemed necessary by Franchisor in accordance with changing technology and industry standards. Franchisee must periodically update, as required by Franchisor and/or the software manufacturer, all software purchased for and installed on the computer system, solely at Franchisee's expense. Franchisor shall have the right to access all information related to the operation of the Restaurant from a remote location, without the need for Franchisee's consent, at the times and in the manner prescribed by Franchisor.

(v) **Gift Cards.** Franchisee shall 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 Franchisor and only in the manner specified by Franchisor in the Brand Standards Manual or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form

provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisor via its website, Franchisee or another franchisee. Franchisee shall sell, issue, and redeem (without any offset against any Continuing Royalties) Gift Cards in accordance with procedures and policies specified by Franchisor in the Brand Standards Manual or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other franchisees and for making timely payment to Franchisor, other operators of franchises, or a third-party service provider for Gift Cards issued by Franchisee that are honored by Franchisor or other franchise operators.

(w) **Group Buying Services.** Franchisee agree not to use any group buying services, including, without limitation, Groupon or Living Social, without first obtaining express written permission of Franchisor. As with all advertising, advertisements placed with a group buying service are subject to Franchisor's written approval.

(x) **Credit Card Processing.** Franchisee agrees to use such credit card processing services approved by Franchisor and to purchase and maintain, at Franchisee's expense, any equipment necessary to permit such credit card processing functionality. Notwithstanding the credit card processing requirement, Franchisor does not represent, nor does it certify or warrant, to Franchisee or Franchisee's customers that the credit card processing service approved by Franchisor is compliant, whether or not certified as such, with the PCI Data Security Standards.

(y) **Data Protection; Privacy.**

(i) **Data Protection and Security Policies.** Franchisee shall comply with, or, as applicable, adopt policies consistent with the then-current version of Franchisor's data protection and security policies as may be described in Franchisor's Brand Standards Manual ("Data Protection and Security Policies"). Such policies may govern how Franchisee Data and Personal Information (as defined below) contained in such data shall be accessed, shared, stored, protected, disposed of, or destroyed. Franchisor has the right, but not the obligation to create such Data Protection and Security Policies. Franchisee acknowledges that Franchisor may supplement, modify or amend the Data Protection and Security Policies from time to time in its sole discretion, and that Franchisee shall comply with such modifications or amendments within thirty (30) days of notice from Franchisor. Franchisor may require Franchisee to institute a data privacy policy for its Restaurant. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

(ii) **Privacy Laws.** Franchisee warrants and represents and covenants that it shall comply with (i) applicable prevailing industry standards concerning privacy, data protection, confidentiality and information security, including, without limitation, the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council (the "PCI-DSS"), (ii) those Security and Data Protection Policies mandated by the Brand Standards Manual, if any, and (iii) all applicable international, federal, state, and local laws, rules, and regulations, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management,

disclosure, reporting, and any other obligations related to the possession or use of Personal Information (collectively, “Privacy Laws”).

**(iii) Marketing; Consumer Protection.** Franchisee warrants and represents not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor’s written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee’s plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the “CAN-SPAM Act of 2003”), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 (“TCPA”). Franchisee must comply with the Fair and Accurate Credit Transactions Act (FACTA) and all other consumer protection laws and regulations.

**(iv) Security Breach.** Franchisee shall cooperate with Franchisor in any audit that Franchisor may conduct from time to time of its data storage and management systems and Franchisee’s storage of Personal Information. In addition, if Franchisee becomes aware of any actual or suspected unauthorized access, processing, loss, use, disclosure, alteration, destruction or other compromise or acquisition of or access to any information, whether such information is stored in paper or electronic form, (i) that can be used to identify, locate or contact an individual, including but not limited to Franchisee’s employees and customers (collectively, “Personal Information”); (ii) that is subject to any of the Privacy Laws and/or PCI-DSS; or (iii) that might reasonably expose Franchisor to any harm or prejudice of any type or actual or suspected intrusion by an unauthorized third party into Franchisee’s or Franchisor’s computers, networks, servers, IT resources, or paper files (a “Security Breach”), Franchisee shall immediately notify the Franchisor’s President via telephone of such matter and shall thereafter cooperate with Franchisor to investigate and remedy such matter. Except to the extent required by applicable law, no public disclosure of any instance of such unauthorized access or breach shall be made by Franchisee unless Franchisor has authorized the provision of notice and the form of such notice in writing. Franchisee shall reimburse Franchisor for all reasonable Notification and Remediation Related Costs (hereinafter defined) incurred by Franchisor arising out of or in connection with any such Security Breach that is directly or indirectly caused by Franchisee or its personnel. “Notification and Remediation Related Costs” shall include Franchisor’s internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (i) preparation and mailing or other transmission of legally required notifications to affected individuals, regulators and attorneys general; (ii) preparation and mailing or other transmission of such other communications to customers, agents or others as Franchisor deems reasonably appropriate; (iii) establishment of a call center or other communications procedures in response to such Security Breach (e.g., customer service FAQs, talking points and training); (iv) engagement of information technology consultants, public relations and other similar crisis management services; (v) payment of legal and accounting fees and expenses associated with Franchisor’s investigation of and response to the Security Breach; and (vi) payment of costs for commercially reasonable credit reporting services that are associated with legally required

notifications or are advisable under the circumstances. Franchisee Indemnifying Parties (as defined in Section 19 of this Agreement) agrees to hold harmless, defend and indemnify Franchisor Indemnified Parties (as defined in Section 19 of this Agreement) from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which Franchisor Indemnified Parties shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with a Security Breach or Franchisee Indemnifying Parties' or their agents or employees' violation of any Privacy Law or regulation, consumer protection-related law or regulation, e-mail marketing and other marketing laws and regulations, and the PCI-DSS.

(v) **Data Compliance Inspection.** Franchisor, through its employees and/or any agents designated by Franchisor from time to time, may at any time during business hours, and without prior notice to Franchisee enter upon and inspect the Premises and examine Franchisee's computer hardware, software, databases, business records and other supporting records and documents in order to verify compliance with its Data Protection and Security Policies, and Privacy Laws. Any such inspection shall be made at Franchisor's expense, provided that if such inspection is necessitated by Franchisee's repeated or continuing failure to comply with the Data Protection and Security Policies, Privacy Laws, this Agreement or the Franchise Agreement, Franchisor may charge Franchisee for the costs of making such inspection, including without limitation, travel expenses, room and board, and compensation of Franchisor's employees and/or agents.

(vi) **Personal Information Requests.** Franchisee shall fully comply with Data Protection and Security Policies as they relate to requests regarding individuals' personal information, as it may be defined under international, federal, state, and local law. If requested by Franchisor, Franchisee must cooperate or coordinate with Franchisor to identify personal information Franchisee has accessed, collected, retained, or used in any way.

(vii) **Use of Personal Information.** Franchisee shall not use, disclose, retain, transfer, share, or sell Personal Information, or personal information as it may be defined under international, federal, state, and local law, unless such action is permitted by (i) the terms of this Agreement, (ii) the terms of the Data Protection and Security Policies, (iii) the standards in the Brand Standards Manual, or (iv) written approval of Franchisor.

(z) **Secret Shoppers; Toll-Free Number; Etc.** Franchisor may, at its sole discretion, institute various programs for verifying customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including, without limitation, marketing research surveys, a toll-free number, customer comment cards, secret shoppers, or otherwise. Franchisor will share with Franchisee the results of such programs as they pertain to Franchisee's business and Franchisee agrees to reimburse Franchisor for all costs associated with any and all such programs, which cost may be drafted by EFT at the sole discretion of Franchisor.

(aa) **Franchise Advisory Council.** Franchisor may, but is not obligated to, form a Franchise Advisory Council selected by Franchisor in Franchisor's sole discretion, which shall provide Franchisor input as Franchisor may request from time to time ("FAC"). The FAC exists



at Franchisor's pleasure, and Franchisor is not obligated or bound by any input provided by the FAC. The FAC will consist of franchisees in full compliance with this Agreement and/or Franchisor's representatives. Franchisor has the right to add or remove members of the FAC in Franchisor's sole discretion.

**(aa) Membership Programs.** Franchisee agrees to participate in any and all membership programs that Franchisor creates, offers or advertises. Through membership programs, customers may be entitled to discounts on products and services. Franchisee agrees that Franchisee will not be entitled to receive payment or be reimbursed for any discounts on products or services offered through membership programs.

**(bb) No Warranties. FRANCHISOR, ITS REPRESENTATIVES, AND FRANCHISOR'S AFFILIATES MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES OR OTHER ITEMS FRANCHISOR APPROVES, SUPPLIES, OR REQUIRES FRANCHISEE TO PURCHASE OR USE. FRANCHISOR, ITS REPRESENTATIVES, AND FRANCHISOR'S AFFILIATES EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT, SUPPLIES, OR OTHER APPROVED ITEMS.**

## **12. Products; Menu.**

**(a) Products.** Franchisee shall use and sell only those products, materials, supplies, equipment, technology and services that have been specifically designated or approved by Franchisor. These products and materials include but are not limited to food items, ingredients, beverages, cooking materials, containers, boxes, cups, packaging, menus, and uniforms. Franchisee shall obtain all products, materials, supplies, equipment, and services that are used in operation of the Restaurant from suppliers that Franchisor shall have specifically designated or approved. Franchisee may be required to purchase from Franchisor certain products or services, or Franchisor may designate an affiliate as the designated supplier of any products, materials, supplies, equipment, technology, or service used in the operation of the Restaurant. Franchisor may designate exclusive suppliers for any products, materials, supplies, equipment and service. Franchisor or its affiliates may receive payments or other compensation from suppliers on account of the suppliers' dealings with Franchisor, Franchisee, or other franchised businesses or restaurants in the System. Franchisor may use any amounts that it receives from suppliers for any purpose that Franchisor deems appropriate. Franchisor and its affiliates may negotiate supply contracts with its suppliers under which Franchisor is able to purchase products, equipment, supplies, and services at a price lower than that at which franchisees are able to purchase the same items. Franchisor may, from time to time, amend the list of approved products and suppliers, and Franchisee must comply with any such changes within 30 days after receiving notice of the change. Products other than those required to be obtained from Franchisor or a designated supplier may be purchased from any source provided that the particular supplier and products have been approved by Franchisor. If an alternate supplier is approved by Franchisor at the request of Franchisee, Franchisee shall pay Franchisor at the time of approval and prior to ordering from the alternate supplier, an administrative fee equal to 15% of the value of the item(s) initially purchased. Franchisee acknowledges and agrees that Franchisor's approved suppliers and vendors, including

Franchisor and its affiliates, have the right to increase the prices of their products and services at any time during the Term of this Agreement, and that Franchisor shall not be responsible to Franchisee for the increase of such prices. Franchisee shall pay all costs and fees associated with products and services Franchisor requires.

(b) **Novelty Items.** Franchisee may offer for retail sale such novelty items bearing the Marks as approved in writing by Franchisor (the “Items”), which may include, but are not limited to, in Franchisor’s sole discretion, proprietary pint glasses, t-shirts, hats, and other paraphernalia. Franchisee must purchase the Items from Franchisor’s affiliate, or approved supplier. Franchisee shall sell only Items purchased by Franchisee from Franchisor’s affiliate or such other approved supplier. Provided further, Franchisor has the right, in its sole discretion and upon thirty (30) days written notice to Franchisee, to require Franchisee to sell only Items purchased by Franchisee from any approved supplier, and to discontinue the sale of any Items purchased from a non-approved supplier.

(c) **Menu Items.** Franchisee may offer for retail sale, and shall carry on its menu only the wine, spirits and other menu items approved by Franchisor. Franchisee agrees that it will not sell or carry on its menu any food item or other products not specified or approved by Franchisor. Franchisee agrees to precisely follow the recipes and food preparation procedures for each menu item as determined by Franchisor. Franchisee shall sell all goods and services required by Franchisor.

(d) **Pricing.** Franchisee shall have the right during the Term to set prices provided that, subject to applicable antitrust laws, such pricing: (1) complies with any minimum or maximum prices set by Franchisor; and (2) complies with any prices specified by Franchisor; and (3) conforms to any bona fide promotional or membership programs or national or regional accounts programs periodically established by Franchisor. Franchisor retains the right to modify its pricing policies from time to time in its sole discretion. Franchisor specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the Chain, to vary pricing standards and policies within the Restaurant or any other restaurant in the Chain based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of a franchisee’s territory, business practices or customs, cost of a franchisee’s rent or mortgage payments, or any other condition which Franchisor deems to be of importance to the operation of such restaurant or the Chain. Franchisee acknowledges that because of these factors and others, there may be variations from standard pricing policies and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee. Franchisee must provide to Franchisor a price list containing all of the prices charged for the products supplied by the Restaurant. The price list must be updated and supplied to Franchisor every time Franchisee alters its prices and, in any event, at least annually.

(e) **System Changes.** Franchisee acknowledges that the System, the services, menu, and products offered by the Restaurant may be modified (such as, but not limited to, the addition, deletion, and/or modification of operating procedures, menu items, products, and services) from time to time by Franchisor; and Franchisee agrees to comply, at its expense, with all such modifications, including, without limitation, all requirements needed to implement the modifications. Franchisee agrees there is no limit to Franchisor’s ability to modify the System.

Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these System changes.

**(f) Technology Changes.** Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it will abide by those reasonable new standards established by Franchisor, at Franchisee's sole cost and expense. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these changes to technology.

**(g) Promotional Requirements.** Franchisor has the right to require Franchisee to participate in national, regional, and local giveaways and promotions. Franchisee may be required to provide free or discounted classes or other free or discounted products or services as a result of such giveaways or promotions. Franchisor is not required to reimburse Franchisee for Franchisee's costs and expenses incurred as a result of these giveaways and promotions.

### **13. Transfer; Franchisor's Right of First Refusal.**

**(a) Transfers by Franchisor.** This Agreement, and any and/or all of Franchisor's rights and/or obligations under it, are fully transferable by Franchisor in Franchisor's sole discretion and will inure to the benefit of any person or entity to whom Franchisor transfers it, or to any other legal successor to Franchisor's interest in this Agreement. If Franchisor transfers this Agreement, or any and/or all of Franchisor's rights and/or obligations under it, all past, current and future obligations of Franchisor to Franchisee will cease and be forever extinguished. Franchisor shall be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment, and Franchisee's obligations and duties shall be and will remain the same notwithstanding any such assignment. Franchisor may be sold and/or Franchisor may sell any or all of its assets to a competitive or other entity; or Franchisor may participate in an initial, or other, public offering or private placement of Franchisor's stock; may merge, acquire other entities and/or assets (competitive or not); may be acquired by a competitive or other entity; and/or may undertake any refinancing, leveraged buy-out and/or other transaction. Franchisee waives any and all claims, demands and/or damages with respect to any transaction or otherwise allowed under this section or otherwise.

**(b) Transfers by Franchisee.** The rights and interest of Franchisee under this Agreement are and shall remain personal to Franchisee. Franchisee recognizes that Franchisor has granted the License in reliance on the business, financial capacity, personal skill, qualifications, and representations of the owners of Franchisee (the "Owners") and in reliance upon Section 13, 14, 15 and 23 of this Agreement and the Owners' agreement to be bound thereby. Therefore, neither Franchisee's interest, rights or privileges in the Agreement, the License or the Restaurant, nor the Owners' interest in Franchisee or the Owners, in whole or in part, shall be transferred, voluntarily or involuntarily, by operation of law or otherwise, in any manner, except as provided in this Section 13. Notwithstanding the foregoing, an Owner may transfer all or a portion of his interest in Franchisee to another Owner or to Franchisee (such person or entity being referred to as a "Permitted Transferee") and such transfer shall not be subject to the restrictions of this Section

13, including but not limited to the transfer fee set forth herein; provided, however, Franchisee shall promptly notify Franchisor of any such transfer. For purposes of this Agreement, the term “transfer” shall mean any issuance, sale, assignment, gift, pledge, mortgage or any other encumbrance (other than a lien against Franchisee’s assets to secure a loan for the construction, remodeling, equipping or operation of the Restaurant), transfer by bankruptcy, transfer by judicial order, merger, consolidation share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary.

(c) **Franchisor’s Right of First Refusal.** If Franchisee or an Owner proposes to Transfer this Agreement or its interest herein or in the Restaurant, in whole or in part, Franchisee must first deliver a statement to Franchisor offering to sell to Franchisor the Franchisee’s or Owner’s interest in this Agreement and the land, building, equipment, furniture and fixtures and any other assets or leasehold interests used in the operation of the business. If the proposed Transfer involves an offer from a third party, then Franchisee must obtain from the third-party offeror and deliver to Franchisor a statement, in writing, signed by the offeror and by Franchisee, of the binding terms of the offer. If the Transfer does not involve an offer from a third party, then the purchase price for Franchisor’s purchase of assets described above will be the fair market value of the assets but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Marks and the System. If Franchisee disagrees with the value of the Restaurant as determined by Franchisor, then Franchisee and Franchisor shall each hire an appraiser (or a single appraiser, if they so agree) to value the assets. If the appraisals are within twenty percent (20%) of each other, then the difference between the two shall be equally divided to establish the price at which Franchisor may exercise its first right and option. If the difference between the appraisals is greater than twenty percent (20%), then the issue of the fair market value of such consideration shall be determined by a third appraiser selected by the other two appraisers and whose decisions shall be final, except that it may not be lower or higher than the lowest appraisal and highest appraisal, respectively, determined by the first two appraisers. Franchisor and Franchisee will each pay one-half of the appraiser’s fees and expenses. Franchisor then has forty-five (45) days from its receipt of the statement setting forth the third-party offer or the appraiser’s report, as applicable (and all other information requested by Franchisor) to accept the offer by delivering written notice of acceptance to Franchisee. Franchisor will have an additional forty-five (45) days to complete the purchase if Franchisor elects to exercise its right of first refusal. Franchisor’s acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to Franchisor; provided, however (and regardless of whether the following are inconsistent with the price and terms set forth in the statement) (1) Franchisor has the right to substitute equivalent cash for any noncash consideration included in the offer, (2) Franchisor will prepare the transaction documents for the Transfer, which will be on terms customary for this type of transaction (including representations and warranties, covenants, conditions, and indemnification), and (3) Franchisor’s purchase may be limited to any assets related to the business. If Franchisor decides not to exercise its right of refusal, Franchisor shall have the right to approve or disapprove the proposed transfer; provided, however, Franchisor’s consent shall not be unreasonably withheld as provided in Section 13(d). If Franchisor approves the transfer in writing, Franchisee (or Owner, as applicable) may make the proposed transfer on the exact terms and conditions specified in Franchisee’s notice to Franchisor within sixty (60) days after the expiration of Franchisor’s right of first refusal. If the transfer is not consummated within such 60-day period, Franchisee may not thereafter transfer such interest without again complying with this Section 13.

**(d) Conditions on Transfer.** Provided Franchisor chooses not to exercise its right of first refusal, Franchisor agrees that it will not unreasonably withhold its consent to a proposed transfer if all the following conditions are satisfied:

**(i)** Franchisor shall have decided not to exercise its right of first refusal as provided in Section 13(c).

**(ii)** Franchisee is in full compliance with this Agreement and there are no uncured defaults by Franchisee hereunder, and all debts and financial obligations of Franchisee under this Agreement are current, including Franchisee's obligations to the Brand Fund, each Cooperative of which Franchisee is a member, and all vendors, including but not limited to, Franchisor and any affiliate.

**(iii)** The proposed transferee executes such documents as Franchisor may reasonably require to evidence that it has assumed the obligations of Franchisee under this Agreement, including, but not limited to, the then current version of the Franchise Agreement, and if required by Franchisor, the proposed transferee executes, and in appropriate circumstances, causes such other parties as Franchisor may require to execute, Franchisor's then-current ancillary agreements to this Agreement, which documents may be substantially different than those executed contemporaneously with the execution of this Agreement provided, however, that the Continuing Royalty rate, Brand Fund and other advertising expenses payable by the transferee will not be increased to an amount which is greater than that which is required to be paid system-wide by Franchisor's new franchisees, the transferee will not be required to pay an additional Initial Franchise Fee, and the protected Territory of the Restaurant, as designated in this Agreement will remain the same. The Franchise Agreement between Franchisor and Franchisee will terminate once an approved transfer is completed;

**(iv)** Franchisee; Owners; guarantors of the Franchisee; for themselves and on behalf of their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns execute a general release, in a form prescribed by Franchisor, releasing Franchisor; Franchisor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities, from any and all claims, causes of action, demands, debts, liabilities, obligations, fees, costs and expenses, including without limitation, claims and causes of action arising under federal, state and local laws, rules, regulations and ordinances, arising prior to and including the date the transfer becomes effective.

**(v)** Prior to the date of the proposed transfer, the proposed transferee's principal operator and managers undertake and complete, to the satisfaction of Franchisor, such training and instruction as Franchisor shall deem necessary;

**(vi)** Franchisor is satisfied that the proposed transferee, and if the proposed transferee is an entity, all owners of any interest in such entity, meets all of the requirement for Franchisor's new franchisees applicable on the date Franchisor receives notice of the proposed transfer and including, but not limited to, good reputation and character, business experience, restaurant management experience, and financial strength and liquidity;

**(vii)** The Owner transferring an interest in Franchisee acknowledges and agrees in writing that it is bound by Sections 14, 15 and 23 of this Agreement;

**(viii)** Franchisee or the Owner, as applicable, pays to Franchisor a transfer fee equal to Ten Thousand Dollars (\$10,000), and pays to Franchisor a transfer fee equal to (a) Twenty Five Thousand Dollars (\$25,000) if the Restaurant is operating or (ii) Ten Thousand Dollars (\$10,000) if the Restaurant is unopen. The transfer fees must be deposited with Franchisor on a non-refundable basis upon Franchisee's notification to Franchisor of the proposed transfer and prior to Franchisor's undertaking any review, drafting of documents, training or other activities. If Franchisor does not approve the transfer, Franchisee's transfer fees will be returned respectively to Franchisee, minus Franchisor's expenses incurred (including legal fees) for review and consideration of the transfer;

**(ix)** The proposed transferee, and all owners of any interest in a transferee that is an entity, provide Franchisor, at least forty-five (45) days prior to the proposed transfer date, with copies of financial statements for the preceding three years, and where applicable, its certificate of incorporation and bylaws (and any amendments or modifications thereof), minutes and resolutions and all other documents, records and information pertaining to the transferee's existence and ownership;

**(x)** Within the time specified by Franchisor, Franchisee, at its expense, shall refurbish the Restaurant and/or Premises, as necessary, to conform the Restaurant and/or Premises to Franchisor's then-current standards and specifications, including, without limitation, specifications regarding, size, color, trade dress, presentation of the Marks, fixtures, flooring, carpeting, and installed equipment;

**(xi)** If Franchise consists of one or more individual(s), Franchisee may Transfer its interest under this Agreement to a corporation, limited liability company or other legal entity so long as: (1) the legal entity is owned entirely by all of the original individual franchisees or personal guarantors hereof; (2) each and all of the obligations of Franchisee and the new legal entity are personally guaranteed by the original individual franchisees or personal guarantors hereof; (3) Franchisor receives prior written notice of the Transfer along with a complete set of the new legal entity's filed, date stamped formation documents; and (4) Franchisee and the new legal entity enter into a written assignment and assumption agreement in a form prescribed by Franchisor pursuant to which the new legal entity assumes and agrees to discharge all of Franchisee's obligations under this Agreement; and

**(xii)** Franchisor's consent to a Transfer of any interest in Franchisee or the Restaurant granted through this Agreement will not constitute a waiver of any claims it

may have against the transferring party, nor will it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

**(f) Ownership and Structural Changes.** Except for transfers between Permitted Transferees, any ownership or structural changes in Franchisee including but not limited to, any merger, reorganization, issuance of additional shares or classes of stock or additional partnership interests, shall constitute and be deemed a transfer and shall be subject to the provisions of Section 13(d). If Franchise consists of one or more individual(s), Franchisee may transfer its interest under this Agreement to a corporation, limited liability company or other legal entity so long as: (1) the legal entity is owned entirely by all of the original individual franchisees or personal guarantors hereof; (2) each and all of the obligations of Franchisee and the new legal entity are personally guaranteed by the original individual franchisees or personal guarantors hereof; (3) Franchisor receives prior written notice of the Transfer along with a complete set of the new legal entity's filed, date stamped formation documents; and (4) Franchisee and the new legal entity enter into a written assignment and assumption agreement in a form prescribed by Franchisor pursuant to which the new legal entity assumes and agrees to discharge all of Franchisee's obligations under this Agreement.

**(g) Death/Incapacity/Dissolution.** Franchisor shall have the right to determine, in its reasonable business judgment, the mental or physical incapacity of Franchisee or of any individual holding an interest in Franchisee. In the event of such a determination of mental or physical incapacity, the holder of such interest or any duly appointed guardian must promptly decide whether to retain the interest in the Restaurant and, if necessary, select a qualified manager to direct its operation. The persons with such interest or such guardian may then apply to Franchisor for the right to retain that interest for the duration of the Term and any renewals of this Agreement. Likewise, if Franchisee is a corporation, partnership or other entity, upon the death or incapacity, determined at Franchisor's sole discretion, of an Owner or dissolution of Franchisee, the executor, administrator, conservator, trustee or other representative of such person or entity shall comply with the right of first refusal and consent provision set forth in Section 13; provided that if the transferee is a Permitted Transferee, Franchisor's right of first refusal and right to consent shall not apply and no transfer fee shall be payable. Further, if the transferee is required to be approved and is approved, and the transfer involves less than twenty-five percent (25%) of the ownership of Franchisee, no transfer fee shall be payable. If a Franchisee is one or more individual and any such person dies or becomes permanently incapacitated, and if the law of the jurisdiction where the Restaurant is located so provides, nothing contained in this Section 13(g) shall deny the spouse, heirs or personal representative of such a Franchisee the opportunity to participate in the ownership of the Restaurant for a reasonable time after the death or incapacity of Franchisee, provided that the spouse, heirs or personal representative execute an acknowledgement that this Agreement is valid and in effect. If the transfer fails to occur within nine (9) months of the date of death, incapacity, or dissolution, then the license to operate the Restaurant shall terminate.

Not in lieu of any additional rights Franchisor may have, upon death or disability of Franchisee or any Owner of Franchisee, Franchisor may, but need not, assume operational authority for the Restaurant (or appoint a third party to assume operational authority) and take possession of the Premises until the transfer pursuant to this Section 13(g) is completed. The terms and conditions for the exercise of Franchisor's step-in right are set forth in Section 19(d).

Note that the Addendum to Franchise Agreement, if executed, will effect changes to Sections (d) and (e) above, as required by the Small Business Administration, in the event Franchisee is obtaining financing through that Administration.

**14. Covenants Against Unfair Competition.**

**(a) Franchisee's Covenants Against Unfair Competition – During Term.** Franchisee acknowledges it will receive valuable, specialized training and Confidential Information (as defined in Section 15) regarding the production, service, operational, sales, promotional, and marketing methods of the VILLAGE JUICE & KITCHEN concept that Franchisor has developed through monetary and other resource expenditures that provide competitive advantages to Franchisor's System. During the Term, Franchisee and its Owners will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

- (i) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, salesperson or consultant for, any Competitive Business (as defined in Section 14(f)); or
- (ii) offer or grant franchises or licenses for any Competitive Business; or
- (iii) become a franchisee or licensee of any Competitive Business; or
- (iv) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

**(b) Franchisee's Non-Solicitation Covenant – During Term.** Franchisee acknowledges it will receive customer and vendor information that is considered Confidential Information of the Franchisor. During the Term, Franchisee and its Owners will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

- (i) solicit, divert or attempt to solicit or divert any person or party who is or was a customer of the Restaurant at any time during the term of this Agreement, to any Competitive Business, as Franchisee agrees that all goodwill associated with Franchisee's operation under the Marks and the System, and all customer information associated therewith, inure to Franchisor; or
- (ii) solicit, divert, or attempt to solicit or divert, any vendor that has done business with the Restaurant to provide supplies, products, equipment, merchandise, or services to a Competitive Business.

**(c) Franchisee's Covenant Against Unfair Competition – Post-Term.** In partial consideration for Franchisor allowing Franchisee to license Franchisor's Marks and Confidential Information, Franchisee and each of the Franchisee's Owners covenant and agree that for a period of two (2) years after the termination, expiration, or non-renewal of this Agreement, regardless of the reason for such termination, expiration, or non-renewal ("Restrictive Period"), Franchisee and



its Owners shall not, within the Restrictive Territory (as defined in Section 14(e) below) engage in any of the following:

(i) franchise, license, or own an interest in any Competitive Business, including as franchisor, licensor, franchisee or licensee, provided that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 14(c) so long as Franchisee does not own themselves or through their spouses or partners more than one percent (1%) of the securities of such corporation; or

(ii) engage in any Competitive Business as an officer, director, employee, consultant, manager, operator, or independent contractor in any capacity in which Franchisee or its Owners would be in a position to use or disclose Confidential Information.

(d) **Franchisee's Non-Solicitation Covenant – Post-Term.** In partial consideration for Franchisor allowing Franchisee to license Franchisor's Marks and Confidential Information, Franchisee and each of the Franchisee's Owners covenant and agree that during the Restrictive Period, Franchisee and its Owners shall not, within the Restrictive Territory engage in any of the following:

(i) solicit, divert, or induce or attempt to solicit, divert, or induce for, or on behalf of, any Competitive Business any person or entity who was an employee of, independent contractor to, consultant to, or other service provider to the Restaurant as of the date of termination, expiration, or non-renewal of this Agreement or who was an employee of, independent contractor to, consultant to, or other service provider to the Restaurant during the one (1) year period prior to the date of termination, expiration, or non-renewal of this Agreement, to work for the Competitive Business; or

(ii) solicit, divert, or induce or attempt to solicit, divert, or induce any persons who were employees of, independent contractors to, consultants to, or any other service provider to Franchisor, Franchisor's affiliates, or Franchisor's other franchisees at the time of the termination, expiration, or non-renewal of this Agreement for, or on behalf of, any Competitive Business to work for any Competitive Business; or

(iii) solicit, divert, or attempt to solicit or divert, any vendor that has done business with the Restaurant during the one (1) year period prior to the expiration, termination, or non-renewal of this Agreement to provide supplies, products, equipment, merchandise, or services to a Competitive Business; or

(iv) solicit, divert or attempt to solicit or divert any person or party that was a customer of the Restaurant during the one (1) year period prior to the expiration, termination, or non-renewal of this Agreement, to any Competitive Business.

(e) **Restrictive Territory.** For purposes of this Section 14, the term "Restrictive Territory" means the following:

(i) at the Location; or

(ii) the locations at which Franchisor or its affiliates operate any VILLAGE JUICE & KITCHEN businesses as of the date of termination, expiration, or non-renewal of this Agreement; or

(iii) the locations of any of Franchisor's other franchisees as those locations exist as of the date of termination, expiration, or non-renewal of this Agreement; or

(iv) an area which is within a 15-mile radius of:

(A) The Restaurant as of the date of termination, expiration, or non-renewal of this Agreement, or

(B) The location of any other VILLAGE JUICE & KITCHEN business owned by Franchisor or its affiliates or franchisees as of the date of termination, expiration, or non-renewal of this Agreement.

(f) **Competitive Business.** For purposes of this Section 14, the term "Competitive Business" means any business that receives Twenty-Five Percent (25%) or more of its gross sales from the sale of primarily plant-based food options, juices, milks, smoothies, smoothie bowls, salads, grain bowls, raw vegan desserts or related products on a dine-in or carry-out basis, other than a VILLAGE JUICE & KITCHEN business that Franchisee is authorized by Franchisor to operate ("Competitive Business").

(g) **Reasonableness.** The foregoing above in-term and post-termination covenants against unfair competition with respect to similar Competitive Businesses shall apply regardless of how or why the Agreement terminates, expires, or does not renew. The parties agree that the foregoing covenants contained in this Section 14 contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect Franchisor's goodwill or Franchisor's other business interest and its franchisees and the provisions do not prevent Franchisee or its owners from earning a living. Franchisee agrees that the scope of activities prohibited in this Section 14, and the length of the term and geographical restrictions in this Section 14, are necessary to protect the legitimate business interests and are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind. Franchisee's full, uninhibited, and faithful observance of each of the covenants in this Section 14 will not cause any undue hardship, financial or otherwise. Enforcement of each of the covenants in this Section 14 will not impair Franchisee's or its owners' ability to obtain employment commensurate with Franchisee's or its owners' abilities or on terms fully acceptable to Franchisee or otherwise to obtain income required for the comfortable support of Franchisee and its owners and their families, and the satisfaction of the needs of all of Franchisee's and its owners' creditors. Franchisee's and its owners' special knowledge of a restaurant business (and anyone acquiring this knowledge through Franchisee or its owners) is such as it would cause Franchisor serious injury and loss if Franchisee or its owners (or anyone acquiring this knowledge through Franchisee or its owners) were to use this knowledge to the benefit of a competitor or were to compete with Franchisor or its franchisees. The covenants in this Section 14 are to be construed as independent of any other covenant or provision of this Agreement. The existence of any claim Franchisee or any of its owners may have against Franchisor or any of its affiliates (regardless of whether arising under this Agreement) is not a

defense to the enforcement of these covenants against Franchisee or its owners. In the event of any violation of the provisions of this Section 14, the Restrictive Period shall be extended by a period of time equal to the period of the violation. Franchisee and Franchisor agree that the running of the applicable post-termination Restrictive Period shall be tolled during any period of such violation.

(h) **Managerial and Supervisory Employees.** Franchisee covenants that it shall cause all persons who are involved in managerial or supervisory positions with Franchisee to enter into an agreement to be bound by Sections 14 and 15 of this Agreement. Franchisee agrees to provide Franchisor with copies of such executed agreement upon request. If Franchisee has reason to believe that any person has violated any such provisions of this Agreement, Franchisee shall promptly notify Franchisor and cooperate with Franchisor to protect Franchisor against unfair competition, infringement, or other unlawful use of the Marks, trade secrets, recipes, or System of Franchisor. Franchisee further grants Franchisor the right, but not the obligation, to prosecute any such lawsuits at Franchisor's expense in the name of Franchisee.

**15. Trade Secrets and Confidential Information.** Franchisee understands and agrees that Franchisor has disclosed or will hereafter disclose to Franchisee certain confidential or proprietary information and trade secrets (collectively, "Confidential Information"). Except as necessary in connection with the operation of the Restaurant and as approved by Franchisor, Franchisee shall not, during the Term or at any time after the expiration or termination of this Agreement, regardless of the cause of termination, directly or indirectly, use for its own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any Confidential Information. Franchisee, the Owners, and all guarantors of this Agreement will divulge Confidential Information only to personnel, if any, who must have access to it in order to operate the Restaurant. Further, Franchisee will require all personnel having access to any Confidential Information to execute an agreement, requiring them to maintain the confidentiality of information they receive in connection with their employment at the Restaurant and disclose to its employees only such Confidential Information as is necessary to operate the Restaurant and then only while this Agreement is in effect. Those agreements will be in a form satisfactory to Franchisor. "Confidential Information" includes any information, not generally known to the public, in any form, relating to the System and/or the Restaurant and its operations, including all trade secrets of the Restaurant; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Restaurant not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Restaurant (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); product formulas, recipes or methods of production; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that Franchisor or its affiliates designate as confidential, including all information contained in the Brand Standards Manual.

**16. Insurance.**

(a) **Types and Extent of Coverage.** Franchisee shall obtain and maintain throughout the Term such insurance coverages with such limits as specified below (or such greater amounts of insurance as may be required by the terms of any lease or mortgage relating to the Premises):

(i) fire, extended coverage, vandalism, malicious mischief and special extended peril insurance at not less than ninety percent (90%) of the actual replacement value of the building (if owned), and contents, and improvement.

(ii) workers' compensation and other insurance required by law;

(iii) business interruption insurance; and

(iv) comprehensive general liability insurance on an occurrence basis naming Franchisor and its officers, directors and employees as an additional insured as follows;

(A) general liability with minimum coverage of One Million Dollars (\$1,000,000);

(B) damage to premises with minimum coverage of One Hundred Thousand Dollars (\$100,000);

(C) personal injury with minimum coverage of One Million Dollars (\$1,000,000);

(D) motor vehicle combined with minimum coverage of One Million Dollars (\$1,000,000);

(E) product liability with minimum coverage of Two Million Dollars (\$2,000,000);

(F) employment practices liability insurance with minimum coverage of Five Hundred Thousand Dollars (\$500,000);

(G) employee workmen's compensation with minimum coverage conforming to statutory limits; and

(H) general aggregate umbrella with minimum coverage of Two Million Dollars (\$2,000,000)

(b) **Other Insurance Requirements.** Franchisee shall obtain from a nationally recognized insurance company and at all times during the term of this Agreement maintain in force and pay the premiums for all types of insurance listed above with complete operations coverage. All policies of insurance required to be maintained hereunder shall: (i) be written as primary policy coverage and not "excess over" or contributory with any other applicable insurance, including Franchisor's insurance; (ii) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer(s)' liability; (iii) shall not contain any special limitations on the scope of coverage afforded to Franchisor; (iv) shall provide that any failure by Franchisee or any of Franchisee's employees, agents, subcontractors or suppliers, to comply with any notice, reporting or other similar provisions of such policies shall not affect the coverage provided to Franchisor. From time to time in Franchisor's discretion, Franchisor may increase or modify such limits of liability or require additional types of coverage. The insurance policies shall name Franchisor and any affiliates, officers, members, owners, subsidiaries, , and

employees Franchisor designates as “additional insured” and shall expressly protect both Franchisor and Franchisee (and any other additional insured) on a primary and non-contributory basis and shall require the insurer to defend both Franchisor and Franchisee (and any other additional insured) in any action while reserving Franchisor’s right to involve counsel of Franchisor’s own choosing in protection of Franchisor’s own and system wide interests. Additionally, Franchisee’s insurance policy must waive on behalf of your insurer any right of subrogation by the insurance company against Franchisor and Franchisor’s officers, shareholders, and employees. Franchisee understands that doing so does not necessarily furnish Franchisee with protection levels adequate to Franchisee’s needs and that Franchisee’s obligation to indemnify Franchisor as set forth in this Agreement may exceed the amount of insurance Franchisee is required to obtain or does obtain. If Franchisee fails to procure or maintain in force any insurance required by this Section or fails to furnish the certified copies or certificates thereof required hereunder, Franchisor may, in addition to any other remedy Franchisor may have, procure such insurance and/or certified copies or certificates, and Franchisee shall promptly reimburse Franchisor for all premiums and other costs incurred in connection therewith through electronic funds transfer. At least thirty (30) days prior to the time any insurance is first required to be carried by you, you will deliver or caused to be delivered to us Certificates of Insurance evidencing the proper coverage with limits not less than those required by this Agreement and evidencing that we are named as an additional insured under such policy on a primary and non-contributory basis as required in this Agreement. At least thirty days prior to expiration of any such policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing that Franchisee has procured proper renewal or replacement coverage with limits not less than those required by this Agreement and reflecting that Franchisor and its affiliates are additional insured under the policy on a primary and non-contributory basis as required herein. All Certificates will expressly provide that at least thirty (30) days’ prior written notice will be given to Franchisor in the event of any alteration to, or cancellation of, the coverage evidenced by the Certificates of Insurance. Franchisee Indemnifying Parties’ obligations to indemnify Franchisor Indemnified Parties are separate from and in addition to these insurance obligations.

(c) Franchisee will acquire and maintain in force cyber liability insurance coverage with single occurrence limits of not less than as set forth in Franchisor’s Brand Standards Manual (it being understood that such policy will be in place within thirty (30) days following the Agreement Effective Date).

(d) Franchisor, or its insurer, shall have the right to participate in discussions with Franchisee’s insurance company or any claimant (in conjunction with Franchisee’s insurance company) regarding any claim of liability, and Franchisee agrees to adopt Franchisor’s reasonable recommendations to its insurance carrier regarding the settlement of any such claims.

(e) Should Franchisee for any reason fail to procure or maintain the insurance required by this Agreement, Franchisor will have the right and authority to immediately procure such insurance deemed to be necessary and to charge the amount of the cost to procure and maintain such insurance to Franchisee, along with a reasonable fee for Franchisor’s expenses in procuring the insurance, Franchisor is authorized to collect from Franchisee all insurance related expenses paid on behalf of Franchisee through EFT as provided for in Section 3 of this Agreement.

## **17. Termination.**

**(a) Automatic Termination.** Franchisee shall be in default under this Agreement, and this Agreement and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee in the event that (i) Franchisee makes a general assignment for the benefit of creditors or a petition in bankruptcy is filed by Franchisee; (ii) a petition in bankruptcy is filed against and not opposed by Franchisee; (iii) Franchisee is adjudicated as bankrupt or insolvent; (iv) a bill in equity or other proceeding is filed for the appointment of a receiver or other custodian for Franchisee's business or assets if filed and consented to by Franchisee; (v) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) proceeding for a composition with creditors under any state or federal law should be instituted by or against Franchisee; (vii) a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appeal or supersedeas bond is filed); (viii) Franchisee is dissolved; (ix) any portion of Franchisee's interest in the Restaurant becomes subject to an attachment, garnishments, levy or seizure by any credit or any other person claiming against or in the rights of Franchisee; (x) execution is levied against Franchisee's business or property; or (xi) the real or personal property of Franchisee's Restaurant shall be sold after levy thereupon by any sheriff, marshal, or constable.

**(b) Termination with Notice; No Opportunity to Cure.** Franchisee shall be in default and Franchisor may, at its option, terminate this Agreement and all rights granted herein, without affording Franchisee any opportunity to cure the default, effective upon the earlier of receipt of notice of termination by Franchisee, or five (5) days after mailing of such notice by Franchisor, upon the occurrence of any of the following events:

**(i)** Franchisee at any time ceases to operate or otherwise abandons the Restaurant or forfeits the right to do or transact business in the jurisdiction where the Restaurant is located or loses the right to possession of the Premises for a period of fourteen (14) days; provided, however, that if any such loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of Franchisee the Premises are damaged or destroyed, then Franchisee shall have forty-five (45) days after either such event in which to apply for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld), provided, Franchisee shall either relocate or commence and diligently pursue reconstruction of the Restaurant within sixty (60) days after the event;

**(ii)** Except as otherwise permitted in this Agreement, any owner of more than five percent (5%) interest in Franchisee transfers all or part of such interest or Franchisee transfers any interest in the Restaurant, a material portion of the assets of the Restaurant or Franchisee;

**(iii)** Franchisee or any person or entity owning more than fifty percent (50%) of Franchisee is proven to have engaged in fraudulent conduct, or is convicted of, or pleads guilty or no contest to a felony or a crime involving moral turpitude, or any other crime or offense that is reasonably likely to have an adverse effect on the Chain, the Marks or the goodwill associated therewith; provided, that if the act or conviction involves an owner of Franchisee, Franchisor will not terminate this Agreement if Franchisee notifies Franchisor promptly after it learns of the event constituting the default, and within fifteen (15) days of the date of the notice, either (a) the person or entity that committed the wrongful act divests

his or its entire interest in Franchisee, or (b) Franchisee obtains Franchisor's consent for such owner to maintain his or its ownership interest;

(iv) An approved transfer is not affected within nine months of the death or incapacity of any individual Franchisee; or the death, incapacity or dissolution of any owner of an interest in Franchisee;

(v) Franchisee is given two (2) or more notices of being in default under any of the terms or requirements of this Agreement within any 12-month period, whether or not such defaults are timely cured after notice;

(vi) Franchisee fails to comply with any of the covenants of Franchisee set forth in this Agreement, or makes any material misrepresentation to Franchisor or breaches any warranty of representation made to Franchisor, whether in this Agreement or otherwise;

(vii) Franchisee knowingly or intentionally maintains false books or records or submits any false records, statement or report to Franchisor; or

(viii) Franchisee, by act or omission, impairs the value of, or the goodwill associated with, the Chain, any of the Marks or the System.

(ix) Franchisee takes, withholds, misdirects, or appropriates for Franchisee's own use any funds from Franchisee's employees' wages for employees' taxes, FICA, insurance or benefits, or generally fails to deal fairly and honestly with Franchisee's employees or customers.

(x) Franchisee loses or is denied any federal, state or local license that Franchisee must possess in order to operate the Restaurant.

(xi) Franchisee agrees that if during the period prior to the opening date of the Restaurant: (a) any representations or warranties of Franchisee and/or the Operations Manager prove to be inaccurate or false, (b) the Operations Manager fails to take or pass any of Franchisor's required training, (c) the Operations Manager and/or Franchisee fails to pass any credit or character check performed by or on behalf of Franchisor, and/or (d) Operations Manager and/or Franchisee fail to timely or diligently perform any duties or obligations during the period prior to the opening date, then Franchisor shall have the right, but not the obligation, to either (a) pay Franchisee the portion of the Initial Franchise Fee that has been paid to Franchisor minus Ten Thousand Dollars (\$10,000) and to immediately terminate this Agreement and the relationship between Franchisor and Franchisee without any duty to provide Franchisee any notice or opportunity to cure such breach or (b) terminate this Agreement.

(xii) Franchisee begins operation of the Franchised Business prior to receiving prior written approval from Franchisor that Franchisee may open for business.

(xiii) Franchisee operates under any trademark not approved by Franchisor or otherwise uses any trademark not approved by Franchisor in the operation of the Franchised Business.

**(c) Termination with Opportunity to Cure.** Except for those defaults provided for under Sections 17(a) or 17(b), Franchisee shall 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 in the Brand Standards Manual, policy and procedure statement or other written document provided by Franchisor, or to carry out the terms of this Agreement in good faith. For such defaults, Franchisor will provide Franchisee with written notice and fifteen (15) days to cure or, if a default cannot reasonably be cured within fifteen (15) days, to initiate within that time substantial and continuing action to cure such default and to provide Franchisor with evidence of such actions. If the defaults specified in such notice are not cured within the fifteen (15) day period, or if substantial and continuing action to cure has not been initiated, Franchisor may, at its option, terminate this Agreement upon written notice to Franchisee. Such defaults shall include, without limitation, the occurrence of any of the following events:

**(i)** Franchisee fails to construct or remodel or to commence operating the Restaurant in accordance with this Agreement or Franchisee fails to provide prior to opening a commitment letter from a financial institution representing sufficient working capital within the range identified in Item 7 of the Franchise Disclosure Document provided to Franchisee;

**(ii)** Franchisee fails, refuses, or neglects to promptly pay any monies owing to Franchisor, its affiliates or the Brand Fund when due or to submit the financial or other information required under this Agreement;

**(iii)** Any person or entity owning five percent (5%) or more of Franchisee makes a transfer of such interest in violation of this Agreement; provided, however, that Franchisee's right to cure such a default shall be conditioned upon Franchisee immediately notifying Franchisor of the improper transfer and taking all actions necessary to either (a) obtain Franchisor's approval thereof, or (b) if approval is not desired or the transfer or transferee is not approved by Franchisor, to re-acquire the interest so transferred;

**(iv)** A threat or danger to public health or safety results from the construction, maintenance, or operation of the Restaurant;

**(v)** Franchisee or any of its Owners or employees misuses or makes any unauthorized use of the System or the Marks;

**(vi)** If Franchisee is convicted of or pleads guilty or nolo contendere to a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is injurious to the Chain, the Marks, or the goodwill associated therewith, or if Franchisor has proof Franchisee has committed such a felony, crime or offense; including, but not limited to, abuse, abuse of customers, use of employees who do not meet Franchisor's then-current standards and training requirements, health or safety hazards, drug or alcohol problems, or permitting unlawful activities at Franchisee's business;

**(vii)** Franchisee is found liable by any judicial, administrative, or arbitral body for violation of federal, state, or local laws barring discrimination on the basis of race, sex, national origin, age or sexual orientation, or is found liable for any common law civil claim



the facts of which are grounded in allegations of discrimination on the basis of race, sex, national origin, age, or sexual orientation;

(viii) Franchisee maintains false books or records, or knowingly submits any false reports to Franchisor;

(ix) Franchisee submits to Franchisor on two (2) or more separate occasions at any time during the Term or any renewal hereof, any reports or other data, information or supporting records which understate the Gross Sales of the Restaurant, the Continuing Royalties and/or any other sums owed to Franchisor for any period of, or periods aggregating, three (3) or more weeks, and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

(x) Franchisee, after curing a default pursuant to Sections 2 or 17 of this Agreement, commits the same act of default again within six (6) months; or

(xi) Franchisee is in default under Sections 2 or 17 of this Agreement more than twice in any calendar year or more than three (3) times during any three (3) year period for failure to substantially comply with any of the requirements imposed by this Agreement.

(xii) Franchisee fails to maintain a good credit rating by failing to make prompt payment of undisputed bills, invoices or statements from suppliers of products and services.

Franchisee hereby authorizes Franchisor to notify any lender, creditor, customer or landlord of Franchisee or the Restaurant upon the occurrence of any default under this Section, or any event or circumstances which the giving or notice or passage of time or both would constitute an event of default under this Section, and to otherwise communicate with such lenders, creditors, customers or landlords with respect to any such default, or any such event or circumstance.

(d) **Relief in Equity.** Franchisee agrees that neither termination of this Agreement nor an action at law, nor both, would be an adequate remedy for a breach or default by Franchisee, or by any other persons bound by this Agreement, in the performance of any obligation relating to Franchisor's Marks or indicia, the trade secrets revealed to Franchisee in confidence pursuant to this Agreement or the obligations of Franchisee and such other persons upon and after termination of this Agreement. The parties therefore agree that in the event of any such breach or default, in addition to all other remedies provided elsewhere in this Agreement or by law, Franchisor shall be entitled to relief in equity from a judge or arbitrator, at its option, (including a temporary restraining order, temporary or preliminary injunction and permanent mandatory or prohibitory injunction) to restrain the continuation of any such breach or default or to compel compliance with such provisions of this Agreement.

(e) **Termination by Franchisee.** Franchisee may terminate this Agreement if Franchisor violates a material provision of this Agreement and fails to remedy or to make substantial progress toward curing the violation within ninety (90) days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective ten (10) days after Franchisor receives written notice of termination. If Franchisee terminates this

Agreement under this provision, Franchisee must follow the termination procedures as set forth in Section 18.

**(f) Limitation of Services or Benefits.** Franchisor shall have the right, but not the obligation, to temporarily or permanently limit or remove certain services or benefits provided or required to be provided to Franchisee hereunder in lieu of exercising its right to terminate this Agreement pursuant to the terms hereof, including, without limitation, eliminating Franchisee's right to use Franchisor's website free of charge, restricting or removing Franchisee's right to purchase products directly or indirectly from Franchisor or its affiliates, limiting Franchisor's advertising and promotional assistance, and restricting or removing Franchisee's right to use Franchisor's proprietary computer software, if any. Nothing in this Section constitutes a waiver of any other right or remedy of Franchisor under this Agreement. Franchisee acknowledges that Franchisor's exercise of its rights pursuant to this Section shall not be deemed a constructive termination. Any services or benefits removed or limited pursuant to this Section may be reinstated at any time in Franchisor's sole discretion.

**(g) Cross-Defaults.** Any default by Franchisee (or any Owner or affiliate of Franchisee) under this Agreement shall be a default under any other agreement between Franchisor (or any of Franchisor's affiliates) and Franchisee (or any owner or affiliate of Franchisee). Any such default under any other agreement or any other obligation between Franchisor (or any affiliate of Franchisor) and Franchisee (or any Owner or affiliate of Franchisee) shall be a default under this Agreement. Any default by Franchisee (or any Owner or affiliate of Franchisee) under any lease, sublease, loan agreement, or security interest may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between Franchisee (or any Owner or affiliate of Franchisee) and Franchisor (or any affiliate of Franchisor).

**(h) Extended Cure Period.** Notwithstanding anything to the contrary in this Agreement, Franchisor reserves the right to grant to Franchisee in Franchisor's sole discretion an extended cure period for any breach. Franchisee acknowledges that Franchisor's decision to grant such an extended cure period shall not operate as a waiver of any of Franchisor's rights and that Franchisor can choose to condition such an extension upon the signing of a general release by Franchisee; owners; guarantors of the Franchisee; and their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns. If any law applicable to this Section requires a longer notice period prior to termination of this Agreement than is specified in this Agreement, a different standard of "good cause," or the taking of some other action not required under this Agreement, the prior notice, "good cause" standard, and/or other action required by such law will be substituted for the comparable provisions in this Agreement.

**(i) Noncompliance.** Without waiving Franchisor's rights that Franchisor may have, and in Franchisor's sole discretion, Franchisor may elect not to terminate Franchisee's franchise agreement as a result of a default. In the event a default occurs, Franchisor may elect to give written notification (a "Notice of Noncompliance") to Franchisee that its Restaurant is not in compliance with the terms and conditions of this Agreement. Such Notice of Noncompliance shall state a period for Franchisee to cure the noncompliance, which shall be a period not less than thirty

(30) days. For a period of six months from and after the date of such Notice of Noncompliance, Franchisee shall reimburse Franchisor for reasonable costs that Franchisor incurs with respect to the Restaurant, including without limitation the costs of any audit or inspection of the Restaurant in excess of Franchisor's normal audit program, any mystery shopping for the Restaurant during such six (6) month period in excess of Franchisor's normal mystery shopping program applied to all franchised businesses, additional training that Franchisor determines is required to bring the Restaurant up to Franchisor's standards, and any personnel costs incurred by Franchisor at the Restaurant to ensure the proper management and operation of the Restaurant. Nothing in this section shall limit Franchisor's termination rights as otherwise set forth in this Agreement, which Franchisor reserves the right to exercise at any time.

(j) **Step-In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights Franchisor may have, upon an event of default by Franchisee and failure to cure such default within the applicable time period (if any), Franchisor or its affiliate has the right, but not the obligation, upon written notice of the exercise of this right, to enter upon Franchisee's business premises and exercise complete authority with respect to the operation of Business until such time as Franchisor determines that the default has been cured and Franchisee is otherwise in compliance with this Agreement, or, if the default is incurable, until such time as Franchisor in its sole discretion terminates this Agreement. In the event Franchisor exercises the rights described in this Section, in addition to all amounts otherwise owed pursuant to this Agreement, Franchisee must reimburse Franchisor or its affiliate for all reasonable costs and overhead, if any, incurred in connection with its operation of the Business including, without limitation, costs of personnel for supervising and staffing Franchisee's Store and their travel and lodging accommodations, plus a fee not to exceed Three Hundred Dollars (\$300) per day. Franchisee must also reimburse Franchisor or its affiliates for all attorneys' fees incurred in connection with its operation of the Business or its providing notice of its intent to so operate the Business. If Franchisor undertakes to operate the Store pursuant to this Section 17(j), Franchisee agrees to indemnify and hold Franchisor or its affiliate (and its representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the franchised business.

**18. Obligations upon Termination, Non-Renewal or Expiration.** Upon termination, non-renewal, or expiration of this Agreement, all rights granted hereunder to Franchisee shall terminate and revert to Franchisor, and Franchisee shall have the following obligations with respect to the Restaurant franchised under this Agreement:

(a) Franchisee shall immediately cease to operate the business licensed under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a VILLAGE JUICE & KITCHEN franchisee with respect to such business;

(b) Franchisee shall immediately and permanently cease to use, in any manner whatsoever, all confidential information, methods, procedures and techniques used by or associated with the System, and the Proprietary Mark VILLAGE JUICE CO. and all other Marks and distinctive forms, slogans, signs, symbols, logos, trade dress, décor, branding materials and devices associated with the VILLAGE JUICE & KITCHEN Chain;

(c) Franchisee shall immediately return to Franchisor any property held or used by Franchisee which is owned by Franchisor and shall cease to use, and either destroy or convey to Franchisor, all signs, advertising materials, displays, stationery, forms, pint glasses, and any other materials that bear or display the Marks. If Franchisor does not exercise its rights to purchase as described in this Section 18(k), Franchisee shall de-identify the Premises. within ten (10) days of the notice from Franchisor that Franchisor is not going to exercise its rights. The de-identification procedures include removing all references to VILLAGE JUICE & KITCHEN, complying with Franchisor's instructions to remove trade dress items, branding items, signage, color schemes, fixtures, and décor items from the Restaurant;

(d) Franchisee shall take such actions as may be necessary to cancel any assumed name or similar registration which contains the mark VILLAGE JUICE CO. or any other Marks of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with its obligation within thirty (30) days after termination, non-renewal, or expiration of this Agreement;

(e) Franchisee shall, if Franchisor so requests, assign to Franchisor any interest which Franchisee has in any lease for the Premises. In the event Franchisor does not elect to exercise its option to acquire any lease for the Premises, and unless otherwise directed by Franchisor, Franchisee shall, within ten (10) days after termination, non-renewal, or expiration of this Agreement, make such modifications and alterations to the Premises as may be necessary to distinguish the appearance of the Premises from that of other VILLAGE JUICE & KITCHEN restaurants and shall make such specific additional changes thereto as Franchisor may reasonably request;

(f) Franchisee shall promptly pay all sums owed to Franchisor. Such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and the termination. Any outstanding obligations to Franchisor shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by Franchisee located on the Premises on the date this Agreement is terminated;

(g) Franchisee shall pay to Franchisor all damages, costs and expenses including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination, non-renewal, or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement;

(h) Franchisee shall immediately deliver to Franchisor all manuals, policy and procedure statements, instructions, and other materials related to operating the Restaurant, including, without limitation, brochures, charts and any other materials provided by Franchisor and all copies thereof, and shall neither retain nor convey to another any copy or record of any of the foregoing;

(i) Franchisor shall have the option, to be exercised within thirty (30) days of termination, to assume Franchisee's assumed name or equivalent registration and business licenses, telephone numbers, telephone directory listings and advertisements (whether in print or part of an Internet directory), and e-mail addresses and/or Internet domain names which contain

the Mark of Franchisor or its affiliates, and Franchisee shall sign all documents necessary to permit Franchisor to assume Franchisee's rights in such items. If Franchisor elects not to exercise this option, Franchisee shall take all action necessary to cancel each of the items listed above and shall furnish Franchisor with evidence satisfactory to prove its compliance within fifteen (15) days after receiving notice of Franchisor's termination, non-renewal, or expiration of this Agreement and the expiration of the option granted herein. In the event Franchisee fails to timely do so, Franchisor shall have the right, for which purpose Franchisee hereby appoints Franchisor as its attorney-in-fact, to obtain such cancellation on Franchisee's behalf and at Franchisee's expense.

(j) Franchisee shall 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.

(k) Franchisee shall sell to Franchisor, f.o.b., the Restaurant and all or such part of inventories of products bearing Franchisor's Marks or indicia on hand as of the date of termination as Franchisor may request in writing prior to, or within the thirty (30) days following the date of termination. Such sale will be at the current published prices then being charged by Franchisor, its affiliates or approved suppliers to authorized franchisees, not including costs of storage or transportation paid by Franchisee to bring the goods initially to the Restaurant, and less those costs incurred or to be incurred by Franchisor to restore such goods or packaging thereof to a salable condition, and less a reasonable allowance for physical deterioration, obsolescence or damage. Franchisor shall have the right to set off and apply any amounts due to Franchisee pursuant to this subsection against any and all other amounts which may be due from Franchisee to Franchisor.

(l) Upon the termination, non-renewal, or expiration of this Agreement, Franchisor, or Franchisor's designee, shall also have the option, but not the obligation, to purchase any personal property used in connection with the operation of Franchisee's Restaurant by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after such termination, non-renewal, or expiration and paying Franchisee the book value for such personal property within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Restaurant, or Franchisor may require that Franchisee close the Restaurant during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Restaurant. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property;

validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise. Franchisor may exclude from the personal property purchased under this Subsection 18(l) cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Restaurant's operation or that Franchisor has not approved as meeting standards for the Restaurant.

(m) Upon termination of this Franchise Agreement by Franchisor under Sections 17(a), (b), and (c), Franchisee agrees to pay to Franchisor within fifteen (15) days after the termination of this Agreement, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees and National Brand Fund contributions (without regard to any fee waivers or other reductions) that are owed by Franchisee to Franchisor during the twelve (12) months of operation preceding the effective date of termination multiplied by the lesser of: (i) thirty-six (36), or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than fifty thousand dollars (\$50,000). The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Franchise Agreement's termination and the loss of cash flow from Royalties and Brand Fund Contributions due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalties and Brand Fund Contributions would have grown over what would have been this Franchise Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

(n) Franchisee shall notify the telephone company, all telephone directory publishers, and all domain name registries and Internet service providers, or any provider of an Online Presence, of the termination or expiration of Franchisee's right to use any telephone, facsimile, Online Presence, or other numbers names and telephone directory listings, Online Presences, associated with any Mark, authorize the transfer of these numbers, names, and directory listings to Franchisor or at Franchisor's direction, and/or instruct the telephone company, domain name registries, Online Presence service provider, and Internet service providers to forward all calls, e-mails and electronic communications made to Franchisee's names, numbers, or addresses to names, numbers, or addresses Franchisor specifies. If Franchisee fails to do so, Franchisor may take whatever action and sign whatever documents Franchisor deems appropriate on Franchisee's behalf to effect these events.

(o) Franchisee shall comply with Franchisor's instructions relating to Franchisee Data and shall immediately transfer all ownership interest in Franchisee Data, at Franchisor's request and in accordance with all applicable law.

(p) Franchisee shall comply with Franchisor's instructions relating to the Computer System.

## **19. Independent Contractor; Indemnification.**

(a) **Independent Contractor.** It is understood and agreed by the parties that this Agreement creates only a contractual relationship between the parties subject to the normal rule of contract law. This Agreement does not create a fiduciary relationship between the parties and Franchisee is and shall remain an independent contractor. Franchisee agrees to hold itself out to

the public as an independent contractor, separate and apart from Franchisor. Franchisee agrees that it shall not make any contract, agreement, warranty, or representation on Franchisor's behalf without Franchisor's prior written consent, and Franchisee agrees that it shall not incur any debt or other obligation in Franchisor's name. This Agreement shall not be deemed to confer any rights or benefits to any person or entity not expressly named herein.

**(b) Franchisee's Obligation to Indemnify.** Franchisee; Owners; guarantors of the Franchisee; for themselves and on behalf of their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns ("Franchisee Indemnifying Parties") agree to fully protect, indemnify, defend, reimburse, and hold Franchisor; Franchisor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, "Franchisor Indemnified Parties") harmless from and against all liabilities, losses, obligations, claims, demands, damages (consequential or otherwise), penalties, fines, costs, and expenses (including attorneys' fees) of any nature whatsoever (collectively, "Losses") incurred in connection with any action, suit, proceeding, claim, demand, judgment, investigation, inquiry, assessment, or formal or informal inquiry (regardless if reduced to judgment), or any settlement of the foregoing, of whatsoever nature (collectively, "Action"), arising from any of the following: (1) Franchisee Indemnifying Parties' actual or alleged violation of any law, rule, regulation, or ordinance; (2) damage to property; (3) injury to or death or disability of any person; (4) negligence, recklessness, misconduct, or criminal conduct by the Franchisee Indemnifying Parties', or any of Franchisee's employees or agents; (5) data breaches; (6) Franchisee Indemnifying Parties' breach of this Agreement or any representations and warranties they make herein; (7) infringement of any intellectual property rights; (8) product recalls; (9) any failure to warn or give instructions related to any products or services provided by Franchisor Indemnified Parties or by Franchisee; (10) any labor or employment law disputes relating to the Premise or the Restaurant or claims arising out of Franchisee's employment practices, including claims that any of the Franchisor Indemnified parties are the employer, joint employer, or co-employer of Franchisee or Franchisee's agents, employees, or contractors; (11) any acts, errors, or omissions of the Restaurant, the Franchisee Indemnifying Parties, and their employees, contractors, and agents; (12) any third party claim that arises from or is connected with the ownership, establishment, use, non-use, possession, condition, operation, closure, or maintenance of the Premises and the Restaurant. Franchisee Indemnifying Parties agree that this obligation to indemnify is regardless of the cause or concurrent or contributing fault or negligence of the Franchisor Indemnified Parties. Franchisee Indemnifying Parties hereby waive all claims against Franchisor Indemnified Parties arising from any of the foregoing. Franchisor Indemnified Parties shall not be liable for any act or omission of Franchisee Indemnifying Parties or their employees, contractors, or agents connected to or arising from the ownership, establishment, use, non-use, possession, condition, operation, or maintenance of the Premises and the Restaurant

Franchisee will also notify Franchisor by telephone of any Action within forty-eight (48) hours after such Action is initiated and in writing within four (4) days after such Action is initiated. Franchisor Indemnified Parties shall have the right, in their sole discretion, and at Franchisee's expense and risk, to: (1) retain counsel of their own choosing to represent them with respect to any

claim; and (2) control the response thereto and the defense thereof, including the right to enter into settlements or take any other mitigating, remedial, corrective, or other actions they deem appropriate. Franchisee Indemnifying Parties must reimburse Franchisor Indemnified Parties for all of Franchisor Indemnified Parties' costs, expenses, and all attorneys' fees immediately upon Franchisor Indemnified Parties' request. Franchisee Indemnifying Parties shall not, without the prior written consent of the Franchisor Indemnified Party, (A) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Franchisor Indemnified Parties, or (B) settle or compromise any claim in any manner that may adversely affect the Franchisor Indemnified Parties. Franchisee Indemnifying Parties agree to give their full cooperation to Franchisor Indemnified Parties in assisting with the defense of any such claim. Franchisor Indemnified Parties' undertaking of defense and/or settlement will in no way diminish Franchisee Indemnifying Parties' obligations to indemnify Franchisor Indemnified Parties and to hold Franchisor Indemnified Parties harmless. Under no circumstance will Franchisor Indemnified Parties be required to seek recovery from any insurer or other third party or otherwise mitigate Franchisor Indemnified Parties' or the third parties' losses to maintain a claim for indemnification against Franchisee Indemnifying Parties. Franchisee Indemnifying Parties agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by Franchisor Indemnified Parties from Franchisee.

Any and all of the Franchisee Indemnifying Parties' indemnification obligations under this Agreement shall survive the expiration, non-renewal, or sooner termination of this Agreement.

**(c) Payment of Taxes.** Franchisee shall promptly pay to Franchisor an amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on Continuing Royalties, any similar taxes or levies, imposed upon or required to be collected or paid by Franchisor or Franchisor's affiliates by reason of the furnishing of products, intangible property (including trademarks and trade names) or services by Franchisor to Franchisee through the sale, license, or lease of property or property rights provided by this Agreement other than taxes on Franchisor's net income.

**(d) Step-In Rights Generally.** In the event Franchisor exercises its step-in rights in accordance with the terms as set forth above, Franchisee must (in addition to paying all other amounts owed due under this Agreement) reimburse Franchisor or a designated third party for all reasonable costs and overhead, if any, incurred in connection with its operation of the Restaurant including, without limitation, costs of personnel for supervising and staffing the Restaurant and their travel and lodging accommodations, plus Franchisor's then-current Management Fee. Franchisee agrees that Franchisor or the third party may use monies from the Gross Sales of the Restaurant for these reimbursements and fees. If Franchisor (or a third party it appoints) undertakes to operate the Restaurant pursuant to the exercise of Franchisor's step-in rights, Franchisee Indemnifying Parties agree to indemnify and hold Franchisor Indemnified Parties or the third party (and its representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's or the third party's operation of the Restaurant. Franchisor (or a third party) has a duty to utilize only reasonable efforts to operate the Restaurant and will not be liable to Franchisee, Franchisee's Owners, or their respective heirs, beneficiaries, or devisees for any debts, losses, or obligations the Restaurant incurs, or to any of Franchisee's or



its Owners' creditors for any products, other assets, or services the Restaurant purchases, while Franchisor (or a third party) manages it. The "Management Fee" shall be equal to twenty percent (20%) of Gross Sales ("Management Fee"). The Franchisee shall pay the Management Fee for as long as the Franchisor or the third party is operating the Restaurant. The Management Fee is due weekly and is based on the Restaurant's weekly Gross Sales.

**20. Franchisee Representations.**

**(a) FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE PROPOSED FRANCHISE AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS OWNER OR BUSINESS. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY, OR GUARANTEE, OR REPRESENTATION OTHER THAN AS SET FORTH IN THE DISCLOSURE DOCUMENT, EXPRESS OR IMPLIED, FROM ANY EMPLOYEE OR AGENT OF FRANCHISOR AS TO THE POTENTIAL SALES VOLUMES, PROFITS, OR LEVEL OF SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT OR THE SUITABILITY OF THE ACCEPTED LOCATION OF THE RESTAURANT. FRANCHISOR HAS NOT REPRESENTED THAT (I) FRANCHISEE WILL EARN, CAN EARN, OR IS LIKELY TO EARN A GROSS OR NET PROFIT, (II) FRANCHISOR HAS KNOWLEDGE OF THE RELEVANT MARKET, OR (III) THE MARKET DEMAND WILL ENABLE FRANCHISEE TO EARN A PROFIT FROM THE RESTAURANT;**

**(b) FRANCHISEE ACKNOWLEDGES THAT IT RECEIVED A COPY OF THE COMPLETE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, THE ATTACHMENTS THERETO, AND THE AGREEMENTS RELATED THERETO, IF ANY, AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS SIGNED OR CONSIDERATION PAID.**

**(c) FRANCHISEE ACCEPTS THE TERMS, CONDITIONS AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLE AND NECESSARY TO MAINTAIN FRANCHISOR'S STANDARDS OF QUALITY, SERVICE AND UNIFORMITY AND IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS. FRANCHISEE ACKNOWLEDGES THAT OTHER FRANCHISEES OF FRANCHISOR HAVE BEEN OR WILL BE GRANTED FRANCHISES AT DIFFERENT TIMES AND IN DIFFERENT SITUATIONS. FRANCHISEE FURTHER ACKNOWLEDGES THAT THE PROVISIONS OF THE FRANCHISE AGREEMENTS PURSUANT TO WHICH SUCH FRANCHISES WERE GRANTED MAY VARY MATERIALLY FROM THOSE CONTAINED IN THIS AGREEMENT AND THAT FRANCHISEE'S OBLIGATIONS ARISING HEREUNDER MAY DIFFER SUBSTANTIALLY FROM OTHER FRANCHISEES; AND**

**(d) FRANCHISEE RECOGNIZES THAT THE SYSTEM MAY EVOLVE AND CHANGE OVER TIME AND THAT THE LICENSE AND OPERATION OF THE RESTAURANT INVOLVE AN INVESTMENT OF SUBSTANTIAL RISK AND ITS SUCCESS IS DEPENDENT PRIMARILY UPON THE BUSINESS ACUMEN AND EFFORTS OF FRANCHISEE AND OTHER FACTORS BEYOND FRANCHISOR'S CONTROL. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISE AND HAD AMPLE TIME AND OPPORTUNITY TO CONSULT WITH INDEPENDENT PROFESSIONAL ADVISORS, INCLUDING BUT NOT LIMITED TO LAWYERS AND ACCOUNTANTS, AND HAS NOT RELIED UPON ANY EXPRESS OR IMPLIED GUARANTEE AS TO POTENTIAL VOLUMES, REVENUES, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY FRANCHISEE. EVEN THOUGH THIS AGREEMENT CONTAINS PROVISIONS REQUIRING FRANCHISEE TO OPERATE THE RESTAURANT IN COMPLIANCE WITH FRANCHISOR'S SYSTEM: (1) FRANCHISOR OR FRANCHISOR'S AFFILIATES DO NOT HAVE ACTUAL OR APPARENT AUTHORITY TO CONTROL THE DAY-TO-DAY CONDUCT AND OPERATION OF FRANCHISEE'S BUSINESS OR EMPLOYMENT DECISIONS; AND (2) FRANCHISEE AND FRANCHISOR DO NOT INTEND FOR FRANCHISOR OR FRANCHISOR'S AFFILIATES TO INCUR ANY LIABILITY IN CONNECTION WITH OR ARISING FROM ANY ASPECT OF FRANCHISOR'S SYSTEM OR FRANCHISEE'S USE OF THE FRANCHISOR SYSTEM OR THE OPERATION OF THE RESTAURANT, WHETHER OR NOT IN ACCORDANCE WITH THE REQUIREMENTS OF THE OPERATIONS MANUAL.**

**(e) IF FRANCHISEE IS A CORPORATION, A LIMITED LIABILITY COMPANY OR A PARTNERSHIP, FRANCHISEE MAKES THE FOLLOWING REPRESENTATIONS AND WARRANTIES: (1) FRANCHISEE IS DULY ORGANIZED AND VALIDLY EXISTING UNDER THE LAWS OF THE STATE OF ITS FORMATION; (2) FRANCHISEE IS QUALIFIED TO DO BUSINESS IN THE STATE OR STATES IN WHICH THE RESTAURANT IS LOCATED; (3) EXECUTION OF THIS AGREEMENT AND THE DEVELOPMENT AND OPERATION OF THE RESTAURANT IS PERMITTED BY ITS GOVERNING DOCUMENTS; AND (4) FRANCHISEE'S ARTICLES OF INCORPORATION, ARTICLES OF ORGANIZATION OR WRITTEN PARTNERSHIP AGREEMENT SHALL AT ALL TIMES PROVIDE THAT FRANCHISEE'S ACTIVITIES ARE LIMITED EXCLUSIVELY TO THE DEVELOPMENT AND OPERATION OF THE VILLAGE JUICE & KITCHEN RESTAURANT.**

**(f) IF FRANCHISEE IS AN INDIVIDUAL, OR A PARTNERSHIP COMPRISED SOLELY OF INDIVIDUALS, FRANCHISEE MAKES THE FOLLOWING ADDITIONAL REPRESENTATIONS AND WARRANTIES: (A) EACH INDIVIDUAL HAS EXECUTED AN AGREEMENT WHEREBY THEY AGREE TO BE BOUND BY ALL THE TERMS OF THIS AGREEMENT; (B) EACH INDIVIDUAL SHALL BE JOINTLY AND SEVERALLY BOUND BY, AND PERSONALLY LIABLE FOR THE TIMELY AND COMPLETE PERFORMANCE AND ANY BREACH OF, EACH AND EVERY PROVISION OF THIS AGREEMENT; AND (C) NOTWITHSTANDING ANY TRANSFER FOR CONVENIENCE OF OWNERSHIP, PURSUANT TO THIS AGREEMENT, EACH INDIVIDUAL SHALL CONTINUE TO BE JOINTLY AND**

**SEVERALLY BOUND BY, AND PERSONALLY LIABLE FOR THE TIMELY AND COMPLETE PERFORMANCE AND ANY BREACH OF, EACH AND EVERY PROVISION OF THIS AGREEMENT.**

**(g) IF FRANCHISEE VIOLATES A TERM OR CONDITION CONTAINED WITHIN THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO, WITHHOLDING ANY MONIES OWED TO FRANCHISOR IN THE ABSENCE OF A COURT ORDER PERMITTING THE WITHHOLDING OF SUCH MONIES, FRANCHISEE SHALL REIMBURSE FRANCHISOR FOR ALL REASONABLE COSTS INCURRED BY FRANCHISOR IN PURSUING THE ENFORCEMENT OF THIS AGREEMENT. THESE COSTS SHALL INCLUDE, BUT NOT BE LIMITED TO, COURT COSTS AND FEES, ACCOUNTING COSTS AND FEES, EXPERT WITNESS COSTS AND FEES, REASONABLE ATTORNEYS' FEES, THE REASONABLE VALUE OF FRANCHISOR'S EMPLOYEES' TIME, WITNESS FEES AND TRAVEL EXPENSES INCURRED BY FRANCHISOR. THE RECOVERY OF THE COSTS AND FEES SPECIFIED ABOVE SHALL INCLUDE THE RECOVERY OF ALL COSTS AND FEES INCURRED BY FRANCHISOR RELATING TO OR ARISING FROM ANY AND ALL DEFENSES, COUNTERCLAIMS AND/OR CROSSCLAIMS ASSERTED BY FRANCHISEE OR THE PERSONAL GUARANTORS UNDER THIS AGREEMENT. THIS OBLIGATION WILL GIVE RISE TO AND REMAIN A LIEN IN FAVOR OF FRANCHISOR AGAINST ANY AND ALL OF THE PERSONAL PROPERTY, GOODWILL, CASH, FURNISHINGS, EQUIPMENT, SIGNS, FIXTURES AND INVENTORY OWNED BY FRANCHISEE AND LOCATED ON AND AROUND THE PREMISES OPERATED PURSUANT TO THIS AGREEMENT UNTIL FRANCHISEE IS IN FULL COMPLIANCE WITH THIS AGREEMENT AND ANY AMOUNTS OWED ARE PAID IN FULL. ALL COSTS TO BE COLLECTED BY FRANCHISOR PURSUANT TO THIS PROVISION SHALL BE COLLECTED VIA ELECTRONIC BANK TRANSFER AS SPECIFIED IN THIS AGREEMENT.**

**(h) IF FRANCHISEE IS A CORPORATION, A LIMITED LIABILITY COMPANY OR A PARTNERSHIP, FRANCHISEE HAS PROVIDED TO FRANCHISOR A CURRENT LIST OF ALL OWNERS AND FRANCHISEE AGREES THAT FRANCHISEE WILL ADVISE FRANCHISOR OF ANY AND ALL CHANGES IN OWNERSHIP.**

**(i) IF FRANCHISEE IS A CORPORATION, FRANCHISEE SHALL MAINTAIN STOP-TRANSFER INSTRUCTIONS AGAINST THE TRANSFER ON ITS RECORDS OF ANY VOTING SECURITIES, AND EACH STOCK CERTIFICATE OF THE CORPORATION SHALL HAVE CONSPICUOUSLY ENDORSED UPON ITS FACE THE FOLLOWING STATEMENT: "ANY ASSIGNMENT OR TRANSFER OF THIS STOCK IS SUBJECT TO THE RESTRICTION IMPOSED ON ASSIGNMENT BY FRANCHISOR, PURSUANT TO FRANCHISE AGREEMENT(S) TO WHICH THE CORPORATION IS A PARTY." IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH MEMBERSHIP OR MANAGEMENT CERTIFICATE OR OTHER EVIDENCE OF INTEREST IN FRANCHISEE SHALL HAVE CONSPICUOUSLY ENDORSED UPON ITS FACE THE FOLLOWING STATEMENT: "ANY ASSIGNMENT OR TRANSFER OF AN INTEREST IN THIS LIMITED LIABILITY COMPANY IS**

**SUBJECT TO THE RESTRICTIONS IMPOSED ON ASSIGNMENT BY FRANCHISOR PURSUANT TO FRANCHISE AGREEMENT(S) TO WHICH THE LIMITED LIABILITY COMPANY IS A PARTY.” IF FRANCHISEE IS A PARTNERSHIP, ITS WRITTEN AGREEMENT SHALL PROVIDE THAT OWNERSHIP OF AN INTEREST IN THE PARTNERSHIP IS HELD SUBJECT TO, AND THAT FURTHER ASSIGNMENT OR TRANSFER IS SUBJECT TO, ALL RESTRICTIONS IMPOSED ON ASSIGNMENT BY THIS AGREEMENT.**

**(j) FRANCHISEE ACKNOWLEDGES THAT UNDER APPLICABLE U.S. LAW, INCLUDING, WITHOUT LIMITATION, EXECUTIVE ORDER 13224, SIGNED ON SEPTEMBER 23, 2001 (THE “ORDER”), FRANCHISOR IS PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY SPECIALLY DESIGNATED NATIONAL OR BLOCKED PERSON. “SPECIALLY DESIGNATED NATIONAL” OR “BLOCKED PERSON” SHALL MEAN (1) THOSE PERSONS DESIGNATED BY THE U.S. DEPARTMENT OF TREASURY’S OFFICE OF FOREIGN ASSETS CONTROL FROM TIME TO TIME AS A “SPECIALLY DESIGNATED NATIONAL” OR “BLOCKED PERSON” OR SIMILAR STATUS, (2) A PERSON ENGAGED IN, OR AIDING ANY PERSON ENGAGED IN, ACTS OF TERRORISM, AS DEFINED IN THE ORDER, OR (3) A PERSON OTHERWISE IDENTIFIED BY GOVERNMENT OR LEGAL AUTHORITY AS A PERSON WITH WHOM FRANCHISOR IS PROHIBITED FROM TRANSACTING BUSINESS. CURRENTLY, A LISTING OF SUCH DESIGNATIONS AND THE TEXT OF THE ORDER ARE PUBLISHED AT THE WEBSITE: [WWW.USTREAS.GOV/OFFICES/ENFORCEMENT/OFAC](http://WWW.USTREAS.GOV/OFFICES/ENFORCEMENT/OFAC). ACCORDINGLY, FRANCHISEE REPRESENTS AND WARRANTS TO FRANCHISOR THAT AS OF THE DATE OF THIS AGREEMENT, NEITHER FRANCHISEE NOR ANY PERSON HOLDING ANY OWNERSHIP INTEREST IN FRANCHISEE, CONTROLLED BY FRANCHISEE, OR UNDER COMMON CONTROL WITH FRANCHISEE IS A SPECIALLY DESIGNATED NATIONAL OR BLOCKED PERSON, AND THAT FRANCHISEE (1) DOES NOT, AND HEREAFTER SHALL NOT, ENGAGE IN ANY TERRORIST ACTIVITY; (2) IS NOT AFFILIATED WITH AND DOES NOT SUPPORT ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY; AND (3) IS NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO CHANNEL TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FURTHER ANY TERRORIST ACTIVITY. FRANCHISEE AGREES THAT FRANCHISEE SHALL IMMEDIATELY PROVIDE WRITTEN NOTICE TO FRANCHISOR OF THE OCCURRENCE OF ANY EVENT WHICH RENDERS THE REPRESENTATIONS AND WARRANTIES IN THIS SECTION INCORRECT.**

**(k) FRANCHISEE COVENANTS THAT DURING THE TERM, IT WILL AT ALL TIMES FAITHFULLY, HONESTLY AND DILIGENTLY PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT, AND THAT IT WILL CONTINUOUSLY EXERT ITS BEST EFFORTS TO PROMOTE AND ENHANCE THE BUSINESS OF THE RESTAURANT AND OTHER RESTAURANTS ESTABLISHED AND OPERATED BY FRANCHISEE UNDER THE SYSTEM.**

**(l) FRANCHISEE AND ALL GUARANTORS HEREOF ACKNOWLEDGE AND AGREE THAT THE OBLIGATIONS REGARDING THE USE OF CONFIDENTIAL INFORMATION AND TRADE SECRETS SET FORTH IN THIS AGREEMENT WILL APPLY THROUGHOUT THE TERM AND AFTER THE EXPIRATION OR TERMINATION OF THIS AGREEMENT, WITHOUT LIMITATION AS TO TIME OR GEOGRAPHIC SCOPE. FRANCHISEE COVENANTS THAT UPON TERMINATION, NON-RENEWAL, OR EXPIRATION, FRANCHISEE WILL IMMEDIATELY AND PERMANENTLY CEASE TO USE, IN ANY MANNER WHATSOEVER, ANY CONFIDENTIAL INFORMATION, TRADE SECRETS, METHODS, PROCEDURES AND TECHNIQUES ASSOCIATED WITH THE SYSTEM.**

**(m) FRANCHISEE HEREBY ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S ACCEPTANCE OF A SITE DOES NOT CONSTITUTE AN ASSURANCE, REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE SUITABILITY OF THE SITE FOR THE RESTAURANT OR FOR ANY OTHER PURPOSE. FRANCHISOR'S ACCEPTANCE OF A SITE INDICATES ONLY THAT FRANCHISOR BELIEVES THE SITE COMPLIES WITH ACCEPTABLE MINIMUM CRITERIA ESTABLISHED BY FRANCHISOR SOLELY FOR ITS PURPOSES AS OF THE TIME OF THE EVALUATION. BOTH FRANCHISEE AND FRANCHISOR ACKNOWLEDGE THAT APPLICATION OF CRITERIA THAT MAY HAVE BEEN EFFECTIVE WITH RESPECT TO OTHER SITES AND PREMISES MAY NOT BE PREDICTIVE OF POTENTIAL FOR ALL SITES AND THAT, SUBSEQUENT TO FRANCHISOR'S ACCEPTANCE OF A SITE, DEMOGRAPHIC AND/OR ECONOMIC FACTORS, SUCH AS COMPETITION FROM OTHER SIMILAR BUSINESSES, INCLUDED IN OR EXCLUDED FROM FRANCHISOR'S CRITERIA COULD CHANGE, THEREBY ALTERING THE POTENTIAL OF A SITE OR LEASE. SUCH FACTORS ARE UNPREDICTABLE AND ARE BEYOND FRANCHISOR'S CONTROL. FRANCHISOR SHALL NOT BE RESPONSIBLE FOR THE FAILURE OF A SITE ACCEPTED BY FRANCHISEE TO MEET FRANCHISEE'S EXPECTATIONS AS TO REVENUE OR OPERATIONAL CRITERIA. FRANCHISEE FURTHER ACKNOWLEDGES AND AGREES THAT ITS ACCEPTANCE OF A FRANCHISE FOR THE OPERATION OF THE RESTAURANT AT THE SITE IS BASED ON ITS OWN INDEPENDENT INVESTIGATION OF THE SUITABILITY OF THE SITE.**

**21. Dispute Resolution.**

**(a) Mediation.** Except for claims brought by Franchisor related primarily to (i) the validity of any Marks owned by Franchisor, (ii) any monies owed to Franchisor, (iii) a cross default under any other agreement between Franchisee and Franchisor (iv) Franchisor's rights to receive and enforce a temporary restraining order and/or defaults under Sections 17(a), 17(b)(i), 17(b)(viii) or (x), preliminary injunction, permanent injunction, or other equitable relief, if a dispute or controversy arises among the parties, and if the dispute cannot be settled through information negotiation, the parties agree to submit such controversy to a non-binding mediation for resolution prior to pursuing arbitration as provided for below. The mediation shall be conducted either through an individual mediator or a mediator appointed through a mediation service organization or body, and unless the parties mutually agree otherwise, the mediator selected shall have at least ten (10) years' experience in practicing law, during which time franchise law is or has been the

mediator's primary area of practice, and the mediator shall have substantial experience in the preparation of franchise agreements and franchise disclosure documents, and, failing agreement upon a mediator within a reasonable period of time after either party has notified the other of its desire to seek mediation of any claim (not to exceed sixty (60) days), by the American Arbitration Association (or any successor organization) in accordance with the procedures and rules set forth under North Carolina law for court ordered mediated settlement conferences and the expenses of the appointed mediator shall be shared equally by such party. If the parties are unable to resolve the claim within sixty (60) days after delivery of written notice of the desire to seek mediation, then either party may elect to arbitrate as set forth in 21(b) below. The venue for any mediation concerned with the enforcement and interpretation of this Agreement shall be Winston-Salem, North Carolina.

**(b) Arbitration.** Franchisee acknowledges that it has and will continue to develop a substantial and continuing relationship with Franchisor at its principal offices in the State of North Carolina, where Franchisor's decision-making authority is vested, franchise operations are conducted and supervised, and where this Agreement was rendered binding. Therefore, the parties agree that, to the extent that any disputes cannot be resolved directly between Franchisee and Franchisor, and following compliance with the applicable mediation requirements set forth in Section 21(a) above, any action arising out of or relating to this Agreement or the making, performance, or interpretation thereof shall upon thirty (30) days written notice by either party be resolved, except as elsewhere expressly provided in this Agreement, upon application by any such party by binding arbitration in the City of Winston-Salem, North Carolina, in accordance with the Federal Arbitration Act under the Commercial Arbitration Rules then prevailing of the American Arbitration Association, including without limitation the Optional Rules for Emergency Measures of Protection ("AAA"), and not under any state arbitration laws, and judgment on the arbitration award may be entered in any court of competent jurisdiction. Franchisee and Franchisor agree that arbitration shall be conducted on an individual - not a class-wide basis. The Federal Arbitration Act shall apply to all arbitration and arbitration venue questions. Any award by the arbitrator(s) shall be final, binding and nonappealable, except for errors of law. Unless the parties agree in writing at the time an arbitration proceeding is commenced to have a single arbitrator, the matter shall be heard by three (3) arbitrators, with each party selecting one (1) arbitrator and the third (3rd) arbitrator to be selected by the other two arbitrators. The arbitrator selected by the other two arbitrators shall have at least ten (10) years' experience in practicing franchise law during which franchise law is or has been their primary area of practice and shall have substantial experience in the preparation of franchise agreements and franchise disclosure documents. Franchisee understands that by agreeing to arbitrate it gives up jury and appeal and other rights it might have in court.

**(c) Injunctive Relief.** Notwithstanding the provisions of Section 21(a) and (b) above, Franchisee agrees that Franchisor, at its option, will have the right to seek preliminary injunctive relief from a court of competent jurisdiction, to restrain any conduct by Franchisee, the Owners, or the guarantors that (i) could materially damage the good will associated with the System, the Marks, and the Chain (including but not limited to conduct related to trademark or other intellectual property infringement), (ii) that involves the disclosure or use of Franchisor's Confidential Information, including but not limited to the Customer List and Franchisee Data, or (iii) that relates to Franchisee's, the Owners', or a managerial employee's covenants against unfair competition or

solicitation, provided that if Franchisee counters, as Franchisee may, by initiating arbitration, Franchisor agrees to arbitrate the entire dispute thereafter except preliminary injunctive relief (and permanent injunctive relief also, if Franchisee will not agree that the preliminary injunction shall remain effective indefinitely until the arbitrator shall dissolve it), leaving the court action pending, if it chooses, to facilitate enforcement. Franchisee agrees that Franchisor will not be required to post a bond to obtain any injunctive relief with respect to use of the Marks.

(d) **Prevailing Party, Attorney's Fees and Costs.** The non-prevailing party agrees to reimburse the prevailing party for all expenses reasonably incurred (including attorney's fees): (i) to enforce the terms of this Agreement, an obligation owed to Franchisor by Franchisee and/or the Owners, or an obligation owed to Franchisee by Franchisor; and (ii) in the defense of any claim that one party asserts against the other party on which the prevailing party substantially prevails in court, arbitration or other formal legal proceedings, whether incurred prior to or in preparation for such proceedings or thereafter. In the event Franchisor is the prevailing party, Franchisor has the right to reimburse Franchisor through EFT transfer for any legal fees.

(e) **JURY TRIAL AND CLASS ACTION WAIVER.** FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY FRANCHISOR AND FRANCHISEE. NEITHER FRANCHISEE NOR FRANCHISOR SHALL SEEK TO LITIGATE OR ARBITRATE AGAINST THE OTHER PARTY TO THIS AGREEMENT OR SUCH PARTY'S AFFILIATES, EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY ANY DISPUTE, CONTROVERSY, OR CLAIM OF ANY KIND ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES, THE SALE OF THE FRANCHISE, OR OTHER CLAIMS OR CAUSES OF ACTION RELATING TO THE PERFORMANCE OF EITHER PARTY TO THIS AGREEMENT. NO LITIGATION, ARBITRATION OR OTHER ACTION OR PROCEEDING UNDER THIS AGREEMENT SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN FRANCHISEE AND FRANCHISOR AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, FRANCHISEE OR FRANCHISOR, UNLESS BOTH FRANCHISEE AND FRANCHISOR CONSENT IN WRITING. FRANCHISOR HAS THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. FRANCHISEE AGREES AND ACKNOWLEDGES THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, OR ANY AGREEMENT OR RELATIONSHIP BETWEEN FRANCHISEE AND ANY AFFILIATE OF FRANCHISOR WILL BE CONSIDERED UNIQUE ON ITS FACTS AND SHALL NOT BE BROUGHT AS A CLASS OR GROUP ACTION. FRANCHISEE MAY NOT ARBITRATE ON A CLASS-WIDE BASIS (OR JOIN ANY THIRD-PARTY CLAIM).

(f) **WAIVER OF CERTAIN DAMAGES.** EXCEPT FOR FRANCHISEE INDEMNIFYING PARTIES' OBLIGATIONS TO INDEMNIFY FRANCHISOR INDEMNIFIED PARTIES UNDER THIS AGREEMENT AND CLAIMS FRANCHISOR

**BRINGS AGAINST FRANCHISEE FOR ITS UNAUTHORIZED USE OF THE MARKS, UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION, OR BREACH OF FRANCHISEE'S NON-COMPETITION OR NON-SOLICITATION COVENANTS, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE) WAIVE ANY RIGHT TO OR CLAIM FOR PUNITIVE, CONSEQUENTIAL, MULTIPLE, INCIDENTAL OR OTHER DAMAGES IN EXCESS OF THE ECONOMIC DAMAGES ACTUALLY SUSTAINED, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON STATUTORY OR COMMON LAW. EXCEPT FOR ANY SPECIFIC WRITTEN WARRANTIES EXPRESSLY PROVIDED IN CONNECTION WITH A SPECIFIC ITEM, FRANCHISOR SHALL NOT BE LIABLE TO ANY PERSON OR ENTITY IN RELATION TO ANY GOODS AND/OR SERVICES (INCLUDING ANY ASPECT OF THE LABOR OR INSTALLATION OF ANY EQUIPMENT, OR PRODUCTS) PROVIDED BY FRANCHISOR, FRANCHISOR'S AFFILIATES AND/OR ANY PERSON/COMPANY REFERRED/APPROVED BY FRANCHISOR OR THEM. SUCH ITEMS ARE PROVIDED WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE BEING EXPRESSLY DISCLAIMED.**

**(g) WAIVER OF PUNITIVE DAMAGES.** FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS) HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE EACH SHALL BE LIMITED SOLELY TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY THE NON-BREACHING PARTY.

**(h) Remedies Cumulative.** All rights and remedies conferred upon Franchisee and Franchisor by this Agreement and by law shall be cumulative of each other, and neither the exercise nor the failure to exercise any such right or remedy shall preclude the exercise of any other such right or remedy.

**(i) Nonwaiver.** No failure by Franchisor or Franchisee to take action on account of any default by the other, whether in a single instance or repeatedly shall constitute a waiver of any such default or of the performance required of Franchisee. No express waiver by Franchisee or Franchisor of any provision or performance hereunder or of any default by the other shall be construed as a waiver of any other or future provision, performance or default.

**(j) Governing Law.** This Agreement and any claim or controversy arising out of or relating to rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed under the laws of the State of North Carolina and any dispute between the parties shall be governed by and determined in accordance with the substantive law of the State of North Carolina and the Federal Arbitration Act, which laws shall prevail in the event of any conflict of law. The venue for any arbitration concerned with the enforcement and interpretation of this Agreement shall be Winston-Salem,



North Carolina. Nothing in this Subsection 21(j) is intended, or shall be deemed, to make any North Carolina law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable. Any and all claims and actions arising out of or relating to this agreement, the relationship of franchisee and franchisor, or franchisee's operation of the franchised business, brought by franchisee against franchisor, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

**22. Notices.** Except as otherwise provided in this Agreement, all notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be given (i) by personal delivery, or (ii) by registered or certified mail, return receipt requested, postage prepared, or (iii) by delivery to a nationally-recognized overnight courier service, in each case, addressed as follows:

Franchisor: VILLAGE JUICE CO. FRANCHISING, LLC  
Attn: President  
900 Northwest Blvd.  
Winston-Salem, NC 27101

With a copy (which shall not constitute notice) to:

Manning, Fulton & Skinner, P.A.  
Attn: Ritchie W. Taylor  
3605 Glenwood Avenue  
Suite 500  
Raleigh, NC 27612

Franchisee: Address Identified on Attachment 1, or, if Franchisee has opened its Restaurant, the address of the accepted Location of the Restaurant, or

In either case, to such other address as may have been designated by notice to the other party. Notice shall be deemed received (i) in the case of hand delivery, on the same date as the notice is delivered, (ii) in the case of overnight courier, overnight courier the next business day after the notice is sent, or (iii) in the case of certified mail, three (3) days after the date the notice is deposited in the mail.

**23. Miscellaneous.**

**(a) Severability.** The invalidity or unenforceability of any one or more provision of this Agreement shall in no way affect any other provision. If any court of competent jurisdiction determines any provision of this Agreement to be invalid, illegal or unenforceable, that portion shall be deemed severed from the rest, which shall remain in full force and effect as though the invalid, illegal or unenforceable portion had never been a part of this Agreement.

**(b) Construction.** All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, as the case may require. All acknowledgements, warranties, representations, covenants, agreements, and obligations herein

made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement as Franchisee.

(c) **Entire Agreement.** This Agreement, the documents incorporated herein by reference and the exhibits attached hereto, comprise the entire agreement between the parties and all prior understandings or agreements concerning the subject matter hereof are canceled and superseded by this Agreement. This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Franchisee expressly acknowledges that no oral promises or declarations were made to it and that the obligations of Franchisor are confined exclusively to those set forth in this Agreement. Franchisee understands and assumes the business risks inherent in this enterprise. Nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you.

(d) **Assignees.** This Agreement shall be binding upon the heirs, successors, permitted assigns and legal representatives of the parties.

(e) **Amendments.** Franchisor reserves the right to amend this Agreement if a Franchise Agreement change proposed by Franchisor is agreed to by 70% of the then-current Franchisees. Further, except for those permitted to be made unilaterally by Franchisor, no supplement, amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.

(f) **Waivers.** No failure of Franchisor to exercise any right given to it hereunder, or to insist upon strict compliance by Franchisee with any obligation, agreement or undertaking hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor's right to demand full and exact compliance by Franchisee and shall not affect or impair Franchisor's rights with respect to any subsequent default of the same or of a different nature, nor shall any delay or omission of Franchisor to exercise any right arising from such default affect or impair Franchisor's rights as to such default or any subsequent default. Franchisor has the unrestricted right to elect to not enforce (or to selectively enforce) any provision of this Agreement or any other agreement, standard or policy, whether with respect to Franchisee and/or any other franchisee or other person, or any Affiliate of Franchisee or Franchisor, without liability.

(g) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same Agreement. The Parties may utilize electronic means, including electronic mail and facsimile, to execute and transmit the Agreement or PDF copies of the Agreement and all such electronically transmitted copies of the Agreement shall be deemed as valid as originals.

(h) **Headings.** The headings used in the Agreement are for convenience only, and the paragraphs shall be interpreted as if such headings were omitted.

(i) **Time of Essence.** Franchisee agrees and acknowledges that time is of the essence with regard to Franchisee's obligations hereunder, and that all of Franchisee's obligations are material to Franchisor and this Agreement.

(j) **Territory Boundaries.** As described in the Franchise Rider.

(k) **Agreement Binding Upon Signature of Franchisor.** Franchisee acknowledges that this Agreement shall not take effect until its acceptance and execution by an officer of Franchisor.

(l) **Evolving Agreements.** Franchisee acknowledges that Franchisor has entered, and will continue to enter, into agreements with other Franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Franchisor and Franchisees other than Franchisee may have different rights and obligations does not affect the parties' duty to comply with this Agreement.

(m) **Delegation.** Franchisor shall have the right to delegate Franchisor's duties under this Agreement to any affiliated or non-affiliated entity, agent, or employee and Franchisee agrees to such assignment without any right to approve such actions.

(n) **Final Act.** The last signature applied to this Agreement shall be the signature of Franchisor's officer at Franchisor's headquarters in North Carolina. Franchisee acknowledges that this Agreement shall not take effect until its acceptance and execution by Franchisor's authorized officer. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same Agreement. This Agreement may, but is not required to, be executed using electronic signatures. Electronic signatures shall be treated for all purposes as originals.

(o) **Fines.** For each instance where Franchisee fails to obtain prior written approval for advertisements, fails to attend required training or franchisor sponsored conventions, offers unauthorized menu items or otherwise violates the standards set forth in the Brand Standards Manual or this Agreement, Franchisor shall, at Franchisor's option, have the right to levy a fine in an amount up to One Thousand Dollars (\$1,000) per occurrence. Alternatively, in the case of failure to attend required training or franchisor sponsored conventions, Franchisee's Continuing Royalty for the balance of the calendar year shall increase by one percent (1%). The imposition of a fine pursuant to this section shall not act as a waiver of any of Franchisor's other remedies under this Agreement. Furthermore, Franchisor has the right to collect any such fines by means of EFT.

(p) **Modification of Agreement.** If any term or provision, or any portion thereof, of this Agreement, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereto, and Franchisor will have the right, in its sole discretion, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable.

(q) **Covenant of Good Faith.** No covenant of good faith and fair dealing shall be implied into this Agreement, except that if applicable law shall imply such a covenant in this

Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply such a covenant, Franchisee acknowledges that (a) this Agreement grants Franchisor the discretion to make decisions, take actions, and refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations hereunder that may favorably or adversely affect Franchisee's interests; (b) Franchisor will use its judgment in exercising such discretion based on Franchisor's assessment of its own interests and balancing those interests against the interests of Franchisee and other franchisees within the Chain generally; (c) Franchisor will have no liability to Franchisee for the exercise of its discretion, so long as such discretion is not exercised in bad faith toward Franchisee; and (d) in absence of such bad faith, no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised.

**(r) Security Agreement.** Franchisee agrees to give no security interests, pledges or encumbrances in Franchisee's inventory, leasehold, fixtures, securities or franchise agreement without the prior written approval of Franchisor, which shall not be deemed a consent to assignment. Franchisor will not unreasonably withhold approval but is legitimately concerned to ensure: (a) that Franchisee not lose the business; (b) that the business not be lost to the franchise system; and (c) that Franchisor not have to defend a claim to franchisee rights by anyone it shall not have agreed to accept as a franchisee. In order to secure the prompt performance of Franchisee's obligations under this Agreement, Franchisee grants Franchisor and Franchisor takes a first priority security interest in all of Franchisee's assets, including without limitation, all present and after acquired inventory and equipment wherever located, accounts, deposit accounts, chattel paper, instruments, contract rights (including Franchisee's rights under this Agreement) and general intangibles, including payment intangibles, and all proceeds and products thereof including insurance proceeds. All items in which a security interest is granted are referred to as the "Collateral." This Agreement and the Franchise granted to Franchisee hereunder may not be used by Franchisee as collateral or be the subject of a security interest, lien, levy, attachment or execution by Franchisee's creditors, any financial institution, or any other party, except with Franchisor's prior written approval. The Security Interest is to secure payment of the following (the "Indebtedness"): (i) all amounts due under this Agreement or otherwise by Franchisee; (ii) all sums which Franchisor may, at Franchisor's option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness; (iii) all expenses, including reasonable attorneys' fees, which Franchisor incurs in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting Franchisor's rights under the Security Interest and this Agreement; and (iv) all other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of Franchisee to Franchisor or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not Franchisee executes any extension agreement or renewal instruments. Franchisee will from time to time as Franchisor requires join with Franchisor in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to Franchisor. Upon default and termination of Franchisee's rights under this Agreement, Franchisor shall have the immediate right to possession and use of the Collateral. Franchisee agrees that, upon the occurrence of any default set forth above, the full amount

remaining unpaid on the Indebtedness secured shall, at Franchisor's option and without notice, become due and payable immediately, and Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor under the Uniform Commercial Code of North Carolina (or other applicable law), including, without limitation, Franchisor's right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by Franchisor in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to Franchisee pursuant to the notice provisions set forth above.

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

(s) **Policies Subject to Change.** Any policies that Franchisor adopts and implements from time to time to guide Franchisor in its decision-making are subject to change, are not a part of this Agreement, and are not binding on Franchisor.

(t) **Right to Refuse Approval.** Except where this Agreement expressly obligates Franchisor reasonably to approve or accept or to not unreasonably withhold approval of any of Franchisee's actions or requests, Franchisor has the absolute right to refuse any request Franchisee makes or to withhold approval or acceptance of any of Franchisee's proposed, initiated, or completed actions that require Franchisor's approval or acceptance.

FRANCHISEE ACKNOWLEDGES THAT, IN ALL OF ITS DEALINGS WITH FRANCHISOR'S OWNERS, OFFICERS, DIRECTORS, EMPLOYEES, AND REPRESENTATIVES, THESE INDIVIDUALS ACT ONLY IN THEIR REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN FRANCHISEE AND THESE INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR. NOTWITHSTANDING THE FOREGOING, IF FRANCHISOR ENGAGES ANY BROKER, THAT BROKER WILL BE SOLELY LIABLE FOR ITS CONDUCT WITH FRANCHISEE EXCEPT THAT FRANCHISOR WILL REMAIN LIABLE FOR THE BROKER'S CONDUCT SOLELY TO THE EXTENT OF FRANCHISOR'S OWN CRIMINAL, INTENTIONAL OR GROSSLY NEGLIGENT CONDUCT IN ENGAGING THE BROKER. IN ADDITION, FRANCHISOR MAKES NO WARRANTY AS TO FRANCHISEE'S ABILITY TO OPERATE THE RESTAURANT IN THE JURISDICTION IN WHICH THE RESTAURANT WILL BE OPERATED. FRANCHISEE MUST SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY ON THIS ISSUE. IF LEGISLATION IS ENACTED, OR A REGULATION PROMULGATED, BY ANY GOVERNMENTAL BODY THAT PREVENTS FRANCHISEE FROM OPERATING THE RESTAURANT, FRANCHISOR IS NOT LIABLE FOR DAMAGES

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NOR REQUIRED TO INDEMNIFY FRANCHISEE IN ANY MANNER WHATSOEVER OR TO RETURN ANY MONIES RECEIVED FROM FRANCHISEE.

**IN WITNESS WHEREOF**, parties hereto have duly executed this Agreement on the day, month and year first written above.

**Franchisor:**

**VILLAGE JUICE CO. FRANCHISING, LLC**

By: \_\_\_\_\_  
Nathan Atkinson, President and Chief Executive Officer

**Franchisee:**

\_\_\_\_\_

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

**ATTACHMENT 1 TO FRANCHISE AGREEMENT**

**FRANCHISE RIDER**

**TYPE OF RESTAURANT**

\_\_\_\_\_ Traditional Restaurant Without Onsite Juicing

\_\_\_\_\_ Traditional Restaurant With Onsite Juicing (if this box is checked, the Juicing Addendum must be signed by all parties)

\_\_\_\_\_ Non-Traditional Restaurant

**INITIAL FRANCHISE FEE**

The Initial Franchise Fee, which is due and payable upon execution of this Franchise Agreement, is:

\$ \_\_\_\_\_

**CONTINUING ROYALTY**

**A.** The Continuing Royalty shall be seven percent (7%) of Weekly Gross Sales. For purposes of this Attachment 1, “Weekly Gross Sales” shall mean the total of gross revenue derived from the operation of the Restaurant, including, but not limited to, revenue from services rendered by the Restaurant and from the sale of products, whether from sales for cash or credit and regardless of the collection thereof. Gross sales also includes any business interruption insurance proceeds Franchisee receives and gift card redemptions. Gross Sales does not include sales taxes or gift card redemptions, nor does it include sales to other franchisees and company-owned restaurants or delivery fees paid to third party delivery services. Continuing Royalties on gift cards are assessed when the gift card is redeemed, not sold. The Continuing Royalty due each week shall be calculated based on the Gross Sales collected during the Sunday to Saturday and shall be due immediately preceding the Due Date of the Continuing Royalty.

The following address is Franchisee’s address under Section 22 of the Franchise Agreement.

Franchisee’s Address for Notice:

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

**Already-Accepted Location and Territory (If Applicable)**

If the Location has already been selected by Franchisee and accepted by Franchisor, then the following are Franchisee’s Location and Territory for the term of the Franchise Agreement:



Location: \_\_\_\_\_

Territory: \_\_\_\_\_

**Unassigned Location and Territory for Traditional Restaurants (If Applicable)**

If no Location has been determined at the time this Franchise Agreement is executed and Franchisee is going to operate a Traditional Restaurant, then the Location will be within the following area, provided the exact location will be subject to Franchisor’s review and acceptance: \_\_\_\_\_ (the “Prospective Market Area”).

If Franchisee has not been accepted to operate at a specific Location at the time the Franchise Agreement is approved, Franchisor reserves the right to sell franchises—and grant territories to others who will operate Restaurants—in and around the Prospective Market Area. Franchisee may then be required to choose a final location outside of any protected territory given to any other franchisee, and that territory may be outside of the Prospective Market Area set forth above.

When Franchisee selects its desired location for the Restaurant, Franchisee must follow the acceptance process set forth in Section 6(a) of the Franchise Agreements and Franchisor’s Brand Standards Manual. If Franchisor accepts Franchisee’s proposed location, Franchisor will send Franchisee its form site acceptance letter (“Site Selection Acceptance Letter”). The location set forth in the Site Selection Acceptance Letter shall constitute the “Location” of the Restaurant pursuant to Section 1 of the Franchise Agreement. Franchisee’s Territory shall be the smaller of an area of two miles or an area which has a population size of 50,000 people.

## ATTACHMENT 2 TO FRANCHISE AGREEMENT

### LEASE RIDER

This Lease Rider is executed as of this date of \_\_\_\_\_, by and between \_\_\_\_\_ (“Tenant”) and \_\_\_\_\_ (“Landlord”) as a Rider to the lease dated \_\_\_\_\_ (as amended, renewed, and/or extended from time to time, the “Form Lease”) for the Premises located at \_\_\_\_\_ (“Premises”).

In the event of a conflict between the terms and conditions set forth within this Rider and the terms and conditions set forth in the Form Lease to which this Rider is attached, the terms and conditions set forth within this Rider shall govern and control.

**1. Permitted Use.** The Premises are leased to Tenant for the operation of a franchised restaurant emphasizing primarily plant-based food options, along with an assortment of cold pressed juices, almond milks, smoothies and smoothie bowls, as well as salads, grain bowls, raw vegan desserts and related proprietary products. The Tenant may also use the Premises for promotions, celebrations, meetings, and other group functions where Tenant’s services and products will be offered or sold. Landlord covenants that from and after the date hereof, Landlord shall not permit any other tenant to operate a restaurant in the same shopping center as the Premises that receives Twenty-Five Percent (25%) or more of its gross sales from the sale of primarily plant-based food options, juices, milks, smoothies, smoothie bowls, salads, grain bowls, raw vegan desserts and related products on a dine-in or carry-out basis.

**2. Signage.** Notwithstanding anything contained within the Form Lease to the contrary, Tenant shall, subject to the requirements of local law, have the right to utilize its standard signage and other Proprietary Marks and identification on both the exterior and within the interior of the Premises as approved by VILLAGE JUICE CO. FRANCHISING, LLC, a North Carolina limited liability company and franchisor of the VILLAGE JUICE & KITCHEN concept (“Franchisor”).

**3. Assignment and Subletting.** Landlord’s consent to an assignment of the Form Lease or subletting of the Premises shall not be required in connection with an assignment or subletting as a part of a merger, reorganization or sale of all or substantially all of Tenant’s assets or business or an assignment or sublet to Franchisor, any parent, subsidiary or affiliated corporation of Tenant or Franchisor, or another VILLAGE JUICE & KITCHEN franchisee. Landlord shall approve as an assignee or sublettee any tenant who has become a transferee of the Franchise Agreement by and between Tenant and Franchisor (the Franchise Agreement”) as a result of a merger, reorganization or sale of all or substantially all of Tenant’s assets. Tenant shall also have the right, without the consent of Landlord, to assign the Form Lease to a company incorporated or to be incorporated by Tenant or a partnership formed or to be formed by Tenant, provided that Tenant owns or beneficially controls a majority of the issued and outstanding shares of capital stock of the company or is the managing general partner of the partnership.

**4. Notices; Opportunity to Cure.** Copies of any demand letters, default notices or other similar notices of non-compliance (“Notice”) sent by Landlord to Tenant shall also be sent to Franchisor at the following address:

Nathan Atkinson  
VILLAGE JUICE CO. FRANCHISING, LLC  
900 Northwest Blvd.  
Winston-Salem, NC 27101

In the event Tenant fails to cure or otherwise remedy the subject matter of the Notice, and prior to exercising any remedies under the Form Lease, Landlord shall grant Franchisor the identical period of time in which to cure same (said cure period to commence immediately upon Notice from Landlord to Franchisor (at the address set forth herein) that Tenant has failed to cure in a timely manner) and Landlord agrees to accept the performance of Franchisor within said period of time as performance by Tenant pursuant to the terms of the Form Lease.

**5. Option to Lease.** Landlord hereby agrees that, in the event of (a) the termination, non-renewal, or expiration of the Franchise Agreement by and between Tenant and Franchisor; (b) the termination of the Form Lease for any cause whatsoever including, without limitation, a default by Tenant under the Form Lease after expiration of any applicable notice and cure periods; or (c) Tenant's failure to exercise any extension option contained in the Form Lease, Franchisor shall have the option to lease the Premises pursuant to the same terms and conditions as are contained in the Form Lease, in accordance with the following:

(a) Landlord agrees to promptly give Notice to Franchisor (at the address set forth herein) in the event the Form Lease is terminated as the result of a default by Tenant or in the event Tenant fails to exercise any remaining options to extend the term of the Form Lease;

(b) If Franchisor elects to lease the Premises, Franchisor shall notify Landlord in writing of its election to exercise this option to lease within thirty (30) days after (1) termination, non-renewal, or expiration of the Franchise Agreement; (2) Franchisor's receipt of Notice from Landlord that the Form Lease has been terminated; or (3) receipt of Notice from Landlord that Tenant has failed to exercise an option to extend the term of the Form Lease;

(c) If Franchisor elects to lease the Premises, Franchisor shall sign and deliver to Landlord a lease containing all of the same terms and conditions (including rental rates, terms and remaining options to extend the term of the Form Lease) as are contained in the Form Lease; provided, however, that Franchisor's leasehold interest shall not be subject to any defaults or claims that may exist between Landlord and Tenant and any such lease shall permit Franchisor to assign the lease or sublease the Premises to a franchisee of Franchisor for use as a VILLAGE JUICE & KITCHEN franchised location; and

(d) Nothing contained herein shall affect Landlord's right to recover any and all amounts due under the Form Lease from Tenant or to exercise any right of Landlord against Tenant as provided under the Form Lease.

**6. De-identification.** Landlord and Tenant hereby acknowledge that in the event the Franchise Agreement expires or is terminated, Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a VILLAGE JUICE & KITCHEN franchise location operated by Tenant. Landlord agrees to cooperate fully with Franchisor in enforcing such

provisions of the Franchise Agreement against Tenant, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Franchisor; provided, however, that Landlord shall not be required to bear any expense thereof. Tenant agrees that if Tenant fails to de-identify the Premises promptly upon termination, non-renewal, or expiration as required under the Franchise Agreement, Franchisor may cause all required de-identification to be completed at Tenant's sole cost and expense.

**7. Assignment of Interest.** This Rider is binding and shall inure to the benefit of Landlord, Tenant, and Franchisor, their assigns, and successors-in-interest. Franchisor is an intended beneficiary of this Rider, provided Franchisor shall have no liability for any of Tenant's obligations under the Form Lease. Franchisor signs below for the limited purpose of acknowledging and agreeing to the provisions of this Rider.

**8. Non-disturbance from Mortgage Lenders.** It is a condition of the Form Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agrees not to disturb Tenant's rights under the Form Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations under the Form Lease beyond any applicable grace or cure period provided therein. If a mortgage, deed of trust or deed to secure debt currently encumbers the Premises, it is a condition precedent to Tenant's obligations under the Form Lease that the holder of such encumbrance enter into a written recordable form of subordination and non-disturbance agreement with Tenant, in a form reasonably acceptable to Tenant, as described above.

**9. Security Interest.** Any security interest and/or landlord's lien of Landlord in Tenant's trade fixtures, trade dress, signage, equipment and other personal property is hereby subordinated to any security interest and pledge granted to Franchisor in such items.

**LANDLORD:**

**TENANT:**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

Agreed to:

**FRANCHISOR:**

VILLAGE JUICE CO. FRANCHISING, LLC

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

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

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

## ATTACHMENT 3 TO FRANCHISE AGREEMENT

### INTERNET, SOCIAL MEDIA, AND TELEPHONE ASSIGNMENT

This Assignment Agreement (the “Assignment”) is made, and entered into, between VILLAGE JUICE CO. FRANCHISING, LLC, a North Carolina limited liability company (“Franchisor”) and the undersigned Franchisee (“Franchisee”).

#### RECITALS

A. Franchisor has developed a unique system for the establishment and operation of upscale but relaxed, casual restaurants emphasizing primarily plant-based food options, along with an assortment of cold pressed juices, almond milks, smoothies and smoothie bowls, as well as salads, grain bowls, raw vegan desserts and related proprietary products (the “System”);

B. Franchisor and Franchisee have entered into a Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”), pursuant to which Franchisee was granted the right to operate a VILLAGE JUICE & KITCHEN franchised restaurant under the System (“Franchised Business”); and

C. It is the desire of and in the best interests of Franchisor and the System that in the event the Franchise Agreement terminates, expires, or is not renewed, the telephone numbers, telephone directory listings, internet addresses, and social media accounts used by Franchisee in connection with the operation of its VILLAGE JUICE & KITCHEN franchised business are assigned to Franchisor.

#### AGREEMENT

NOW THEREFORE, in consideration of the foregoing and Franchisor agreeing to enter into the Franchise Agreement, Franchisor and Franchisee agree as follows:

1. Franchisee hereby agrees to assign to Franchisor: (i) those certain telephone numbers and regular, classified or other telephone directory listings used by Franchisee in connection with operating the VILLAGE JUICE & KITCHEN franchised business, including personal cellphone numbers, (ii) all e-mail addresses that use the Marks or that are used by Franchisee in connection with the operation of the Franchised Business, (iii) any Online Presence (as that term is defined in the Franchise Agreement) which uses the Marks, which Franchisee uses in connection with the operation of the Franchised Business, or which Franchisee has been permitted by Franchisor to create, and (iv) all rights, title, and interest in the content of any Online Presence, whether now-existing or adopted by Franchisee in the future (collectively the “Listings”).

2. This Assignment is for collateral purposes only and, except as specified herein, Franchisor will have no liability or obligation of any kind whatsoever arising from or in connection with Franchisee’s use of the Listings unless and until Franchisor notifies the telephone company, listing agencies, internet service providers, or other parties that provide the Listings (collectively, the “Providers”) to effectuate the assignment pursuant to the terms hereof.

3. Upon termination, expiration, or nonrenewal of the Franchise Agreement (without renewal or extension), Franchisor will have the right and is hereby empowered to effectuate the assignment of the Listings to itself or to any third party it designates. In the event Franchisor exercises its assignment rights Franchisee will have no further right, title or interest in the Listings; provided, however, Franchisee will pay all amounts owed in connection with the Listings, including all sums owed to Franchisor, Franchisor's affiliates, or Franchisor's approved suppliers under existing contracts for the Listings and immediately, at the Franchisor's request, (i) take any other action as may be necessary to transfer the Listings to the Franchisor or Franchisor's designated agent, (ii) install and maintain, at Franchisee's sole expense, an intercept message, in a form and manner acceptable to Franchisor on any or all of the Listings; (iii) disconnect, cancel, delete, remove, or discontinue the Listings; (iv) relist any Listing in a different location or with a new provider, whether published or online; (v) modify the Listing and any content in the Listing; (vi) provide all login or other access credentials to the Listings; and/or (vii) cooperate with Franchisor or its designated agent in undertaking any or all of the foregoing.

4. Franchisee appoints Franchisor as Franchisee's attorney-in-fact, to act in Franchisee's place, for the purpose of assigning any Listings covered by the Assignment to Franchisor or Franchisor's designated agent or taking any other actions required of Franchisee under this Agreement. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the forgoing powers, including full power of substitution and execution or completion of any documents required or requested by any Provider to transfer or modify such Listings, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, termination, or nonrenewal of Franchisee's rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

5. The parties agree that the Providers may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Listings upon such termination, expiration or nonrenewal of the Franchise Agreement and that such assignment shall be made automatically and effective immediately upon a Provider's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Providers require that the parties execute the Providers' assignment forms or other documentation at the time of termination, expiration or nonrenewal of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination, expiration, or non-renewal of the Franchise Agreement.

6. The validity, construction and performance of this Assignment is governed by the laws of the State in which Franchisor is located. All agreements, covenants, representations and

warranties made in this Agreement survive the signing of this Agreement. All Franchisor's rights inure to Franchisor's benefit and to the benefit of Franchisor's successors and assigns.

Agreed to this date of \_\_\_\_\_.

FRANCHISEE:  
\_\_\_\_\_

FRANCHISOR:  
VILLAGE JUICE CO. FRANCHISING, LLC

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

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

## ATTACHMENT 4 TO FRANCHISE AGREEMENT

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

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date (the "Agreement") by VILLAGE JUICE CO. FRANCHISING, LLC (the "Franchisor"), dated of even date herewith, 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, except for those designated as "Spouse" and not "Owner" in the signature block below, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other guarantors of Franchisee. The undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so. Franchisor may proceed against the undersigned and Franchisee jointly and severally, or Franchisor may, at its option, proceed against the undersigned, without having commenced any action, or having obtained any judgment against Franchisee. The undersigned agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

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; (3) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Personal Guaranty, which shall be continuing and irrevocable during the term of the Agreement; and (4) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

The undersigned waive: (1) notice of demand for payment of any indebtedness or on performance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may



have to require that an action be brought against the Franchisee or any other person as a condition of liability; (4) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and(5) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

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:

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

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

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

Owner or Spouse: \_\_\_\_\_

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

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

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

Owner or Spouse: \_\_\_\_\_

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

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

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

Owner or Spouse: \_\_\_\_\_

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

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

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

Owner or Spouse: \_\_\_\_\_

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

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

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

Owner or Spouse: \_\_\_\_\_

## ATTACHMENT 5A TO FRANCHISE AGREEMENT

### NONCOMPETITION AGREEMENT

This Noncompetition Agreement (“Agreement”) is made and entered into as of \_\_\_\_\_ by and between VILLAGE JUICE CO. FRANCHISING, LLC a North Carolina limited liability company (“Franchisor”) and \_\_\_\_\_ (“Associate”). All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

#### RECITALS

A. The Franchisor is engaged in the business of franchising a unique system of operating restaurants that specialize in providing delicious, healthy food, cold pressed juices, almond milks, smoothies, and smoothie bowls, salads, grain bowls, toasts, and related products (“Franchised Business”). The Franchised Businesses are operated under the Franchisor’s trademark “VILLAGE JUICE & KITCHEN” and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the “Marks”);

B. The Franchisor has developed methods for establishing, operating and promoting Franchised Businesses pursuant to the Franchisor’s Confidential Information (defined below) and such Confidential Information as may be further developed from time to time by the Franchisor (“System”);

C. The Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and customer service, which goodwill and reputation have been and will continue to be of major benefit to the Franchisor;

D. Associate desires to become involved with \_\_\_\_\_ (“Franchisee”), a franchisee of the Franchisor that operates a VILLAGE JUICE & KITCHEN restaurant in \_\_\_\_\_ (“Restaurant”) in the capacity of an owner, officer, partner, director, or agent of Franchisee, or a spouse or domestic partner of an owner of Franchisee, and will become privileged as to certain Confidential Information. Associate may or may not have signed the Franchise Agreement or Guaranty and Assumption of Franchisee’s Obligations form; and

E. Associate and the Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to noncompetition by Associate with the Franchisor and other franchisees of the Franchisor. Associate agrees to the terms of this Agreement as partial consideration for the Franchisor’s willingness to allow Associate to engage in a business relationship with Franchisor or Franchisee using the Franchisor’s Confidential Information.

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

1. Definitions.

(a) “Associate” shall mean the individual described in the first paragraph of this Agreement.

(b) “Competitive Business” as used in this Agreement means any business or commercial activity, other than a VILLAGE JUICE & KITCHEN business that Franchisee is authorized by Franchisor to operate, that receives Twenty-Five Percent (25%) or more of its gross sales from the sale of primarily plant-based food options, juices, milks, smoothies, smoothie bowls, salads, grain bowls, raw vegan desserts or related products on a dine-in or carry-out basis.

(c) “Confidential Information” shall include, without limitation, any information, not generally known to the public, in any form, relating to the System and the Franchised Business and its operations, including all trade secrets of the Franchised Business; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); product formulas, recipes or methods of production; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that we or our affiliates designates as confidential, including all information contained in the Brand Standards Manual.

(d) “Franchise Agreement” shall mean the franchise agreement between Franchisor and Franchisee dated \_\_\_\_\_ as amended or renewed from time to time.

(e) “Location” shall mean the accepted location of Franchisee’s Restaurant.

(f) “Restrictive Territory” shall mean:

- (i) At the Location; or
- (ii) The Territory served by Franchisee as that Territory exists on the date of termination, expiration, or non-renewal of the Franchise Agreement; or
- (iii) The territories in which Franchisor or its affiliates operate any VILLAGE JUICE & KITCHEN businesses or locations as of the date of termination, expiration, or non-renewal of the Franchise Agreement; or
- (iv) The territories of any of Franchisor’s VILLAGE JUICE & KITCHEN franchisees as those territories exist as of the date of termination, expiration, or non-renewal of the Franchise Agreement; or
- (v) An area which is within a 15-mile radius of:
  - a. The Location of the Restaurant as of the date of termination, expiration, or non-renewal of the Franchise Agreement, or
  - b. The location of any other VILLAGE JUICE & KITCHEN businesses owned by Franchisor or its affiliates or franchisees as of the date of termination, expiration, or non-renewal of the Franchise Agreement.

(g) “Restrictive Period” shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate’s association with Franchisee or the Franchised Business ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

- (h) “Term” shall have the meaning defined in the Franchise Agreement.
- (i) “Territory” shall have the meaning defined in the Franchise Agreement.

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

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

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

5. In-Term Covenant Against Unfair Competition. During the Term, Associate will not, without Franchisor’s prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

- (i) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, any Competitive Business; or
- (ii) offer or grant franchises or licenses for any Competitive Business; or
- (iii) become a franchisee or licensee of any Competitive Business; or
- (iv) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

6. Post-Termination Covenant Against Unfair Competition. Associate covenants and agrees that for the Restrictive Period Associate shall not, within the Restrictive Territory, engage in any of the following:

(i) franchise, license, or own an interest in any Competitive Business, including as franchisor, licensor, franchisee or licensee, provided that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 7 so long as Associate does not own themselves or through his or her spouses or partners more than one percent (1%) of the securities of such corporation; or

(ii) engage in any Competitive Business as an officer, director, employee, consultant, manager, operator, or independent contractor in any capacity in which Associate would be in a position to use or disclose Confidential Information.

7. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Franchisor may be entitled. Associate agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars (\$500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

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

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

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

11. Entire Agreement. This instrument contains the entire agreement of Associate and the Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an

agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

12. Governing Law; Jurisdiction and Venue. The laws of North Carolina (without giving effect to its conflicts of law principles) govern all matters arising under and relating to this Agreement, including torts. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of North Carolina, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of North Carolina. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of North Carolina. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

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

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

15. Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Associate has against Franchisor is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, unless herein defined.

*[Signatures on following page]*

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

ASSOCIATE:

\_\_\_\_\_

\_\_\_\_\_

FRANCHISOR:

VILLAGE JUICE CO. FRANCHISING, LLC

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

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

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

## ATTACHMENT 5B TO FRANCHISE AGREEMENT

### NONDISCLOSURE AND NON-SOLICITATION AGREEMENT

This Nondisclosure and Non-solicitation Agreement ("Agreement") is made and entered into as of \_\_\_\_\_ by and between VILLAGE JUICE CO. FRANCHISING, LLC a North Carolina limited liability company ("Franchisor") and \_\_\_\_\_ ("Associate"). All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

#### RECITALS

A. The Franchisor is engaged in the business of franchising a unique system of operating restaurants that specialize in providing delicious, healthy food, cold pressed juices, almond milks, smoothies, and smoothie bowls, salads, grain bowls, toasts, and related products ("Franchised Business"). The Franchised Businesses are operated under the Franchisor's trademark "VILLAGE JUICE & KITCHEN" and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the "Marks");

B. The Franchisor has developed methods for establishing, operating and promoting Franchised Businesses pursuant to the Franchisor's Confidential Information (defined below) and such Confidential Information as may be further developed from time to time by the Franchisor ("System");

C. The Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and customer service, which goodwill and reputation have been and will continue to be of major benefit to the Franchisor;

D. Associate desires to become involved with \_\_\_\_\_ ("Franchisee"), a franchisee of the Franchisor that operates a Franchised Business in \_\_\_\_\_ in the capacity of an owner, officer, partner, director, or agent of the Franchised Business, or is a spouse or domestic partner of an owner of a Franchised Business, and will become privileged as to certain Confidential Information. Associate may or may not have signed the Franchise Agreement or Guaranty and Assumption of Franchisee's Obligations form; and

E. Associate and the Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to noncompetition by Associate with the Franchisor and other franchisees of the Franchisor. Associate agrees to the terms of this Agreement as partial consideration for the Franchisor's willingness to allow Associate to engage in a business relationship with Franchisor or Franchisee using the Franchisor's Confidential Information.

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

1. Definitions.

(a) "Associate" shall mean the individual described in the first paragraph of this Agreement.

(b) "Competitive Business" as used in this Agreement means any business or commercial activity, other than a VILLAGE JUICE & KITCHEN business that Franchisee is



authorized by Franchisor to operate, that receives Twenty-Five Percent (25%) or more of its gross sales from the sale of primarily plant-based food options, juices, milks, smoothies, smoothie bowls, salads, grain bowls, raw vegan desserts or related products on a dine-in or carry-out basis.

(c) “Confidential Information” shall include, without limitation, any information, not generally known to the public, in any form, relating to the System and the Franchised Business and its operations, including all trade secrets of the Franchised Business; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); product formulas, recipes or methods of production; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that we or our affiliates designates as confidential, including all information contained in the Brand Standards Manual.

(d) “Franchise Agreement” shall mean the franchise agreement between Franchisor and Franchisee dated \_\_\_\_\_ as amended or renewed from time to time.

(e) “Location” shall mean the accepted location of Franchisee’s Franchised Business.

(f) “Restrictive Territory” shall mean:

- (i) At the Location; or
- (ii) The Territory served by Franchisee as that Territory exists on the date of termination, expiration, or non-renewal of the Franchise Agreement; or
- (iii) The territories in which Franchisor or its affiliates operate any VILLAGE JUICE & KITCHEN businesses or locations as of the date of termination, expiration, or non-renewal of the Franchise Agreement; or
- (iv) The territories of any of Franchisor’s VILLAGE JUICE & KITCHEN franchisees as those territories exist as of the date of termination, expiration, or non-renewal of the Franchise Agreement; or
- (v) An area which is within a 15-mile radius of:
  - a. The Location of the Franchised Business as of the date of termination, expiration, or non-renewal of the Franchise Agreement, or
  - b. The location of any other VILLAGE JUICE & KITCHEN businesses owned by Franchisor or its affiliates or franchisees as of the date of termination, expiration, or non-renewal of the Franchise Agreement.

(g) “Restrictive Period” shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate’s association with Franchisee or the Franchised Business ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

(h) “Term” shall have the meaning defined in the Franchise Agreement.

(i) “Territory” shall have the meaning defined in the Franchise Agreement.

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

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

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

5. Covenant Against Solicitation. During the Term, Associate will not, without Franchisor’s prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) solicit, divert or attempt to solicit or divert any person or party that is or has been a customer of Franchised Business at any time during the term of this Agreement, to any Competitive Business, as Franchisee agrees that all goodwill associated with Franchisee’s operation under the Marks and the System, and all customer information associated therewith, inure to Franchisor; or

(ii) solicit, divert, or attempt to solicit or divert, any vendor that does has done business with Franchisee to provide supplies, products, equipment, merchandise, or services to a Competitive Business.

6. Post-Termination Covenant Against Solicitation. Associate covenants and agrees that for the Restrictive Period Associate shall not, within the Restrictive Territory, engage in any of the following:

(i) solicit, divert, or induce or attempt to solicit, divert, or induce for, or on behalf of, any Competitive Business any person or entity who was an employee of, independent contractor to, consultant to, or other service provider to the Franchised Business as of the first day of the Restrictive Period with whom Associate had a business relationship through Associate's association with Franchisee or who was an employee of, independent contractor to, consultant to, or other service provider to the Franchised Business within one (1) year prior to the Restrictive Period with whom Associate had a business relationship through Associate's association with Franchisee, to work for the Competitive Business; or

(ii) solicit, induce or attempt to solicit or induce any person or entity who is an employee of, independent contractor to, consultant to, or other service provider to the Franchised Business, Franchisee, Franchisor, Franchisor's affiliates, or Franchisor's other franchisees as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period to terminate or alter in any way its, his, or her relationship with the Franchised Business, Franchisee, Franchisor, Franchisor's affiliates, or Franchisor's other franchisees as of the date of the Restrictive Period; or

(iii) solicit, divert, or induce or attempt to solicit, divert, or induce any persons who were employees of, independent contractors to, consultants to, or any other service provider to Franchisor, Franchisor's affiliates, or Franchisor's other franchisees as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period for, or on behalf of, any Competitive Business to work for any Competitive Business; or

(iv) solicit, divert, or attempt to solicit or divert, any vendor that has done business with the Franchised Business within one (1) year of the Restrictive Period to provide supplies, products, equipment, merchandise, or services to a Competitive Business; or

(iv) solicit, divert or attempt to solicit or divert any person or party that has been a customer of Franchised Business as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period, to any Competitive Business.

7. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Franchisor may be entitled. Associate agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars (\$500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

8. Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or Franchisee or enter

into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Franchisor will entitle or permit Associate to disclose any such Confidential Information in any circumstances.

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

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

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

12. Governing Law; Jurisdiction and Venue. The laws of North Carolina (without giving effect to its conflicts of law principles) govern all matters arising under and relating to this Agreement, including torts. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of North Carolina, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of North Carolina. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of North Carolina. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

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

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

15. Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Associate has against Franchisor is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, unless herein defined.

*[Signatures on following page]*

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

ASSOCIATE:

\_\_\_\_\_

\_\_\_\_\_

FRANCHISOR:

VILLAGE JUICE CO. FRANCHISING, LLC

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

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

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

## ATTACHMENT 6 TO FRANCHISE AGREEMENT

### JUICING ADDENDUM

**THIS JUICING ADDENDUM** (“Addendum”) to the Franchise Agreement between VILLAGE JUICE CO. FRANCHISING, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is made as of the same date as the Franchise Agreement between Franchisor and Franchisee for the Restaurant to be operated at \_\_\_\_\_ (“Agreement”) to amend and supplement certain terms and conditions of the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not otherwise defined in this Addendum shall have their respective meanings set forth in the Agreement.

A. Franchisee was granted the right to operate a traditional VILLAGE JUICE & KITCHEN franchised restaurant without onsite juicing capabilities (“Traditional Restaurant Without Onsite Juicing”);

B. Franchisee now desires to convert the Traditional Restaurant Without Onsite Juicing into a restaurant with the ability to perform juicing onsite (“Traditional Restaurant with Onsite Juicing”); and

C. Franchisor is willing to grant the right to operate a Traditional Restaurant with Onsite Juicing.

NOW THEREFORE, in consideration of the foregoing, Franchisor and Franchisee agree as follows:

1. Franchisor grants Franchisee the right to operate a Traditional Restaurant with Onsite Juicing, including the rights to process juice onsite in accordance with Franchisor’s standards.

2. Franchisee shall attend all of Franchisor’s required trainings and shall pay all costs associated with such trainings, including Franchisor’s \$5,000 juicing training fee, which trainings and any associated training fees Franchisor shall require at Franchisor’s sole discretion.

3. Franchisee shall designate an employee who will operate the juicing equipment and supervise juicing (“Juice Operator”). The Juice Operator must successfully complete any training required by Franchisor before operating any juicing equipment, maintain the highest standards of product quality and consistency; and supervise employees during juicing operations. Franchisor shall receive written notice of any change in the Juice Operator.

4. Franchisee shall comply with the Franchisor’s standards and specifications, whether communicated through the Brand Standards Manual, training materials, or other methods.

5. Franchisee shall comply with all laws and regulations related to juicing.

6. Franchisee shall not distribute or sell its juice to other stores, locations, or Restaurants unless Franchisor grants Franchisee with its prior, written permission, which permission Franchisor may withhold in its sole discretion.

7. Section 17(c) of the Agreement shall be amended to add the following:

Franchisor issues Franchisee a notice of default for failure to operate the juicing equipment or to otherwise prepare or sell fresh juice per the terms of the Agreement, the Brand Standards Manual, or the Juicing Addendum.

8. Franchisee must immediately cease to prepare and sell fresh juice at its Restaurant upon receiving notice from Franchisor that Franchisee is not in compliance with state, federal, or local laws and ordinances related to juicing or Franchisor's standards or specifications related thereto.

**IN WITNESS WHEREOF**, the parties hereto have caused this Addendum to be executed on the date first set forth above.

FRANCHISEE:  
\_\_\_\_\_

FRANCHISOR:  
VILLAGE JUICE CO. FRANCHISING, LLC

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

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

## ATTACHMENT 7 TO FRANCHISE AGREEMENT

### COMMENCEMENT DATE AGREEMENT

This COMMENCEMENT DATE AGREEMENT (this "**Agreement**"), dated as of \_\_\_\_\_ (the "**Effective Date**"), is entered into by and between VILLAGE JUICE CO. FRANCHISING, LLC, a North Carolina limited liability company (the "**Franchisor**"), and \_\_\_\_\_, a \_\_\_\_\_, (the "**Franchisee**"). (Franchisor and Franchisee shall collectively be referred to herein as the "**Parties**" or, individually, as a "**Party**").

#### RECITALS:

**WHEREAS**, by [LEASE AGREEMENT TITLE] dated [LEASE DATE] (the "**Lease**"), Franchisee has leased certain premises located [in the building known as [BUILDING NAME] and having an address] at [ADDRESS], as more particularly described in the Lease; and

**WHEREAS**, Franchisor and Franchisee have entered into a franchise agreement dated as of \_\_\_\_\_ (the "**Franchise Agreement**"), whereby Franchisee accepted the right to develop a Village Juice Restaurant in the Territory (as the same is defined therein); and

**WHEREAS**, Section 2(a) of the Franchise Agreement contemplates that Franchisor and Franchisee will execute an agreement affirming the Commencement Date of the lease and the Expiration Date of the Term of the Franchise Agreement;

**NOW THEREFORE**, in consideration of the mutual covenants undertaken herein and in the Franchise Agreement, the receipt and sufficiency of which consideration is hereby mutually acknowledged, and intending to be legally bound hereby, Franchisor and Franchisee covenant and agree as follows:

1. **Defined Terms.** All capitalized terms not otherwise defined in this Agreement shall have the definitions given to them in the Franchise Agreement.

2. **Commencement Date.** The Commencement Date of the Lease is hereby fixed at [COMMENCEMENT DATE] (the "**Commencement Date**").

3. **Expiration Date.** The Expiration Date of the Term of the Franchise Agreement is hereby fixed at midnight on the day preceding the tenth (10<sup>th</sup>) anniversary date of the Commencement Date (the "**Expiration Date**"). The Term, as described in the Franchise Agreement, shall begin on the Commencement Date and end on the Expiration Date.

4. **Release.** Franchisee; Owners; guarantors of the Franchisee; for themselves and on behalf of their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns, hereby fully and forever unconditionally release and discharge the Franchisor; Franchisor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers,



directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, "Released Parties") from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever, in law or in equity, whether known or unknown, which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with the Released Parties, however characterized or described, from the beginning of time until the date of this Agreement.

5. Modification. This Agreement may only be supplemented, amended, or modified by written agreement of the parties.

6. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original and together constitute one and the same instrument. A facsimile, telecopy or other reproduction of this Agreement may be executed by one or more parties hereto, and an executed copy of this Agreement may be delivered by one or more parties hereto by facsimile or similar instantaneous electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes as of the date hereof.

7. Remainder of Agreement. The remaining provisions of the Franchise Agreement (including, without limitation, all exhibits and attachments thereto) not otherwise amended by this Agreement shall remain in full force and effect. In the event that there is a conflict between the terms of the Franchise Agreement and this Agreement, the terms of this Agreement shall govern.

8. Governing Law. This Agreement shall be governed by and construed in accordance with choice of laws provision set forth in Section 21(j) of the Franchise Agreement.

9. No Waiver. Except as otherwise expressly set forth herein, nothing herein shall be deemed to constitute a consent to the modification or waiver of any term or condition of the Franchise Agreement, all of which terms and provisions are hereby ratified and confirmed and shall continue in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have caused this Addendum to be executed on the date first set forth above.

FRANCHISEE:  
\_\_\_\_\_

FRANCHISOR:  
VILLAGE JUICE CO. FRANCHISING, LLC

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

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

**EXHIBIT B-1**  
**RESTAURANT DIRECTORY/LISTING OF CURRENT FRANCHISEES**  
**AS OF THE ISSUANCE DATE OF THIS FDD**

Unit Franchises:

**Charlotte:**

Queen Bee Juice  
1115 N. Brevard Street  
Charlotte, NC 28206  
704-705-2220

Non-Traditional Licensees:

**Elon University:**

Aramark Educational Services, LLC  
Elon University McEwen Dining Hall  
100 Campus Drive  
Elon, NC 27244  
(336) 278-5333

**Wake Forest University:**

Aramark Educational Services, LLC  
Wake Forest University North Campus Dining Hall  
1834 Wake Forest Road  
Winston-Salem, NC 27109  
(336) 758-5607

**University of South Carolina:**

Aramark Educational Services, LLC  
1244 Blossom Street  
Columbia, SC 29201  
(803) 777-7000

**University of North Carolina at Chapel Hill:**

Aramark Educational Services, LLC  
36 Lenoir Drive  
Chapel Hill, NC 27599  
(919) 962-2211

**EXHIBIT B-2**  
**LISTING OF CERTAIN PAST FRANCHISEES**  
**AS OF THE ISSUANCE DATE OF THIS FDD**

**Harrisonburg:**

ADV Properties, LLC  
126 W. Bruce Street  
Harrisonburg, VA 22801  
(540) 534-1002

Note: as of the issuance of this FDD, the Harrisonburg, Virginia location ceased operations in 2023.

**EXHIBIT C**  
**FINANCIAL STATEMENTS**

**VILLAGE JUICE CO. FRANCHISING, LLC**

Financial Statements

December 31, 2022 and 2021

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Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Members  
Village Juice Co. Franchising, LLC  
Winston-Salem, North Carolina

### Opinion

We have audited the accompanying financial statements of Village Juice Co. Franchising, LLC (a North Carolina corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Village Juice Co. Franchising, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

---

Raleigh | Durham | Wilmington | Cedar Point

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

*Thomas, Judy & Jucker, P.A.*

Raleigh, North Carolina  
December 12, 2023



**VILLAGE JUICE CO. FRANCHISING, LLC****BALANCE SHEETS**

December 31, 2022 and 2021

| <u>ASSETS</u>                               | <u>2022</u>      | <u>2021</u>       |
|---|------------------|-------------------|
| Current Assets:                             |                  |                   |
| Cash  | \$ 6,757         | \$ 60,247         |
| Royalty Receivables                         | 7,515            | 14,558            |
| Franchise Fees Receivable                   |                  | 24,500            |
| Total Current Assets                        | <u>14,272</u>    | <u>99,305</u>     |
| Property and Equipment at Cost:             |                  |                   |
| Leasehold Improvements                      | 59,637           | 59,637            |
| Less Accumulated Depreciation               | <u>(52,678)</u>  | <u>(40,751)</u>   |
| Net Property and Equipment                  | <u>6,959</u>     | <u>18,886</u>     |
| Total Assets                                | <u>\$ 21,231</u> | <u>\$ 118,191</u> |
| <br><u>LIABILITIES AND MEMBER'S DEFICIT</u> |                  |                   |
| Current Liabilities:                        |                  |                   |
| Current Portion of Note Payable             | \$ 1,118         | \$                |
| Accounts Payable                            | 60,629           | 79,205            |
| Deferred Revenue                            | <u>34,092</u>    | <u>13,919</u>     |
| Total Current Liabilities                   | <u>95,839</u>    | <u>93,124</u>     |
| Long-Term Liabilities:                      |                  |                   |
| Accrued Interest                            | 12,498           | 8,348             |
| Due to Related Parties                      | 452,784          | 382,356           |
| Notes Payable - Related Parties             | 98,000           | 98,000            |
| Note Payable                                | 66,212           | 61,800            |
| Deferred Revenue                            | <u>52,722</u>    | <u>67,564</u>     |
| Total Long-Term Liabilities                 | <u>682,216</u>   | <u>618,068</u>    |
| Total Liabilities                           | <u>778,055</u>   | <u>711,192</u>    |
| Member's Deficit                            | <u>(756,824)</u> | <u>(593,001)</u>  |
| Total Liabilities and Member's Deficit      | <u>\$ 21,231</u> | <u>\$ 118,191</u> |

See Accompanying Notes

**VILLAGE JUICE CO. FRANCHISING, LLC**  
**STATEMENTS OF OPERATIONS**  
Years Ended December 31, 2022 and 2021

|                                      | <u>2022</u>         | <u>2021</u>         |
|--------------------------------------|---------------------|---------------------|
| Revenues:                            |                     |                     |
| Franchise Fees                       | \$ 4,700            | \$ 50,242           |
| Royalty Fees                         | 174,495             | 149,654             |
| Brand Development Fees               | 13,488              | 5,399               |
| Licensing Fee                        | <u>9,219</u>        | <u>5,067</u>        |
| Total Revenues                       | <u>201,902</u>      | <u>210,362</u>      |
| General and Administrative Expenses: |                     |                     |
| Advertising and Promotion            | 68,831              | 108,019             |
| Auto Allowance                       | 500                 |                     |
| Bad Debt Expense                     | 44,040              |                     |
| Bank Service Charges                 | 501                 | 334                 |
| Bonus                                | 1,204               | 6,000               |
| Charitable Contributions             | 380                 | 347                 |
| Consulting                           | 34,942              | 17,715              |
| Depreciation                         | 11,927              | 11,927              |
| Insurance                            | 9,849               | 8,970               |
| Miscellaneous                        | 9,171               | 1,400               |
| Office                               | 8,999               | 6,526               |
| Professional Fees                    | 62,469              | 80,546              |
| Rent                                 | 37,635              | 37,891              |
| Repairs and Maintenance              |                     | 344                 |
| Research and Development             | 46,375              | 43,772              |
| Training Costs                       | 354                 | 7,340               |
| Travel                               | 10,434              | 9,106               |
| Interest                             | <u>18,114</u>       | <u>18,752</u>       |
| Total Expenses                       | <u>365,725</u>      | <u>358,989</u>      |
| Net Loss                             | <u>\$ (163,823)</u> | <u>\$ (148,627)</u> |

See Accompanying Notes

**VILLAGE JUICE CO. FRANCHISING, LLC**  
STATEMENTS OF CHANGES IN MEMBER'S DEFICIT  
Years Ended December 31, 2022 and 2021

|                                     |                            |
|-------------------------------------|----------------------------|
| Member's Deficit, December 31, 2020 | \$ (441,994)               |
| Member Distributions                | (2,380)                    |
| Net Loss                            | <u>(148,627)</u>           |
| Member's Deficit, December 31, 2021 | (593,001)                  |
| Net Loss                            | <u>(163,823)</u>           |
| Member's Deficit, December 31, 2022 | <u><u>\$ (756,824)</u></u> |

See Accompanying Notes

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**VILLAGE JUICE CO. FRANCHISING, LLC**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2022 and 2021

|  | 2022         | 2021         |
|--|--------------|--------------|
| Cash from Operating Activities:  |              |              |
| Net Loss   | \$ (163,823) | \$ (148,627) |
| Adjustments to Reconcile Net Loss to Net Cash Used<br>by Operating Activities: |              |              |
| Depreciation   | 11,927       | 11,927       |
| Changes in Operating Assets and Liabilities that<br>Provided (Used) Cash:      |              |              |
| Royalty Receivables  | 7,043        | 2,826        |
| Franchise Fees Receivable  | 24,500       | (24,500)     |
| Accounts Payable   | (18,576)     | 17,232       |
| Accrued Interest   | 9,680        | 11,241       |
| Deferred Revenue   | 5,331        | 62,691       |
| Net Cash Used by Operating Activities  | (123,918)    | (67,210)     |
| Cash from Financing Activities:  |              |              |
| Distributions to Members   |              | (2,380)      |
| Proceeds from Related Parties, Net   | 70,428       | 120,615      |
| Net Cash Provided by Financing Activities                                      | 70,428       | 118,235      |
| Net Increase (Decrease) in Cash  | (53,490)     | 51,025       |
| Cash, Beginning of Year  | 60,247       | 9,222        |
| Cash, End of Year  | \$ 6,757     | \$ 60,247    |
| Supplemental Disclosure of Cash Flow Information:                              |              |              |
| Cash Paid During the Year for Interest   | \$ 13,964    | \$ 47,115    |
| Schedule of Noncash Investing and Financing Transactions:                      |              |              |
| Transfer of Accrued Interest to Note Payable                                   | \$ 5,530     | \$           |
| Transfer of Notes Payable and Accrued Interest to<br>Due to Related Parties    | \$           | \$ 294,595   |

See Accompanying Notes  
6

**VILLAGE JUICE CO. FRANCHISING, LLC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies

Business Operations

Village Juice Co. Franchising, LLC (the "Company") was organized on November 8, 2017 and began operations in 2018. The Company is the franchisor of the Village Juice Company restaurants. In addition, the Company licenses the business systems, standards and products under the Village Juice Company tradename. The Company's fiscal year-end is December 31.

Ownership

The Company is a single member LLC owned by VJCO, Inc., which was formed in August 2019. Prior to August 2019, the membership interest in the Company was held by three members and in August 2019 transferred their membership interest in the Company to VJCO, Inc. in exchange for shares in VJCO, Inc. The Company's sole member is not to be bound by, or personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the operating agreement or as required by law. The Company shall continue in perpetual existence unless the Company is dissolved in accordance with the provisions of the Company's operating agreement.

Basis of Accounting

The financial statements of the Company are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Allocation of Profit and Loss

In accordance with the operating agreement, taxable income and loss are allocated to the Company's sole member.

Revenue Recognition

The Company accounts for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification 606 ("ASC 606"), *Revenue from Contracts with Customers*, which was adopted on January 1, 2020. Revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing the revenue when (or as) the entity satisfies a performance obligation. In 2021, the Company elected to adopt the accounting policy within Accounting Standards Update 2021-02 ("ASU 2021-02"), *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*, which allows the Company to treat pre-opening activities provided to a franchisee as a distinct and separate performance obligation from the franchise license if the pre-opening activities are consistent with those included within a predefined list within the guidance, and therefore the pre-opening activities are recognized as revenue in the year the services are provided.

**VILLAGE JUICE CO. FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

In accordance with ASC 606, the Company determined that the franchise license that the Company provides in exchange for the upfront franchise fee that is allocated to the franchise license is highly interrelated with the franchise right and is not individually distinct from the ongoing services that the Company provides to franchisees. As a result, a portion of the upfront franchise fee allocated to the franchise license is recognized as revenue over the term of the respective franchise agreement. In accordance with ASU 2021-02, the Company determined that the pre-opening activities are recognized as revenue in the year the services are provided.

Royalty income is recognized over the term of the respective franchise agreement based on the royalties earned each period as the underlying sales occur. Renewal fees are generally recognized over the renewal term for the respective restaurant from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer.

Continuing fees such as royalties and advertising are typically billed and paid monthly. Royalty fees are based on 6% to 10% of the franchisee's gross store-level sales and national advertising fees are based on 2% of the franchisee's store-level sales. The Company has determined the royalties and advertising services provided to franchisees are highly interrelated with the franchise right and therefore not distinct. Franchisees remit to the Company a percentage of Village Juice Company store-level sales as consideration for providing the advertising services. As a result, revenues for royalties and advertising services are recognized when the related store sales occur based on the application of the sales-based exception within ASC 606.

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2022:

|  |    |                |
|--|----|----------------|
| Performance Obligations Satisfied Over Time          | \$ | 13,919         |
| Performance Obligations Satisfied at a Point in Time |    | <u>187,983</u> |
| Total Revenue  | \$ | <u>201,902</u> |

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2021:

|  |    |                |
|--|----|----------------|
| Performance Obligations Satisfied Over Time          | \$ | 55,309         |
| Performance Obligations Satisfied at a Point in Time |    | <u>155,053</u> |
| Total Revenue  | \$ | <u>210,362</u> |

**VILLAGE JUICE CO. FRANCHISING, LLC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies (Continued)

Contract Balances

Royalty receivables relate primarily to payments due for royalties. Deferred revenue represents the Company's remaining performance obligations under its franchise and license agreements for which consideration has been received. These amounts have been separately stated in the accompanying balance sheets and therefore are not disclosed as required by ASC 606.

Cash Equivalents

The Company considers investments in money market accounts and commercial paper with maturities of 90 days or less to be cash equivalents. At December 31, 2022 and 2021, the Company had no cash equivalents.

Royalty Receivables

Royalty receivables consist of royalties associated with license agreements based on monthly gross sales. Total royalties due to the Company at December 31, 2022 and 2021 was \$7,515 and \$14,558, respectively. Management has determined that no allowance for doubtful accounts is necessary.

Franchise Fees Receivable

Franchise fees receivable consists of revenue associated with the initial franchise fees due on the franchise signed, net of reimbursements. Franchise fees due to the Company at December 31, 2022 and 2021 totaled \$0 and \$24,500, respectively.

Property and Equipment

Property and equipment consist of leasehold improvements, which are depreciated on the straight-line method over the shorter of the useful life or the contractual term for the office space. In connection with the license agreement (see Note 3), the parties agreed to make improvements to a building and costs were shared equally among the parties. The Company has the right to use the office space over the term of the license agreement. The initial contractual term is five years with two one-year options to extend the initial term. Depreciation expense was \$11,927 for the years ended December 31, 2022 and 2021.

Concentration of Credit Risk

The Company places its cash in a financial institution located in the Winston-Salem, North Carolina area. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The risk is managed by maintaining all deposits in high quality financial institutions. At December 31, 2022 and 2021, the Company's cash balances were fully insured.

Use of Estimates and Assumptions

The preparation of the 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 disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**VILLAGE JUICE CO. FRANCHISING, LLC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies (Continued)

Advertising

The Company expenses advertising costs as incurred. Advertising expense totaled \$68,831 and \$108,019 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes

No income tax provision has been included in the financial statements since income or loss of the Company is required to be reported by respective members on their income tax returns.

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in income tax returns that require recognition or disclosure in the accompanying financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Reclassifications

Certain amounts from the 2021 financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no effect on member's deficit or net loss.

2. Related Party Transactions

Advances

The Company has advances due to and due from entities affiliated through common ownership. These advances have no formal terms of repayment. The amounts due to entities affiliated through common ownership totaled \$158,189 as of December 31, 2022. The amounts due to entities affiliated through common ownership totaled \$87,761 as of December 31, 2021.

Convertible Notes Payable

During 2021, the Company's sole member assumed the convertible notes payable and related accrued interest to various individuals that were obligations of the Company (see Note 5). Originally issued in May 2019, the promissory notes accrue interest at 8% per annum. All unpaid interest and principal had an original maturity of May 2021 and were extended to mature in January 2024. In the event the Company issues and sells equity securities to investors on or before the date of full repayment of the promissory notes resulting in gross proceeds to the Company of at least \$500,000 (a qualified financing), then the outstanding principal balance and any accrued interest will automatically convert in whole without any further action by the holder into such equity securities at a conversion price equal to 80% of the per share or unit price, paid by the investors in the qualified financing. In the event a qualified financing is not consummated prior to the maturity date, then, at the election of the holders made at any time before or after the maturity date, effective upon the maturity date, the outstanding principal and unpaid interest will be converted to membership units of the Company at a conversion price equal to the quotient of \$3,000,000 divided by the aggregate number of Company membership units as of the maturity date. The outstanding principal and accrued interest balance on the convertible notes payable as of December 31, 2022 and 2021 totaled \$255,000 and \$39,595, respectively, and is included in due to related parties on the accompanying balance sheets.



**VILLAGE JUICE CO. FRANCHISING, LLC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

2. Related Party Transactions (Continued)

*Notes Payable*

As disclosed in Note 7, the Company has notes payable to related parties. Amounts due totaled \$98,000 as of December 31, 2022 and 2021.

*Facility Fees*

The Company leases facility space from an entity affiliated through common ownership. Under the agreement, monthly payments of \$2,500 were due on a month-to-month basis under the agreement. Amounts paid to the entity totaled \$30,000 and \$29,933 during the years ended December 31, 2022 and 2021, respectively.

*Legal Retainer Fees*

The Company makes monthly payments of \$3,000 to a related party who is a licensed attorney to retain legal services on an as needed basis. Amounts paid totaled \$33,000 and \$0 for the years ended December 31, 2022 and 2021, respectively.

3. License Agreements

During 2018, the Company entered into two licensing agreements with a company that conducts innovative foodservice management programs for the development of multiple high quality food service units operating under select brands at various university facilities pursuant to certain management service agreements. In connection with the agreements, the Company granted the licensee the right and license to develop, open and operate full service restaurants using the Company's brand. The licensee is required to pay the Company a royalty based on 10% of sales. In addition, under one of the agreements, the licensee paid a \$10,000 license fee. The fee is being recognized as revenue over the term of the license agreement.

During 2021, the Company entered into two additional licensing agreements with the same company as noted in the preceding paragraph. In connection with the agreements, the Company granted the licensee the right and license to develop, open and operate full service restaurants using the Company's brand. The licensee is required to pay the Company a royalty based on 7% of sales per unit. In addition, the licensee paid a \$38,500 license fee. The fee is being recognized as revenue over the term of the license agreement.

During 2022, the Company entered into an additional licensing agreement with the same company as noted in the preceding paragraph. In connection with the agreement, the Company granted the licensee the right and license to develop, open and operate a full service restaurant using the Company's brand. The licensee is required to pay the Company a royalty based on 7% of sales per unit. In addition, the licensee paid a \$19,250 license fee. The fee is being recognized as revenue over the term of the license agreement.

**VILLAGE JUICE CO. FRANCHISING, LLC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

4. Liquidity

The Company's activities are subject to significant risks and uncertainties, including failing to find franchisees and failing to secure additional funding for operating activities. The member of the Company plans to make capital contributions, initiate capital raises, and provide additional advances to fund operating activities in the event working capital is not sufficient to cover operating expenses.

Management believes that cash generated from future operations and continued financial support from the member of the Company and investors in the form of capital contributions will enable the Company to achieve its goals. Management's plans to achieve profitable operations are dependent upon its ability to continue sell to additional franchises.

Should the Company not achieve its expected levels of revenues, or accurately estimate, control and manage its expenses, management may be required to alter the Company's operating plans. The attainment of profitable operations is dependent upon future events, including achieving a level of franchise fees and royalties to provide adequate cash flows to fund operating expenses. No assurance can be given that the Company will be able to operate profitably on a consistent basis, or at all, in the future.

5. Convertible Notes Payable

During 2021, the Company's sole member assumed the convertible promissory notes, including principal of \$255,000 plus accrued interest of 39,595 (see Note 2).

6. Note Payable

The Company received a \$61,800 Economic Injury Disaster Loan from the Small Business Administration in May 2020 as a result of the COVID-19 outbreak. Monthly loan payments, including principal and interest of \$302, begin in November 2022 (with payments first being applied to accrued interest) and continue until maturity in November 2050. Interest will accrue at 3.75%. The debt is secured by property, equipment, inventory and accounts receivable. The carrying amount of assets secured by debt totaled \$21,231 as of December 31, 2022. The outstanding principal balance on the note payable including accrued interest as of December 31, 2022 and 2021 was \$67,330 and \$61,800, respectively.

**VILLAGE JUICE CO. FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

6. Note Payable (Continued)

The future maturities on the note payable are as follows:

| <u>Year Ending</u><br><u>December 31</u> | <u>Amount</u>    |
|--|------------------|
| 2023                                     | \$ 1,118         |
| 2024                                     | 1,161            |
| 2025                                     | 1,205            |
| 2026                                     | 1,251            |
| 2027                                     | 1,299            |
| Thereafter                               | <u>61,296</u>    |
|  | <u>\$ 67,330</u> |

7. Notes Payable - Related Parties

The Company has notes payable to individuals who are affiliated with the Company. The notes accrue interest at rates ranging from 5% to 7.5%. All unpaid interest and principal are due at maturity in dates ranging from August to November 2024. Amounts outstanding totaled \$98,000 as of December 31, 2022 and 2021.

8. Deferred Revenue

Deferred revenue consisted of the following as of December 31, 2022:

|                       | <u>Current</u>   | <u>Long-Term</u> |
|-----------------------|------------------|------------------|
| License Agreements    | \$ 9,367         | \$ 40,264        |
| Initial Franchise Fee | <u>24,725</u>    | <u>12,458</u>    |
|                       | <u>\$ 34,092</u> | <u>\$ 52,722</u> |

Deferred revenue consisted of the following as of December 31, 2021:

|                       | <u>Current</u>   | <u>Long-Term</u> |
|-----------------------|------------------|------------------|
| License Agreements    | \$ 9,219         | \$ 30,381        |
| Initial Franchise Fee | <u>4,700</u>     | <u>37,183</u>    |
|                       | <u>\$ 13,919</u> | <u>\$ 67,564</u> |

**VILLAGE JUICE CO. FRANCHISING, LLC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

9. Operating Lease Obligations

The Company leases its copier under an operating lease which matures in March 2023. Monthly payments during the lease term total \$212. Rent expense totaled \$2,542 for the years ended December 31, 2022 and 2021.

Total future minimum cash rental payments under the lease are as follows:

| <u>Year Ending</u><br><u>December 31</u> | <u>Amount</u> |
|--|---------------|
| 2023                                     | \$ <u>636</u> |

The Company also leases office space on a month-to-month basis. Rent expense totaled \$3,600 and \$4,400 for the years ended December 31, 2022 and 2021, respectively.

The Company also rents office space from a related party (see Note 2).

10. Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 12, 2023, which is the date the financial statements were available to be issued.

During 2023, operating advances were made at varying dates to the Company from VJCO, Inc., the Company's sole owner. The aggregate amount advanced to the Company during 2023 totaled approximately \$105,000. These advances have no defined terms of repayment.

**VILLAGE JUICE CO. FRANCHISING, LLC**

**Financial Statements**

**December 31, 2021 and 2020**

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Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Members  
Village Juice Co. Franchising, LLC  
Winston-Salem, North Carolina

### Opinion

We have audited the accompanying financial statements of Village Juice Co. Franchising, LLC (a North Carolina corporation), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Village Juice Co. Franchising, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

*Thomas, Judy & Tucker, P.A.*

Raleigh, North Carolina  
February 16, 2022



**VILLAGE JUICE CO. FRANCHISING, LLC**  
**BALANCE SHEETS**  
December 31, 2021 and 2020

| <u>ASSETS</u>                               | <u>2021</u>       | <u>2020</u>      |
|---|-------------------|------------------|
| Current Assets:                             |                   |                  |
| Cash  | \$ 60,247         | \$ 9,222         |
| Due from Related Parties                    |                   | 32,854           |
| Royalty Receivables                         | 14,558            | 17,384           |
| Franchise Fees Receivable                   | <u>24,500</u>     |                  |
| Total Current Assets                        | <u>99,305</u>     | <u>59,460</u>    |
| Property and Equipment at Cost:             |                   |                  |
| Leasehold Improvements                      | 59,637            | 59,637           |
| Less Accumulated Depreciation               | <u>(40,751)</u>   | <u>(28,824)</u>  |
| Net Property and Equipment                  | <u>18,886</u>     | <u>30,813</u>    |
| Total Assets                                | <u>\$ 118,191</u> | <u>\$ 90,273</u> |
| <br><u>LIABILITIES AND MEMBERS' DEFICIT</u> |                   |                  |
| Current Liabilities:                        |                   |                  |
| Accounts Payable                            | \$ 79,205         | \$ 61,973        |
| Deferred Revenue                            | <u>13,919</u>     | <u>3,500</u>     |
| Total Current Liabilities                   | <u>93,124</u>     | <u>65,473</u>    |
| Long-Term Liabilities:                      |                   |                  |
| Accrued Interest                            | 8,348             | 36,702           |
| Due to Related Parties                      | 382,356           |                  |
| Notes Payable - Related Parties             | 98,000            | 98,000           |
| Convertible Notes Payable                   |                   | 255,000          |
| Note Payable                                | 61,800            | 61,800           |
| Deferred Revenue                            | <u>67,564</u>     | <u>15,292</u>    |
| Total Long-Term Liabilities                 | <u>618,068</u>    | <u>466,794</u>   |
| Total Liabilities                           | <u>711,192</u>    | <u>532,267</u>   |
| Members' Deficit                            | <u>(593,001)</u>  | <u>(441,994)</u> |
| Total Liabilities and Members' Deficit      | <u>\$ 118,191</u> | <u>\$ 90,273</u> |

See Accompanying Notes

**VILLAGE JUICE CO. FRANCHISING, LLC**  
**STATEMENTS OF OPERATIONS**  
Years Ended December 31, 2021 and 2020

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| <b>Revenues:</b>                            |                     |                     |
| Franchise Fees                              | \$ 50,242           | \$ 1,500            |
| Royalty Fees                                | 149,654             | 103,210             |
| Brand Development Fees                      | 5,399               | 2,187               |
| Licensing Fee                               | 5,067               | 2,000               |
| <b>Total Revenues</b>                       | <b>210,362</b>      | <b>108,897</b>      |
| <b>General and Administrative Expenses:</b> |                     |                     |
| Advertising and Promotion                   | 108,019             | 29,670              |
| Bank Service Charges                        | 334                 | 130                 |
| Bonus                                       | 6,000               |                     |
| Charitable Contributions                    | 347                 | 3,000               |
| Consulting                                  | 17,715              | 3,575               |
| Depreciation                                | 11,927              | 11,927              |
| Insurance                                   | 8,970               | 9,110               |
| Management Fees                             |                     | 18,000              |
| Miscellaneous                               | 1,391               | 2,714               |
| Office                                      | 6,526               | 6,742               |
| Professional Fees                           | 80,546              | 100,290             |
| Rent  | 37,891              | 29,746              |
| Repairs and Maintenance                     | 344                 | 13                  |
| Research and Development                    | 43,772              | 21,298              |
| Training Costs                              | 7,340               | 1,100               |
| Travel                                      | 9,106               | 3,373               |
| Interest                                    | 18,761              | 33,787              |
| <b>Total Expenses</b>                       | <b>358,989</b>      | <b>274,475</b>      |
| <b>Net Loss</b>                             | <b>\$ (148,627)</b> | <b>\$ (165,578)</b> |

See Accompanying Notes

**VILLAGE JUICE CO. FRANCHISING, LLC**  
**STATEMENTS OF CHANGES IN MEMBERS' DEFICIT**  
**Years Ended December 31, 2021 and 2020**

|   |                     |
|---|---------------------|
| Members' Deficit, December 31, 2019       | \$ (285,357)        |
| Cumulative Effect of ASU 2021-02 Adoption | 9,958               |
| Member Distributions                      | (1,017)             |
| Net Loss                                  | <u>(165,578)</u>    |
| Members' Deficit, December 31, 2020       | (441,994)           |
| Member Distributions                      | (2,380)             |
| Net Loss                                  | <u>(148,627)</u>    |
| Members' Deficit, December 31, 2021       | <u>\$ (593,001)</u> |

See Accompanying Notes

5

**VILLAGE JUICE CO. FRANCHISING, LLC**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2021 and 2020

|  | <u>2021</u>       | <u>2020</u>      |
|--|-------------------|------------------|
| Cash from Operating Activities:  |                   |                  |
| Net Loss   | \$ (148,627)      | \$ (165,578)     |
| Adjustments to Reconcile Net Loss to Net Cash Used<br>by Operating Activities: |                   |                  |
| Depreciation   | 11,927            | 11,927           |
| Changes in Operating Assets and Liabilities that<br>Provided Cash:             |                   |                  |
| Royalty Receivables  | 2,826             | (7,657)          |
| Franchise Fees Receivable  | (24,500)          |                  |
| Accounts Payable   | 17,232            | 11,898           |
| Accrued Interest   | 11,241            | 25,402           |
| Deferred Revenue   | 62,691            | (3,500)          |
| Net Cash Used by Operating Activities  | <u>(67,210)</u>   | <u>(127,508)</u> |
| Cash from Financing Activities:  |                   |                  |
| Proceeds from Convertible Notes Payable  |                   | 40,000           |
| Proceeds from Note Payable   |                   | 61,800           |
| Distributions to Members   | (2,380)           | (1,017)          |
| Proceeds from (Payments to) Related Parties, Net                               | <u>120,615</u>    | <u>(54,309)</u>  |
| Net Cash Provided by Financing Activities                                      | <u>118,235</u>    | <u>46,474</u>    |
| Net Increase (Decrease) in Cash  | 51,025            | (81,034)         |
| Cash, Beginning of Year  | <u>9,222</u>      | <u>90,256</u>    |
| Cash, End of Year  | <u>\$ 60,247</u>  | <u>\$ 9,222</u>  |
| Supplemental Disclosure of Cash Flow Information:                              |                   |                  |
| Cash Paid During the Year for Interest   | <u>\$ 47,115</u>  | <u>\$ 8,385</u>  |
| Schedule of Noncash Investing and Financing Transactions:                      |                   |                  |
| Transfer of Notes Payable and Accrued Interest to<br>Due to Related Parties    | <u>\$ 294,595</u> | <u>\$</u>        |

See Accompanying Notes

6



**VILLAGE JUICE CO. FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

1. Summary of Significant Accounting Policies

Business Operations

Village Juice Co. Franchising, LLC (the "Company") was organized on November 8, 2017 and began operations in 2018. The Company is the franchisor of the Village Juice Company restaurants. In addition, the Company licenses the business systems, standards and products under the Village Juice Company tradename. The Company's fiscal year-end is December 31.

Ownership

The Company is a single member LLC owned by VJCO, Inc., which was formed in August 2019. Prior to August 2019, the membership interest in the Company was held by three members and in August 2019 transferred their membership interest in the Company to VJCO, Inc. in exchange for shares in VJCO, Inc. The Company's sole member is not to be bound by, or personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the operating agreement or as required by law. The Company shall continue in perpetual existence unless the Company is dissolved in accordance with the provisions of the Company's operating agreement.

Basis of Accounting

The financial statements of the Company are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Allocation of Profit and Loss

In accordance with the operating agreement, taxable income and loss are allocated to the Company's sole member.

Revenue Recognition

The Company accounts for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification 606 ("ASC 606"), *Revenue from Contracts with Customers*, which was adopted on January 1, 2020. Revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing the revenue when (or as) the entity satisfies a performance obligation. In 2021, the Company elected to adopt the accounting policy within Accounting Standards Update 2021-02 ("ASU 2021-02"), *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*, which allows the Company to treat pre-opening activities provided to a franchisee as a distinct and separate performance obligation from the franchise license if the pre-opening activities are consistent with those included within a predefined list within the guidance, and therefore the pre-opening activities are recognized as revenue in the year the services are provided.

**VILLAGE JUICE CO. FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Prior to ASC 606, revenue related to initial fees was recognized upon store opening and renewal and transfer fees were recognized when the related agreement became effective. Upon the adoption of ASC 606, the Company determined that the franchise license that the Company provides in exchange for the upfront franchise fee that is allocated to the franchise license is highly interrelated with the franchise right and is not individually distinct from the ongoing services that the Company provides to franchisees. As a result, upon the adoption of ASC 606, a portion of the upfront franchise fee allocated to the franchise license is recognized as revenue over the term of the respective franchise agreement. Upon the adoption of ASU 2021-02, the Company determined that the pre-opening activities are recognized as revenue in the year the services are provided. Retained earnings and deferred revenue were adjusted for \$9,958, which represented the cumulative effect of the adoption of ASU 2021-02 as of January 1, 2020.

Royalty income is recognized over the term of the respective franchise agreement based on the royalties earned each period as the underlying sales occur. Renewal fees are generally recognized over the renewal term for the respective restaurant from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer.

Continuing fees such as royalties and advertising are typically billed and paid monthly. Royalty fees are based on 6% to 10% of the franchisee's gross store-level sales and national advertising fees are based on 2% of the franchisee's store-level sales. The Company has determined the royalties and advertising services provided to franchisees are highly interrelated with the franchise right and therefore not distinct. Franchisees remit to the Company a percentage of Village Juice Company store-level sales as consideration for providing the advertising services. As a result, revenues for royalties and advertising services are recognized when the related store sales occur based on the application of the sales-based exception within ASC 606.

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2021.

|  |                   |
|--|-------------------|
| Performance Obligations Satisfied Over Time          | \$ 55,309         |
| Performance Obligations Satisfied at a Point in Time | <u>155,053</u>    |
| Total Revenue  | <u>\$ 210,362</u> |

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2020.

|  |                   |
|--|-------------------|
| Performance Obligations Satisfied Over Time          | \$ 3,500          |
| Performance Obligations Satisfied at a Point in Time | <u>105,397</u>    |
| Total Revenue  | <u>\$ 108,897</u> |



**VILLAGE JUICE CO. FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

1. Summary of Significant Accounting Policies (Continued)

Contract Balances

Royalty receivables relate primarily to payments due for royalties. Deferred revenue represents the Company's remaining performance obligations under its franchise and license agreements for which consideration has been received. These amounts have been separately stated in the accompanying balance sheets and therefore are not disclosed as required by ASC 606.

Cash Equivalents

The Company considers investments in money market accounts and commercial paper with maturities of 90 days or less to be cash equivalents. At December 31, 2021 and 2020, the Company had no cash equivalents.

Royalty Receivables

Royalty receivables consist of royalties associated with license agreements based on monthly gross sales. Total royalties due to the Company at December 31, 2021 and 2020 was \$14,558 and \$17,384, respectively. Management has determined that no allowance for doubtful accounts is necessary.

Franchise Fees Receivable

Franchise fees receivable consists of revenue associated with the initial franchise fees due on the franchise signed, net of reimbursements. Franchise fees due to the Company at December 31, 2021 and 2020 totaled \$24,500 and \$0, respectively.

Property and Equipment

Property and equipment consist of leasehold improvements, which are depreciated on the straight-line method over the shorter of the useful life or the contractual term for the office space. In connection with the license agreement (see Note 3), the parties agreed to make improvements to a building and costs were shared equally among the parties. The Company has the right to use the office space over the term of the license agreement. The initial contractual term is five years with two one-year options to extend the initial term. Depreciation expense was \$11,927 for the years ended December 31, 2021 and 2020.

Concentration of Credit Risk

The Company places its cash in a financial institution located in the Winston-Salem, North Carolina area. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The risk is managed by maintaining all deposits in high quality financial institutions. At December 31, 2021 and 2020, the Company's cash balances were fully insured.

Use of Estimates and Assumptions

The preparation of the 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 disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates due to risks and uncertainties, including uncertainties in the current economic environment due to the outbreak of a novel strain of coronavirus.

**VILLAGE JUICE CO. FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

1. Summary of Significant Accounting Policies (Continued)

Advertising

The Company expenses advertising costs as incurred. Advertising expense totaled \$108,019 and \$29,670 for the years ended December 31, 2021 and 2020, respectively.

Income Taxes

No income tax provision has been included in the financial statements since income or loss of the Company is required to be reported by respective members on their income tax returns.

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in income tax returns that require recognition or disclosure in the accompanying financial statements. The Company is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress.

2. Related Party Transactions

Advances

The Company has advances due to and due from entities affiliated through common ownership. These advances have no formal terms of repayment. The amounts due to entities affiliated through common ownership totaled \$87,761 as of December 31, 2021. The amounts due from entities affiliated through common ownership totaled \$32,854 as of December 31, 2020.

Convertible Notes Payable

During 2021, the Company's sole member assumed the convertible notes payable and related accrued interest to various individuals that were obligations of the Company (see Note 5). Originally issued in May 2019, the promissory notes accrue interest at 8% per annum. All unpaid interest and principal had an original maturity of May 2021 and were extended to mature in May 2023. In the event the Company issues and sells equity securities to investors on or before the date of full repayment of the promissory notes resulting in gross proceeds to the Company of at least \$500,000 (a qualified financing), then the outstanding principal balance and any accrued interest will automatically convert in whole without any further action by the holder into such equity securities at a conversion price equal to 80% of the per share or unit price, paid by the investors in the qualified financing. In the event a qualified financing is not consummated prior to the maturity date, then, at the election of the holders made at any time before or after the maturity date, effective upon the maturity date, the outstanding principal and unpaid interest will be converted to membership units of the Company at a conversion price equal to the quotient of \$3,000,000 divided by the aggregate number of Company membership units as of the maturity date. The outstanding principal and accrued interest balance on the convertible notes payable as of December 31, 2021 totaled \$255,000 and \$39,595, respectively, and is included in due to related parties on the accompanying balance sheets.



**VILLAGE JUICE CO. FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

2. Related Party Transactions

*Notes Payable*

As disclosed in Note 7, the Company has notes payable to related parties. Amounts due totaled \$98,000 as of December 31, 2021 and 2020.

*Facility and Management fees*

The Company leases facility space from an entity affiliated through common ownership. Under the agreement, monthly payments of \$1,833 were due on a month-to-month basis under the agreement which increased to \$1,900 during the year ended December 31, 2020 and increased to \$2,500 during the year ended December 31, 2021. Amounts paid to the entity totaled \$29,933 and \$22,667 during the years ended December 31, 2021 and 2020, respectively.

The Company pays operational management fees to an entity affiliated through common ownership. Management fees are \$2,000 per month for each property as defined in the agreement. The Company was not required to pay management fees for the year ended December 31, 2021. Amounts paid to this entity for management fees totaled \$18,000 during the year ended December 31, 2020.

3. License Agreements

During 2018, the Company entered into two licensing agreements with a company that conducts innovative foodservice management programs for the development of multiple high quality food service units operating under select brands at various university facilities pursuant to certain management service agreements. In connection with the agreements, the Company granted the licensee the right and license to develop, open and operate full service restaurants using the Company's brand. The licensee is required to pay the Company a royalty based on 10% of sales. In addition, under one of the agreements, the licensee paid a \$10,000 license fee. The fee is being recognized as revenue over the term of the license agreement.

During 2021, the Company entered into two additional licensing agreements with the same company as noted in the preceding paragraph. In connection with the agreements, the Company granted the licensee the right and license to develop, open and operate full service restaurants using the Company's brand. The licensee is required to pay the Company a royalty based on 7% of sales per unit. In addition, the licensee paid a \$38,500 license fee. The fee is being recognized as revenue over the term of the license agreement.

**VILLAGE JUICE CO. FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

4. Liquidity

The Company's activities are subject to significant risks and uncertainties, including failing to find franchisees and failing to secure additional funding for operating activities. The member of the Company plans to make capital contributions, initiate capital raises, and provide additional advances to fund operating activities in the event working capital is not sufficient to cover operating expenses.

Management believes that cash generated from future operations and continued financial support from the member of the Company and investors in the form of capital contributions will enable the Company to achieve its goals. Management's plans to achieve profitable operations are dependent upon its ability to continue sell to additional franchises.

Should the Company not achieve its expected levels of revenues, or accurately estimate, control and manage its expenses, management may be required to alter the Company's operating plans. The attainment of profitable operations is dependent upon future events, including achieving a level of franchise fees and royalties to provide adequate cash flows to fund operating expenses. No assurance can be given that the Company will be able to operate profitably on a consistent basis, or at all, in the future.

5. Convertible Notes Payable

During 2021, the Company's sole member assumed the convertible promissory notes, including principal of \$255,000 plus accrued interest of 39,595 (see Note 2).

6. Note Payable

The Company received a \$61,800 Economic Injury Disaster Loan from the Small Business Administration in May 2020 as a result of the COVID-19 outbreak. Monthly loan payments, including principal and interest of \$302, begin in May 2022 (with payments first being applied to accrued interest) and continue until maturity in May 2050. Interest will accrue at 3.75%. The debt is secured by property, equipment, inventory and accounts receivable. The carrying amount of assets secured by debt totaled \$118,191 as of December 31, 2021. The outstanding principal balance on the note payable as of December 31, 2021 and 2020 was \$61,800.

**VILLAGE JUICE CO. FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

6. Note Payable (Continued)

The future maturities on the note payable are as follows:

| Year Ending<br>December 31 | Amount    |
|----------------------------|-----------|
| 2022                       | \$        |
| 2023                       | 1,183     |
| 2024                       | 1,228     |
| 2025                       | 1,275     |
| 2026                       | 1,324     |
| Thereafter                 | 56,790    |
|                            | \$ 61,800 |

7. Notes Payable - Related Parties

The Company has notes payable to individuals who are affiliated with the Company. The notes accrue interest at rates ranging from 5% to 7.5%. All unpaid interest and principal are due at maturity in dates ranging from August to November 2024. Amounts outstanding totaled \$98,000 as of December 31, 2021 and 2020.

8. Deferred Revenue

Deferred revenue consisted of the following as of December 31, 2021:

|                       | Current   | Long-Term |
|-----------------------|-----------|-----------|
| License Agreements    | \$ 9,219  | \$ 30,381 |
| Initial Franchise Fee | 4,700     | 37,183    |
|                       | \$ 13,919 | \$ 67,564 |

Deferred revenue consisted of the following as of December 31, 2020:

|                       | Current  | Long-Term |
|-----------------------|----------|-----------|
| License Agreements    | \$ 2,000 | \$ 3,667  |
| Initial Franchise Fee | 1,500    | 11,625    |
|                       | \$ 3,500 | \$ 15,292 |



**VILLAGE JUICE CO. FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

9. Operating Lease Obligations

The Company leases its copier under an operating lease which matures in March 2023. Monthly payments during the lease term total \$212. Rent expense totaled \$3,558 and \$3,529 for the years ended December 31, 2021 and 2020, respectively.

Total future minimum cash rental payments under the lease are as follows:

| <u>Year Ending</u><br><u>December 31</u> | <u>Amount</u>   |
|--|-----------------|
| 2022                                     | \$ 2,542        |
| 2023                                     | <u>636</u>      |
|  | <u>\$ 3,178</u> |

The Company also leases office space on a month-to-month basis. Rent expense totaled \$4,400 and \$3,550 for the years ended December 31, 2021 and 2020, respectively. The Company also rents office space from a related party (see Note 2).

10. Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 16, 2022, which is the date the financial statements were available to be issued.

**EXHIBIT D**  
**STATE SPECIFIC INFORMATION**

## ILLINOIS

1. Item 5 of the Disclosure Document is amended to include the following:

The collection of Initial Franchise Fees will be deferred until franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced doing business (pursuant to Section 200.508 of the Rules). The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

2. Item 17 of the Disclosure Document is amended to include the following:

Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois. In addition, Illinois law will govern the Franchise Agreement.

Conditions under which franchisor can be terminated and rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

3. Item 23 of the Disclosure Document is amended to provide the franchisee with a 14 day pre-sale disclosure period instead of the 10 day pre-sale disclosure period referenced on the receipt page.

Under Illinois law, any provision that purports to bind any person acquiring a franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act (“Act”) or any other law of Illinois is void. However, this provision will not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to Title 9 of the United States Code.

4. Section 3 of the Agreement is amended to provide:

The collection of Initial Franchise Fees will be deferred until franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced doing business (pursuant to Section 200.508 of the Rules). The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

5. The Franchise Agreement is revised to provide:

The Agreement takes effect upon its acceptance and execution by us. This Agreement shall be interpreted under the laws of the State of Illinois except to the extent governed by the United States Trademark Act of 1946 (Latham Act, 15 U.S.C. Section 1051 et seq.).

6. Section 21(j) of the Franchise Agreement is revised to provide:

The parties agree that any action brought by either party against the other shall be brought in the State of Illinois.

Under Illinois law, any provision that purports to bind any person acquiring a franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act (“Act”) or any other law of Illinois is void. However, this provision will not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to Title 9 of the United States Code.

7. The Franchise Agreement is revised to provide:

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

8. The Multi-Unit Agreement is revised to provide:

The Agreement takes effect upon its acceptance and execution by us. This Agreement shall be interpreted under the laws of the State of Illinois except to the extent governed by the United States Trademark Act of 1946 (Latham Act, 15 U.S.C. Section 1051 et seq.).

9. Section 12.7 of the Multi-Unit Agreement is revised to provide:

The parties agree that any action brought by either party against the other shall be brought in the State of Illinois.

Under Illinois law, any provision that purports to bind any person acquiring a franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act (“Act”) or any other law of Illinois is void. However, this provision will not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to Title 9 of the United States Code.

10. The Multi-Unit Agreement is revised to provide:

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.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

**VILLAGE JUICE CO. FRANCHISING, LLC**

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

\_\_\_\_\_ Date

**INDIVIDUAL FRANCHISEES ("You"):**

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

\_\_\_\_\_ Date

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

\_\_\_\_\_ Date

**CORPORATE FRANCHISEE ("You")**

\_\_\_\_\_  
(Corporate/LLC Name)

\_\_\_\_\_ (State of Incorporation/Organization)

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

\_\_\_\_\_ Date

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

\_\_\_\_\_ Date



**MARYLAND**  
**Disclosure Document Addendum**

**Franchise Disclosure Document, Franchise Agreement and Multi-Unit Agreement**

The Franchise Disclosure Document, Franchise Agreement and Multi-Unit Agreement are revised to include the following:

“The Maryland Securities Division requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the Franchise Agreement. The collection of the initial franchise fee and other initial payments will be deferred until we have fulfilled our initial pre-opening obligations to you and you are open for business.”

**Franchise Disclosure Document**

1. Item 11 is revised to include the following:

We are required to provide you an accounting of the advertising fund under Maryland law. You may obtain an unaudited accounting by making a written request to our Chief Financial Officer with sixty (60) days’ prior notice at the following address: 900 Northwest Blvd., Winston-Salem, North Carolina 27101.

2. Item 17 is revised to provide that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17(c) (renewal) and 17(m) (transfer) are revised to provide that we the requirement to sign a general release as a condition of renewal or consent to an assignment, or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Item 17 is revised to provide that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

**Franchise Agreement and Multi-Unit Agreement Addenda:**

1. Section 17(a) of the Franchise Agreement and Section 9.1 of the Multi-Unit Agreement are revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but we intend to enforce it to the extent enforceable.

2. The Franchise Agreement and the Multi-Unit Agreement are revised to include the following language:

“Notwithstanding the provisions of this Agreement to the contrary, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

and the following language:

“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.”

3. The representations made in the Franchise Agreement and Multi-Unit Agreement 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. The Franchise Agreement and the Multi-Unit Development Agreement are revised to include the following language:

“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.”

5. The Franchise Agreement and the Multi-Unit Development Agreement are revised to include the following language:

“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.”

Each provision of this Addendum to the Franchise Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

**VILLAGE JUICE CO. FRANCHISING, LLC**

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

**SIGNATURES CONTINUE ON FOLLOWING PAGE**

**INDIVIDUAL FRANCHISEES (“You”)**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title “You”: \_\_\_\_\_

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title “You”: \_\_\_\_\_

\_\_\_\_\_  
Date

**CORPORATE FRANCHISEE (“You”)**

\_\_\_\_\_  
(Corporate/LLC Name)

\_\_\_\_\_  
(State of Incorporation/Organization)

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

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Date

## MINNESOTA

### **Franchise Disclosure Document:**

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

2. We will comply with the Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

3. Minnesota Statute 604.113 provides for a limit on charges for insufficient funds. Accordingly, Item 6 is revised so that any fees for payments returned for insufficient funds will not exceed \$30.00.

4. Item 13 is revised to include the following language:

“To the extent required by the Minnesota Franchises Act, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks.”

5. The Franchise Agreement and Multi-Unit Agreement are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchises Act as a condition to renewal or assignment.

6. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, or Section 80C17, Subd. 5, provided that the foregoing shall not bar the voluntary settlement of disputes.

7. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional and procedural requirements of Minnesota Statutes, Chapter 80C and Minn. Rule 2860.440J are met independently without reference to this Addendum.

### **Franchise Agreement and Multi-Unit Developer Agreement Addenda:**

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

2. We will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specific cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

3. The Franchise Agreement and Multi-Unit Agreements are revised to include the following:

“To the extent required by the Minnesota Franchises Act, we will protect your right to use the trademarks, service marks, trade names, logo types or other commercial symbols, or indemnify you from any loss, costs, or expenses arising out of any claim, suit or demand regarding the use of the name.”

4. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

5. We are prohibited by Minnesota Rule 2860.4400J from requiring you to waive your rights to a jury trial, requiring you to consent to injunctive relief, waiving the obligation to post bond, and any provision in the franchise agreement requiring such a waiver is hereby deleted.

6. The Franchise Agreement and Multi-Unit Agreements are revised to include the following:

“Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17, Subd 5. more than three (3) years after the cause of action accrues.”

7. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Minnesota Statutes, Chapter 80C are met independently without reference to this Addendum.

8. The Franchise Agreement and Multi-Unit Agreements are revised to include the following:

“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.”

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE MINNESOTA

FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE 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.

**VILLAGE JUICE CO. FRANCHISING, LLC**

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

**INDIVIDUAL FRANCHISEES (“You”):**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title “You”: \_\_\_\_\_  
Date \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title “You”: \_\_\_\_\_  
Date \_\_\_\_\_

**CORPORATE FRANCHISEE (“You”)**

\_\_\_\_\_  
(Corporate/LLC Name) (State of Incorporation/Organization)

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

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

## NEW YORK

### Disclosure Document:

1. The following information is added to the cover page of the Franchise Disclosure Document:

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

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

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

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to 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.

6. The following statement is added to the Franchise Agreement and Multi-Unit Agreement:

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



## **VIRGINIA**

### **Addendum to the Disclosure Document.**

The following statement is added to Item 5.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following statements are added to Item 17.h.

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

### **Addendum to the Franchise Agreement**

Section 3(a) of the Franchise Agreement is amended to include:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following statement is added to the Franchise Agreement:

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

### **Addendum to the Multi-Unit Agreement**

Section 5.1 and 5.2 of the Multi-Unit Agreement is amended to include:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee and other initial

payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.

The following statement is added to the Multi-Unit Agreement:

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

## WASHINGTON

### **Washington Addendum to the Franchise Disclosure Document, Franchise Agreement, Multi-Unit Developer Agreement, and Related Agreements**

1. Franchisor will defer 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. Note that the initial fees for the purposes of the deferral include all initial franchise fees described in Item 5 of the Franchise Disclosure Document.

2. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.”

4. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

5. 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.

6. Transfer fees are collectable to the extent they reflect our reasonable estimated or actual costs in effecting a transfer.

7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

9. The franchisor may use the services of franchise brokers to assist it 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 only 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.

10. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement 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.

**VILLAGE JUICE CO. FRANCHISING, LLC**

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

**INDIVIDUAL FRANCHISEES (“You”):**

By: \_\_\_\_\_  
Name: \_\_\_\_\_ Date \_\_\_\_\_  
Title “You”: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_ Date \_\_\_\_\_  
Title “You”: \_\_\_\_\_

**SIGNATURES CONTINUE ON FOLLOWING PAGE**

**CORPORATE FRANCHISEE (“You”)**

\_\_\_\_\_  
(Corporate/LLC Name)

\_\_\_\_\_  
(State of Incorporation/Organization)

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

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Date

**EXHIBIT E**  
**STATE AND FEDERAL REGULATORY AUTHORITIES**  
**FEDERAL TRADE COMMISSION**

Franchise Rule Coordinator  
Federal Trade Commission Division of Marketing Practices  
Seventh and Pennsylvania Avenues, N.W., Room 238  
Washington, D.C. 20580  
Telephone: (202) 326-2970

STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

**CALIFORNIA:**  
Commissioner of Financial Protection &  
Innovation  
Dept. of Financial Protection and Innovation  
320 West 4th St., Ste. 750  
Los Angeles, California 90013  
Telephone: (213) 576-7500 or  
Toll Free Telephone: (866) 275-2677

**CONNECTICUT:**  
Eric Wilder, Director of Securities  
Connecticut Department of Banking  
Securities and Business Investment Division  
260 Constitution Plaza  
Hartford, CT 06103-1800  
Telephone: (860) 240-8233

**HAWAII:**  
Commissioner of Securities  
of the State of Hawaii  
Department of Commerce and  
Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
Telephone: (808) 586-2722

**ILLINOIS (Registered Agent):**  
Tanya Solov, Director of Securities  
Office of the Secretary of State  
Securities Department  
69 West Washington Street, Suite 1220  
Chicago, IL 60602  
Telephone: (312) 793-3884

**ILLINOIS (Regulatory Authority):**  
Lisa Madigan  
Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
Telephone: (217) 782-4465

**INDIANA:**  
Chris Naylor, Securities Commissioner  
Franchise Section  
Indiana Securities Division  
Secretary of State  
Room E-111  
302 West Washington Street  
Indianapolis, IN 46204  
Telephone: (317) 232-6681

**IOWA:**  
Jim Mumford, Securities Administrator  
Director of Regulated Industries Unit  
Iowa Securities Bureau  
330 Maple Street  
Des Moines, IA 50319-0066  
Telephone: (515) 281-5705

**MARYLAND (Registered Agent):**  
Maryland Securities Commissioner  
200 St. Paul Place,  
Baltimore, Maryland 21202-2020  
Telephone: (410) 576-6360

MARYLAND (Regulatory Authority):  
Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202-2020  
Telephone: (410) 576-6360

MICHIGAN (Regulatory Authority):  
Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Department of Attorney General  
525 W. Ottawa Street  
Lansing, MI 48909  
Telephone: (517) 373-1152

MICHIGAN (Registered Agent):  
Linda Cena, Securities Director  
Office of Financial & Insurance Regulation  
525 West Allegan  
1st Floor Constitution Hall  
Lansing, MI 48909  
Telephone: (517) 241-6345

MINNESOTA:  
Minnesota Dept. of Commerce  
Securities-Franchise Registration  
85 7<sup>th</sup> Place East, Suite 280  
Saint Paul, MN 55101-2198  
Telephone: (651) 539-1500

NEW YORK (Administrator/Regulatory  
Authority)  
New York State Department of Law  
Investor Protection Bureau  
28 Liberty St., 21<sup>st</sup> Floor  
New York, NY 10005  
Telephone: (212) 416-8222

NEW YORK (Agent for Service of Process)  
Secretary of State  
99 Washington Avenue  
Albany, NY 12231

NORTH DAKOTA:  
North Dakota Securities Department  
Fifth Floor State Capitol, Dept. 414  
600 East Boulevard  
Bismarck, ND 58505-0510  
Telephone: (701) 328-2910

OKLAHOMA:  
Oklahoma Securities Dept.  
First National Center  
120 N. Robinson Suite 860  
Oklahoma City, OK 73102  
Telephone: (405) 280-7700

RHODE ISLAND:  
Division of Securities  
233 Richmond Street, Suite 232  
Providence, RI 02903  
Telephone: (401) 222-3048

SOUTH DAKOTA:  
Division of Insurance  
Securities Regulation  
124 S. Euclid, Ste. 104  
Pierre, SD 57501  
Telephone: (605) 773-3563

TEXAS:  
Hope Andrade  
Secretary of State  
P.O. Box 12697  
Austin, TX 78711-2697  
Telephone: (512) 463-5701

UTAH:  
Division of Consumer Protection  
Utah Department of Commerce  
160 East 300 South  
SM Box 146704  
Salt Lake City, UT 84114-6704  
Telephone: (801) 530-6601

VIRGINIA (Registered Agent):  
Clerk of the State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, Virginia 23219  
Telephone: (804) 371-9733

VIRGINIA (Regulatory Authority)  
State Corporation Commission,  
Division of Securities and Retail Franchising  
1300 East Main Street, 9th Floor  
Richmond, Virginia 23219  
Telephone: (804) 371-9051

WASHINGTON:

Address for Service of Process:  
Department of Financial Institutions  
Securities Division  
150 Israel Road, SW  
Tumwater, WA 98501  
Telephone: (360) 902-8760

Mailing Address:

Department of Financial Institutions  
Securities Division  
PO Box 9033  
Olympia, WA 98507

WISCONSIN:

Franchise Office  
Wisconsin Securities Commission  
P.O. Box 1768  
Madison, WI 53701  
Telephone: (608) 266-3364



**EXHIBIT F**  
**AREA REPRESENTATIVE ADDENDUM**

Reserved. Currently Franchisor does not have any area representatives in your state.

**EXHIBIT G**  
**MULTI-UNIT AGREEMENT**

**OHIO FRANCHISEE NOTICE OF RIGHT TO CANCEL**

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Notice of cancellation

\_\_\_\_\_  
(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to VILLAGE JUICE CO. FRANCHISING, LLC, 900 Northwest Blvd., Winston-Salem, NC 27101, (336) 749-0492, not later than midnight of \_\_\_\_\_.

I hereby cancel this transaction.

\_\_\_\_\_  
(Purchaser's Signature)

(Date) \_\_\_\_\_

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Attachment 1 – Development Area and Development Fee

Attachment 2 – Minimum Development Obligations

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## **MULTI-UNIT AGREEMENT**

THIS MULTI-UNIT AGREEMENT (the “Agreement”) is made and entered into as of \_\_\_\_\_ (the “Effective Date”) by and between VILLAGE JUICE CO. FRANCHISING, LLC (“Franchisor”) and \_\_\_\_\_ (“Multi-Unit Developer”), with reference to the following facts:

### **RECITALS**

A. Franchisor is the owner of certain proprietary and other property rights and interests in and to the “VILLAGE JUICE & KITCHEN” name and such other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs (collectively “Proprietary Marks”) used in connection with the development, operation and maintenance of VILLAGE JUICE & KITCHEN franchised restaurants (each a “Restaurant” and collectively the “Chain”) emphasizing primarily plant-based food options, along with an assortment of cold pressed juices, almond milks, smoothies and smoothie bowls, as well as salads, grain bowls, raw vegan desserts and related proprietary products (the “Franchised Business”). Franchisor and its affiliates have developed distinctive business formats, systems, methods, procedures, designs, layouts, standards and specifications, including consistency and uniformity of products and services, for the VILLAGE JUICE & KITCHEN franchised restaurants, all of which Franchisor may modify periodically (the “System”).

B. Franchisor desires to expand and develop the Chain, and seeks sophisticated and efficient franchisees that will develop one or more Restaurants.

C. Multi-Unit Developer desires to build and operate a certain number of Restaurants and Franchisor desires to grant to Multi-Unit Developer the right to build and operate a certain number of Restaurants in a specific geographical area set forth herein under the terms and conditions which are contained in this Agreement.

The parties therefore agree as follows:

### **I.**

## **GRANT OF DEVELOPMENT RIGHTS**

### **1.1 Development Area**

Franchisor hereby grants to Multi-Unit Developer, and Multi-Unit Developer hereby accepts, the right during the term hereof (so long as Multi-Unit Developer and its affiliates are not in default of any of their obligations under this Agreement or any franchise agreement with Franchisor), to develop Restaurants in the Development Area that is more fully described in Attachment 1, which attachment is annexed hereto and incorporated herein by reference, (the “Development Area”), upon the terms and subject to the conditions of this Agreement.

No person or entity other than Multi-Unit Developer shall develop or open a Franchised Business under this Agreement without Franchisor’s prior written consent, which may be withheld at Franchisor’s sole discretion. Except as set forth in Section 3.1 below, neither Franchisor nor its

affiliates shall establish or license any other party to establish a Restaurant within the Development Area as long as Franchisee fully complies with this Agreement.

This Agreement is not a franchise agreement, and only sets the framework for Multi-Unit Developer to establish Restaurants through entering into franchise agreements with Franchisor. This Agreement does not grant to Multi-Unit Developer any right to use in any manner Franchisor's Proprietary Marks or the System. Multi-Unit Developer shall have no right under this Agreement to license others to use in any manner Franchisor's Proprietary Marks or the System.

## **1.2 Franchise Agreements**

The parties acknowledge that the operation of each Restaurant shall be governed by the then-current franchise agreement signed by Franchisor and Multi-Unit Developer (each, a "Franchise Agreement"). At or before the signing of this Agreement, Multi-Unit Developer must sign and deliver to Franchisor at least one Franchise Agreement for the first Restaurant to be opened by Multi-Unit Developer. Multi-Unit Developer must comply with the terms and conditions of the Franchise Agreements for each Restaurant developed pursuant to this Agreement as a part of Multi-Unit Developers obligations hereunder and Multi-Unit Developers failure to execute and comply with such Franchise Agreements shall be a breach of this Agreement. The Franchise Agreement for the second and any subsequent Restaurant shall be executed in accordance with the Development Schedule, as may be adjusted from time to time pursuant to Section 2.1, after Franchisor's written acceptance of a location for the Restaurant to be operated thereunder. Each Franchise Agreement to be executed by Multi-Unit Developer for each Restaurant to be developed hereunder shall be the then-current form of the Franchise Agreement being offered to new VILLAGE JUICE & KITCHEN franchisees. Multi-Unit Developer acknowledges that Franchisor has the right, however, to charge then-current published rates for royalties, advertising fees, and any other fees charged under a Franchise Agreement.

## **1.3 Guaranty**

Multi-Unit Developer agrees that if it is an entity, all of the owners, shareholders, members and partners of Multi-Unit Developer shall sign the Owner's Guaranty and Assumption of Developer's Obligations, annexed hereto as Attachment 3 and incorporated herein by this reference.

## **II.**

### **MULTI-UNIT DEVELOPER'S DEVELOPMENT OBLIGATION**

#### **2.1 Development Obligation**

Multi-Unit Developer agrees to develop and open for business the number of Restaurants in the Development Area as set forth in Attachment 2, annexed hereto and incorporated herein by reference, within the time periods specified therein (the "Development Schedule") (hereafter, the "Minimum Development Obligation"), including the Restaurant governed by the franchise agreement executed before or concurrently with this Agreement.

Multi-Unit Developer agrees that during the term of this Agreement, in addition to meeting the Minimum Development Obligation, Multi-Unit Developer will at all times faithfully, honestly, and diligently perform its obligations hereunder and will continuously exert its best efforts to develop and open for business Restaurants in the Development Area. Multi-Unit Developer further acknowledges and agrees that satisfaction of the Minimum Development Obligation does not automatically mean that Multi-Unit Developer has complied with its obligations hereunder.

## **2.2 Force Majeure**

Should Multi-Unit Developer be unable to meet the Minimum Development Obligation solely as the result of Force Majeure, including, but not limited to strikes, war, material shortages, fires, floods, earthquakes, terrorism, and other acts of God, or by force of law (including, but not limited to any legal disability of Franchisor to deliver an FDD pursuant to Section 6.1 of this Agreement), which result in the inability of Multi-Unit Developer to construct or operate a Restaurant in the Development Area, and which Multi-Unit Developer could not by the exercise of due diligence have avoided, the Development Schedule shall be adjusted by the amount of time during which such Force Majeure shall exist.

## **2.3 Multi-Unit Developer Cannot Exceed Minimum Development Obligation**

During the Term, Multi-Unit Developer may not and has no right granted herein to, without the prior written approval of Franchisor, construct, equip, open and operate more Restaurants in the Development Area than set forth in the Minimum Development Obligation.

# **III.**

## **EXCLUSIVITY**

### **3.1 Exclusivity**

Multi-Unit Developer acknowledges that the rights granted in this Agreement are non-exclusive and limited. During the term of this Agreement, Franchisor shall not operate or grant a license to any other person to operate a Restaurant within the Development Area; provided however, that Franchisor retains the rights, among others, to:

(a) use and license others to use, the Proprietary Marks and the System for the operation of VILLAGE JUICE & KITCHEN Restaurants at any location outside of the Development Area;

(b) either directly or through affiliated entities, operate or license others to operate restaurants, food establishments or other businesses other than VILLAGE JUICE & KITCHEN restaurants within or outside of the Development Area; provided, that if such business is a restaurant or food establishment that it does not primarily sell primarily plant-based food options, juices, milks, smoothies, smoothie bowls, salads, grain bowls, raw vegan desserts and related products on a dine-in or carry-out basis;

(c) open and license others to open VILLAGE JUICE & KITCHEN restaurants at any airport within the Development Area;



(d) either directly or through third parties, manufacture or sell, or both, within the Development Area primarily plant-based food options, juices, milks, smoothies, smoothie bowls, salads, grain bowls, and raw vegan desserts on a dine-in or carry-out basis or other food or drink products which are the same as or similar to those sold by VILLAGE JUICE & KITCHEN restaurants using brand names which are the same as or similar to the Marks, provided that such items are not sold through Restaurants; and

(e) acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with locations anywhere, including arrangements in which Franchisor or any of Franchisor's affiliates are acquired, and/or Franchisor-owned, franchised or other businesses (including Multi-Unit Developer's Restaurants) are converted to another format, maintained under the System or otherwise.

Multi-Unit Developer expressly acknowledges that all VILLAGE JUICE & KITCHEN restaurants (whether owned by Franchisor, Multi-Unit Developer or other System franchisees) may solicit business from customers without regard to the customers' geographic location. Franchisor does not warrant or represent that no other VILLAGE JUICE & KITCHEN restaurant will solicit or make any sales within the Development Area, and Multi-Unit Developer hereby expressly acknowledges and agrees that such solicitations or sales may occur within the Development Area. Multi-Unit Developer recognizes and acknowledges that (i) it will compete with other VILLAGE JUICE & KITCHEN restaurants which are now, or which may in the future be, located near or adjacent to the Development Area, and (ii) that such restaurants may be owned by Franchisor or its affiliates. Multi-Unit Developer further acknowledges that only Franchisor or its affiliates shall be permitted to solicit business from customers by means of computerized or other electronic remote-entry ordering systems (such as, for example, the Internet) capable of accepting orders placed from within or outside the Development Area.

#### IV.

#### **TERM OF MULTI-UNIT AGREEMENT**

##### **4.1 Term**

The term of this Agreement (the "Term") shall commence on the Effective Date and, unless sooner terminated in accordance with the provisions herein, or extended as provided in Section 2.2 above, shall continue until the earlier of (i) the Minimum Development obligation has been completed by executing Franchise Agreements for all of the associated locations or (ii) \_\_\_\_\_ months from the Effective Date of this Agreement. After expiration of the term, or earlier termination of this Agreement as provided below, Franchisor shall have the right to establish, or license to any other party, including an Multi-Unit Developer or franchisee, to establish a VILLAGE JUICE & KITCHEN restaurant anywhere within the terminated Development Area except to the extent that such establishment or license to establish would violate the Territory provisions of Multi-Unit Developer's continuing and valid Franchise Agreements.

##### **4.2 Renewal**

Multi-Unit Developer shall have no right to renew this Agreement.

## V.

### FEES

#### 5.1 Development Fee

Multi-Unit Developer shall pay to Franchisor concurrently with the execution of this Agreement the amount set forth in Attachment 1 to this Agreement (the “Development Fee”).

The Development Fee shall be fully earned when received by Franchisor and shall be non-refundable in consideration of administrative or other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted to Developer herein. The Development Fee shall not be refunded under any circumstances.

#### 5.2 Initial Franchise Fees

The Development Fee shall cover the initial franchise fees for all franchises to be opened pursuant to this Agreement. Multi-Unit Developer shall not be obligated to pay any other initial franchise fees for the franchises to be opened pursuant to this Agreement. Notwithstanding the foregoing, Multi-Unit Developer will not be entitled to any refund of its Development Fee if Multi-Unit Developer fails to meet its development obligations under this Agreement.

## VI.

### EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS

#### 6.1 Site acceptance, Submission of FDD, Execution of Franchise Agreement

After Multi-Unit Developer has located a site for construction of a Franchised Business, Multi-Unit Developer shall submit to Franchisor such information regarding the proposed site as Franchisor shall require, in the form that Franchisor may from time to time require, together with the terms of any proposed lease or purchase relating to such site. Franchisor may seek such additional information as it deems necessary within thirty (30) days of submission of the prospective site, and Multi-Unit Developer shall respond promptly to such request for additional information. If Franchisor does not reject the site in writing within thirty (30) days, or within thirty (30) days after a receipt of such additional information, whichever is later, the site shall be deemed accepted. Franchisor shall not unreasonably reject a proposed site.

In conjunction with and part of Franchisor’s review of a proposed site for a Restaurant location, Franchisor may require that Multi-Unit Developer and its owners furnish Franchisor with financial statements, statements of the sources and uses of capital funds, budgets and other information regarding Multi-Unit Developer, its affiliates, its owners and any then-existing Restaurants Multi-Unit Developer or its affiliates own. All such information (i) will be verified by Multi-Unit Developer as being complete and accurate in all respects, (ii) must be submitted to Franchisor in accordance with its requirements and (iii) will be relied on by Franchisor in determining whether to accept the location for the proposed Restaurant. Franchisor may refuse to accept a location and sign a Franchise Agreement for a Restaurant if Multi-Unit Developer fails to demonstrate sufficient financial and management capabilities to properly develop and operate the proposed Restaurant and the then-existing Restaurants that Multi-Unit Developer or its affiliates

own. Franchisor will evaluate such financial and management capabilities in accordance with the then-current standards Franchisor uses with respect to its new franchisees.

Promptly after acceptance of any site and the formation of Multi-Unit Developer's business entity, if required, Franchisor shall transmit to Multi-Unit Developer an FDD and an executed copy of the then current Franchise Agreement pertaining to the accepted site and providing for a protected Territory, if any, surrounding said Restaurant, determined by Franchisor in good faith, in accordance with Franchisor's then current policies and standards for protected territories for similarly situated franchisee Restaurants. Immediately on receipt of the FDD, Multi-Unit Developer shall return to Franchisor a signed copy of the acknowledgment of Receipt of the FDD. After the passage of any applicable Disclosure Period, Multi-Unit Developer shall execute and deliver to Franchisor a copy of said Franchise Agreement and the initial franchise fee required pursuant to the Franchise Agreement, less the credit, if any, applicable pursuant to Section 5.2. Franchisor shall, promptly upon receipt of said document and Fee, execute and return to Multi-Unit Developer one copy of the Franchise Agreement. Multi-Unit Developer shall then procure the site by purchase or lease, and return one copy of the executed lease or, if purchased, the deed evidencing Multi-Unit Developer's right to occupy the accepted site. Notwithstanding the foregoing, if Franchisor is not legally able to deliver an FDD to Multi-Unit Developer by reason of any lapse or expiration of its franchise registration, or because Franchisor is in the process of amending any such registration or for any reason beyond Franchisor's reasonable control, Franchisor may delay acceptance of the site for Multi-Unit Developer's proposed Restaurant until such time as Franchisor is legally able to deliver an FDD.

Multi-Unit Developer acknowledges and agrees that Franchisor's acceptance of a location does not constitute a guarantee, recommendation or endorsement of the location of the Restaurant and that the success of the Restaurant depends on Multi-Unit Developer's abilities as an independent businessperson. Multi-Unit Developer acknowledges that approval of a lease or purchase agreement for the Restaurant by Franchisor does not constitute a recommendation, endorsement or guarantee by Franchisor of the suitability or profitability of the location, the lease or purchase agreement but shall simply mean that the location and terms contained in the lease or purchase agreement, meet the then-current minimum standards Franchisor uses with respect to its new franchisees or multi-unit developers.

## **6.2 Condition Precedent to Franchisor's Obligations**

It shall be a condition precedent to Franchisor's obligations pursuant to Section 6.1, that Multi-Unit Developer shall have performed all of his or her obligations under and pursuant to all agreements between Multi-Unit Developer and Franchisor.

## **VII.**

### **ASSIGNABILITY, TRANSFER, AND SUBFRANCHISING**

#### **7.1 Assignability by Franchisor**

Franchisor shall have the right to assign this Agreement, or any of its rights and privileges hereunder to any other person, firm or corporation without Multi-Unit Developer's prior consent; provided that, in respect to any assignment resulting in the subsequent performance by the assignee

of the functions of Franchisor, the assignee shall expressly assume and agree to perform such obligations.

## **7.2 No Subfranchising by Multi-Unit Developer**

Multi-Unit Developer shall not offer, sell, or negotiate the sale of VILLAGE JUICE & KITCHEN franchises to any third party, either in Multi-Unit Developer's own name or in the name and on behalf of Franchisor, or otherwise subfranchise, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting Multi-Unit Developer the right to do so.

## **7.3 Assignment by Multi-Unit Developer**

(a) **Restriction on Transfer.** This Agreement has been entered into by Franchisor in reliance upon and in consideration of the personal skill, qualifications and trust and confidence in Multi-Unit Developer or, in the case of a corporate or partnership Multi-Unit Developer, the principal officers or partners thereof who will actively and substantially participate in the ownership and operation of the Restaurants. Therefore neither the Multi-Unit Developer's interest in this Agreement nor any of its rights or privileges shall be assigned or transferred, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner, except pursuant to the prior written consent of Franchisor under the conditions set forth in subsection (b) below. In addition, Multi-Unit Developer shall not in any pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever without the express prior written consent of Franchisor, which permission may be withheld for any reason whatsoever in Franchisor's sole subjective judgment.

(b) **Conditions to Transfer.** Multi-Unit Developer shall not transfer this Agreement, any interest hereunder, or the ownership of Multi-Unit Developer unless Multi-Unit Developer, or the respective owner of Multi-Unit Developer, obtains Franchisor's written consent. Franchisor will consent to a transfer if the transferee and its direct and indirect owners (if the transferee is an entity) meet Franchisor's then applicable standards for new multi-unit developers. With respect to any transfer other than a minority interest transfer, immediate family transfer or transfer to one of Multi-Unit Developer's existing owners, Franchisor shall approve the transfer if the following requirements are met:

(i) Multi-Unit Developer, or the respective owner, transfers all of its interest in the Restaurants developed under this Agreement, as well as its interest in each Franchise Agreement that governs the Restaurants;

(ii) Multi-Unit Developer pays or has paid all amounts due and owing to Franchisor or its affiliates pursuant to this Agreement, the Franchise Agreements, or any other agreement between the parties;

(iii) The proposed transferee agrees to satisfactorily complete the initial training program described in the Franchise Agreements, which training may be completed by the transferee either prior to or immediately after assignment of this Agreement, at Franchisor's direction;

(iv) The transferee executes all of the Franchise Agreement(s) and an Multi-Unit Agreement in forms then-currently offered by Franchisor, which shall supersede this Agreement, the Franchise Agreements, and all other agreements in all respects, and which terms may differ from the terms of this Agreement and the Franchise Agreements; provided, however, the transferee will not be required to pay any additional initial franchise fees under the Franchise Agreement(s) and the term of the Franchise Agreements and the Minimum Development Obligation shall continue to apply;

(v) Multi-Unit Developer, or the respective owner, provides written notice to Franchisor thirty (30) days' prior to the proposed effective date of the transfer containing information reasonably detailed to enable Franchisor to evaluate the terms and conditions of the proposed transfer and such terms and conditions are such, as determined in Franchisor's sole discretion, that they would not affect adversely the transferee's operation of the Restaurants;

(vi) The proposed transferee has provided Franchisor sufficient information to assess the proposed transferee's business experience, aptitude and financial qualification, and Franchisor has determined that the proposed transferee meets such qualifications;

(vii) Multi-Unit Developer (and its owners) execute a general release, in a form satisfactory to Franchisor, of any and all known and unknown claims of any kind against Franchisor, its affiliates, and Franchisor's and its affiliates' respective officers, directors, employees and agents;

(viii) Multi-Unit Developer, the respective transferor owner pays the transfer fees pursuant to subsection (c) below;

(ix) Multi-Unit Developer (and its owners) agree to abide by the post-termination covenant not to compete set forth in Section 8 below; and

(x) Multi-Unit Developer, or the respective transferor owner, complies with all transfer requirements under each Franchise Agreement for each Restaurant developed hereunder.

Multi-Unit Developer and its owners acknowledge that the proposed transferee shall be evaluated for approval by Franchisor based on the same criteria as is currently being used to assess new multi-unit developers and franchisees and that such proposed transferee shall be provided, if appropriate, with such disclosures as state or federal law may require. If Multi-Unit Developer, or a transferring owner, finances any part of the sale of the transferred interest, Multi-Unit Developer, or the transferring owner, must agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by Multi-Unit Developer or the transferring owner in the assets of the Restaurants developed under this Agreement shall be subordinate to the transferee's obligations to pay royalties, branding contributions, or other amounts due to Franchisor and its affiliates and to otherwise comply with this Agreement and the Franchise Agreements.

(c) Transfer Fee. In the event of any proposed sale, transfer or assignment by Multi-Unit Developer or an existing owner described herein other than a minority interest transfer,

immediate family transfer or transfer to one of Multi-Unit Developer's existing owners, Multi-Unit Developer, or the transferring owner shall pay to Franchisor the standard transfer fee for each Restaurant governed by a Franchise Agreement executed pursuant to this Agreement, if any, plus \$1,000 for every undeveloped restaurant under the Minimum Development Obligation for which no Franchise Agreement has been executed. This sum shall be payable in lump sum to Franchisor as one of the pre-conditions to obtaining Franchisor's written consent to any proposed transfer.

(d) Franchisor's Right of First Offer and Refusal. Prior to Multi-Unit Developer or any of Multi-Unit Developer's owners soliciting offers to transfer Multi-Unit Developer or a transferring owner's rights or interest in this Agreement, Multi-Unit Developer or the transferring owner, as applicable, shall first offer such rights or interest to Franchisor for purchase. Franchisor shall have thirty (30) days to make an offer. If Franchisor fails to make an offer or Multi-Unit Developer or the transferring owner, as applicable, rejects Franchisor's offer, Multi-Unit Developer or the transferring owner shall then be allowed to solicit offers from third parties. Thereafter, Multi-Unit Developer or the transferring Owner, as applicable, shall give Franchisor forty-five (45) days prior written notice of any intended transfer of any of its rights or interest in this Agreement to a third party. Such notice shall set forth the name of the proposed transferee and a detailed statement of all the terms and conditions of such intended or proposed transfer. Irrespective of the qualifications or acceptability of any prospective transferee, Franchisor shall have the first right and option to purchase the interest at a price equal to the fair market value of such non-cash consideration plus the amount, if any, of consideration using fair and reasonable methods. Franchisor shall make such determination as promptly as practicable, but in no event later than thirty (30) days after it has received the notice of the intended transfer. If Multi-Unit Developer or the transferring owner disagree with the value as determined by Franchisor, then Multi-Unit Developer, or the transferring owner and Franchisor shall each hire an appraiser (or a single appraiser, if they so agree) to value the non-cash consideration. If the appraisals are within twenty percent (20%) of each other, then the difference between the two shall be equally divided to establish the price at which Franchisor may exercise its first right and option. If the difference between the appraisals is greater than twenty percent (20%), then the issue of the fair market value of such consideration shall be determined by a third appraiser selected by the other two appraisers and whose decision shall be final, except that it may not be lower or higher than the lowest appraisal and highest appraisal, respectively, determined by the first two appraisers. Should the proposed transfer not involve the payment of any consideration, Franchisor has the option to purchase the interest at a price equal to Fifteen Thousand Dollars (\$15,000) multiplied by the number of Restaurants for which Franchise Agreements have not yet been executed pursuant to Minimum Development Obligation. Within thirty (30) days after Franchisor receives notice of a proposed transfer for no consideration or solely for cash, or if the proposed transfer will not be solely for cash, within ten (10) days after a determination is made of the fair market value of the non-cash consideration, Franchisor will notify Multi-Unit Developer and the transferring owner, if applicable, in writing that it is (a) exercising its right of first refusal, (b) approving the transfer pursuant to this Section 7.3 or (c) denying approval of the transfer pursuant to Section 7.3.

## VIII.

### NON-COMPETITION AND CONFIDENTIALITY

#### 8.1 In Term Competition

During the term of this agreement, neither Multi-Unit Developer, its affiliate, nor any shareholder, member, partner, officer, director, or member of Multi-Unit Developer or its affiliate shall either directly or indirectly, own, operate, advise, be employed by, or have any interest in any business that receives Twenty-Five Percent (25%) or more of its gross sales from the sale of primarily plant-based food options, juices, milks, smoothies, smoothie bowls, salads, grain bowls, raw vegan desserts and related products on a dine-in or carry-out basis (“Competitive Business”) except to the extent permitted under a Franchise Agreement with Franchisor or unless Franchisor shall consent thereto in writing, which consent Franchisor can withhold for any reason.

#### 8.2 Post-Term Competition

Following the termination of this Agreement for any reason, Multi-Unit Developer, its affiliate, and any shareholder, member, partner, officer, director, or member of Multi-Unit Developer shall not for a period of two (2) years, own, operate, advise, be employed by, or have any interest in any Competitive Business within thirty (30) miles of Multi-Unit Developer’s Development Area, any other Development Area or any VILLAGE JUICE & KITCHEN restaurant in existence at the time of termination except as permitted under a Franchise Agreement with Franchisor. The parties have attempted in Sections 8.1 above and 8.2 to limit the Multi-Unit Developer’s right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope or enforceability of Section 8.1 or 8.2 is disputed at any time by Multi-Unit Developer, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of either, or both, of said provisions without Multi-Unit Developer’s consent, at any time or times, effective immediately upon notice to Multi-Unit Developer.

#### 8.3 Trade Secrets and Confidential Information

Multi-Unit Developer understands and agrees that Franchisor has disclosed or will hereafter disclose to Multi-Unit Developer certain confidential or proprietary information and trade secrets. Except as necessary in connection with the performance of obligations under this Agreement and any Franchise Agreement executed with Franchisor, Multi-Unit Developer shall not, during the Term or at any time after the expiration or termination of this Agreement, regardless of the cause of termination, directly or indirectly, use for its own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, confidential information, knowledge or know-how concerning the recipes, food products, advertising, marketing, designs, or methods of operation of the Restaurant or the System. Multi-Unit Developer shall disclose to its employees only such confidential, proprietary or trade secret information as is necessary to operate its business hereunder and then only while this Agreement is in effect. Any and all information, knowledge, or know-how, including without limitation, drawings, materials, equipment, marketing, recipes, and other data which Franchisor designates as secret or confidential shall be deemed secret and confidential for purposes of this Agreement.

All ideas, concepts, techniques or materials concerning Franchised Business, whether or not protectable intellectual property and whether created by or for Multi-Unit Developer or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Multi-Unit Developer or its owners or employees therefor. Franchisor may incorporate such items into the System. To the extent any item does not qualify as a “work made-for-hire” for Franchisor, Multi-Unit Developer hereby assigns ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor reasonably requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Multi-Unit Developer concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Multi-Unit Developer shall, at Franchisor’s expense, take all actions reasonably necessary to assist Franchisor’s efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Multi-Unit Developer or not.

## **IX.**

### **TERMINATION**

#### **9.1 Termination by Franchisor**

This Agreement may be terminated by Franchisor for cause upon delivery of notice of termination to Multi-Unit Developer in the event of any material breach by Multi-Unit Developer of this Agreement. Material breach, as used herein, shall specifically include, among other things, the following:

- (a) Multi-Unit Developer fails to meet Minimum Development Obligations set forth in Section 2.1 above;
- (b) If Multi-Unit Developer is otherwise in breach of any provision of this Agreement and does not cure such breach within 15 days upon notice;
- (c) If Multi-Unit Developer, or its owners, have made any material misrepresentation or omission in Multi-Unit Developer’s application or in any report, claim, request for reimbursement or other similar document submitted to Franchisor, including, without limitation, any financial statement;
- (d) Any attempt by Multi-Unit Developer to sell, assign, transfer or encumber in whole or in part any or all rights and obligations under this Agreement, in violation of the terms of this Agreement, or without the written consents required, pursuant to this Agreement; or
- (e) At the election of Franchisor, in the event of any material breach by Multi-Unit Developer, or its owners or affiliates, of an individual Franchise Agreement or any other agreement between Franchisor and its affiliates and Multi-Unit Developer and its owners and affiliates, upon notice, if any, specified in the Franchise Agreement or other agreement.



**9.2 Effect of Termination**

Upon expiration of the Term, or upon the prior termination of this Agreement, Multi-Unit Developer shall have no further right to construct, equip, own, open or operate additional Restaurants which are not, at the time of such termination, non-renewal, or expiration, the subject of a then-existing Franchise Agreement between Multi-Unit Developer, or its affiliate, and Franchisor which is in full force and effect, and Franchisor may itself construct, equip, open, own or operate, or license others to construct, equip, open, own or operate Restaurants in the Development Area, except as may be otherwise be prohibited under the terms of a Franchise Agreement between Multi-Unit Developer, or its affiliate, and Franchisor which is in full force and effect.

**9.3 Survival of Obligations**

In the event of termination of this Agreement for any reason or following expiration of the Term, you shall remain subject to the provisions of Section 8 of this Agreement regarding covenants not to compete, and any other covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement, shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

**9.4 Material Breach.** This Agreement may be terminated by Franchisor for cause without notice or opportunity to cure, except for such notice as may be required by law, in the event of any material breach by Multi-Unit Developer of this Agreement. Material breach, as used herein, shall specifically include, among other things uncured or incurable default under any Franchise Agreement between Franchisee and Franchisor.

**X.**

**CORPORATE OR PARTNERSHIP MULTI-UNIT DEVELOPER**

**10.1 Corporate or Partnership Multi-Unit Developer**

(a) If Multi-Unit Developer is a corporation, limited liability company, or limited partnership, there is set forth below the name and address of each shareholder, member, or partner of Multi-Unit Developer:

| NAME | ADDRESS | NUMBER OF<br>SHARES OR<br>PERCENTAGE<br>INTEREST |
|------|---------|--|
|      |         |  |
|      |         |  |
|      |         |  |
|      |         |  |
|      |         |  |

(b) The address where Multi-Unit Developer's financial records, and corporate, Franchisor, or partnership records, as applicable, are maintained is:

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(c) If Multi-Unit Developer is a corporation, limited liability company, or partnership, there is set forth below the names, and addresses and titles of Multi-Unit Developer's principal officers, members, or partners who will be devoting their full time to the Restaurants or Multi-Unit Developer:

| NAME | ADDRESS |
|------|---------|
|      |         |
|      |         |
|      |         |
|      |         |

(d) Multi-Unit Developer shall notify Franchisor in writing within ten (10) days of any change in the information set forth in subsections (a) through (c) above.

(e) Multi-Unit Developer promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Multi-Unit Developer.

(f) If Multi-Unit Developer is a corporation or partnership, each of the owners or partners, as applicable, of Multi-Unit Developer shall, by executing this Agreement, fully, unconditionally and irrevocably guarantee the performance by Multi-Unit Developer of all of its obligations hereunder. In addition, Multi-Unit Developer shall upon Franchisor's request cause all of its current and future owners and partners to execute Franchisor's standard form of Guarantee.

## XI.

### ARBITRATION

#### 11.1 Arbitration

Multi-Unit Developer acknowledges that it has and will continue to develop a substantial and continuing relationship with Franchisor at its principal offices in the State of North Carolina, where Franchisor's decision-making authority is vested and franchise operations are conducted and supervised. Therefore, the parties agree that, to the extent that any disputes cannot be resolved directly between Multi-Unit Developer and Franchisor, any action arising out of or relating to this Agreement or the making, performance, or interpretation thereof shall upon thirty (30) days' written notice by either party be resolved, except as elsewhere expressly provided in this Agreement, upon application by any such party by binding arbitration in the Winston-Salem, North

Carolina, in accordance with the Federal Arbitration Act under the Commercial Arbitration Rules then prevailing of the American Arbitration Association, including without limitation the Optional Rules for Emergency Measures of Protection (“AAA”), and not under any state arbitration laws, and judgment on the arbitration award may be entered in any court of competent jurisdiction. Multi-Unit Developer and Franchisor agree that arbitration shall be conducted on an individual - not a class-wide basis. Furthermore, Multi-Unit Developer and Franchisor agree that the arbitrator or arbitrators shall not have authority to declare any Mark owned by Franchisor, its affiliate or that is otherwise a part of the System to be generic or invalid. The Federal Arbitration Act shall apply to all arbitration and arbitration venue questions. Any award by the arbitrator(s) shall be final, binding and non-appealable, except for errors of law. Unless the parties agree in writing at the time an arbitration proceeding is commenced to have a single arbitrator, the matter shall be heard by three (3) arbitrators, with each party selecting one (1) arbitrator and the third (3) arbitrator to be selected by the other two arbitrators. The arbitrator selected by the other two arbitrators shall have at least ten (10) years’ experience in practicing franchise law as being their primary area of practice and shall have substantial experience in the preparation of Multi-Unit Agreements, franchise agreements and franchise disclosure documents. Multi-Unit Developer understands that by agreeing to arbitrate it gives up jury and appeal and other rights it might have in court.

## **11.2 Injunctive Relief**

Notwithstanding the provisions of Section 11.1 above, Multi-Unit Developer agrees that Franchisor, at its option, will have the right to seek preliminary injunctive relief from a court of competent jurisdiction, or in the first instance from an Arbitrator, to restrain any conduct by Multi-Unit Developer in the development or operation of Restaurants that could damage the goodwill associated with the Marks, the System and the Chain, provided that if Multi-Unit Developer counters, as Multi-Unit Developer may, by initiating arbitration, Franchisor agrees to arbitrate the entire dispute thereafter except preliminary injunctive relief (and permanent injunctive relief also, if Multi-Unit Developer will not agree that the preliminary injunction shall remain effective indefinitely until the arbitrator shall dissolve it), leaving the court action pending, if it chooses, to facilitate enforcement. Multi-Unit Developer agrees Franchisor will not be required to post a bond to obtain any injunctive relief with respect to use of the Marks.

## **XII.**

### **GENERAL CONDITIONS AND PROVISIONS**

#### **12.1 Relationship of Multi-Unit Developer to Franchisor**

It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Multi-Unit Developer the relationship of franchisor and franchisee. It is further agreed that Multi-Unit Developer has no authority to create or assume in Franchisor’s name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Multi-Unit Developer is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Multi-Unit Developer agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Multi-Unit Developer shall be the employees of Multi-Unit Developer and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor control. Each of the parties agrees to

file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

## **12.2 Indemnification**

Multi-Unit Developer; Owners; guarantors of the Multi-Unit Developer; for themselves and on behalf of their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns (collectively, "Multi-Unit Developer Indemnifying Parties") shall indemnify and hold harmless Franchisor; Franchisor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities ("Indemnified Parties") from all fines, suits, proceedings, claims, demands or actions of any kind or nature, including reasonable attorneys' fees, from anyone whomsoever, directly or indirectly arising or growing out of, or otherwise connected with, Multi-Unit Developer actions or failure to act, under this Agreement, or the operation of Multi-Unit Developer's Restaurants developed under this Agreement. For purposes of this indemnification, claims shall mean and include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Franchisor shall have the right to defend any such claim against Franchisor or its affiliate. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## **12.3 No Consequential Damages for Legal Incapacity**

Franchisor shall not be liable to Multi-Unit Developer for any consequential damage, including but not limited to lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Multi-Unit Developer by reason of any delay in the delivery of Franchisor's FDD caused by legal incapacity during the Term, or other conduct not due to the gross negligence or misfeasance of Franchisor.

## **12.4 Waiver and Delay**

No waiver by Franchisor of any breach or series of breaches or defaults in performance by Multi-Unit Developer, and no failure, refusal or neglect of Franchisor to exercise any right, power or operation given to it hereunder or under any Franchise Agreement between Franchisor and Multi-Unit Developer, whether entered into before, after or contemporaneously with the execution hereof or to insist upon strict compliance with or performance of Multi-Unit Developer's obligations under this Agreement or any Franchise Agreement between Franchisor and Multi-Unit Developer, whether entered into before, after or contemporaneously with the execution hereof, shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

## **12.5 Successors and Assigns**

This Agreement shall be binding upon and inure to the benefit of all the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Multi-Unit Developer and his or their respective heirs, executors, administrators, successors and assigns, subject to the prohibitions against assignment contained herein.

## **12.6 Joint and Several Liability**

If Multi-Unit Developer consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several.

## **12.7 Governing Law**

This Agreement and any claim or controversy arising out of or relating to rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed under the laws of the State of North Carolina and any dispute between the parties shall be governed by and determined in accordance with the substantive law of the State of North Carolina and the Federal Arbitration Act, which laws shall prevail in the event of any conflict of law.

## **12.8 Entire Agreement**

This Agreement, the documents incorporated herein by reference and the attachments hereto, comprise the entire agreement between the parties and all prior understandings or agreements concerning the subject matter hereof are canceled and superseded by this Agreement, except that nothing in this Agreement or any related agreement is intended to disclaim any representations made in the Franchise Disclosure Document. Multi-Unit Developer represents that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Multi-Unit Agreement that are not contained herein. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement or any FDD for prospective franchisees required by applicable law, and Multi-Unit Developer agrees that they have executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instruments signed by all of the parties hereto. The representations made in this paragraph 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.

## **12.9 Titles for Convenience**

Section and paragraph titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

### **12.10 Gender**

All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any section or paragraph hereof may require.

### **12.11 Severability**

Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance, or regulation contrary to which the parties have no legal right to contact, the latter shall prevail, but in such event the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, section, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provisions shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

### **12.12 Counterparts**

This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. One or more counterparts can be delivered by facsimile or .pdf file transmission.

### **12.13 Fees and Expenses**

Should any party hereto commence any action or proceeding for the purpose of enforcing, or preventing the breach of, any provision hereof, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision hereof, or for a declaration of such party's rights or obligations hereunder, then the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys' fees for the services rendered to such prevailing party.

### **12.14 Notices**

All notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be given (i) by personal delivery, or (ii) by registered or certified mail, return receipt requested, postage prepared, or by delivery to a nationally-recognized overnight courier service, in each case, addressed as follows, or to such other person or entity as either party shall designate by notice to the other in accordance herewith:

Franchisor: VILLAGE JUICE CO. FRANCHISING, LLC  
Attn: President  
900 Northwest Blvd.  
Winston-Salem, NC 27101

With a copy (which shall not constitute notice) to:

Manning, Fulton & Skinner, P.A.  
Attn: Ritchie W. Taylor  
3605 Glenwood Avenue  
Suite 500  
Raleigh, NC 27612

Franchisee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Notice shall be deemed received (i) in the case of hand delivery, on the same date as the notice is delivered, (ii) in the case of overnight courier, overnight courier the next business day after the notice is sent, or (iii) in the case of certified mail, three (3) days after the date the notice is deposited in the mail.

### **XIII.**

#### **SUBMISSION OF AGREEMENT AND ACKNOWLEDGEMENT**

##### **13.1 Submission of Agreement**

The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Franchisor and Multi-Unit Developer. THIS AGREEMENT SHALL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY FRANCHISOR'S CHIEF EXECUTIVE OFFICER, PRESIDENT, OR VICE PRESIDENT OF FRANCHISE OPERATIONS. THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL AND UNLESS MULTI-UNIT DEVELOPER SHALL HAVE BEEN FURNISHED BY FRANCHISOR WITH ALL DISCLOSURE DOCUMENTS, IN WRITTEN FORM, WHICH MAY BE REQUIRED UNDER OR PURSUANT TO APPLICABLE LAW, FOR REQUISITE TIME PERIODS.

##### **13.2 Acknowledgment**

MULTI-UNIT DEVELOPER ACKNOWLEDGES THAT IT SHALL HAVE SOLE AND COMPLETE RESPONSIBILITY FOR THE CHOICE OF LOCATIONS AT WHICH THE FRANCHISED BUSINESSES WILL BE OPERATED; THAT FRANCHISOR HAS NOT (AND SHALL NOT BE DEEMED TO HAVE, EVEN BY FRANCHISOR'S ACCEPTANCE OF THE SITES THAT ARE PART OF THE DEVELOPMENT AREA OR THAT WILL BECOME THE LOCATIONS AT WHICH THE FRANCHISED BUSINESSES WILL BE OPERATED) GIVEN ANY REPRESENTATION, PROMISE, OR GUARANTEE OF MULTI-UNIT DEVELOPER'S SUCCESS AT THE LOCATION; AND THAT MULTI-UNIT DEVELOPER SHALL BE SOLELY RESPONSIBLE FOR ITS OWN SUCCESS AT THE FRANCHISED BUSINESSES LOCATIONS.

MULTI-UNIT DEVELOPER, AND ITS OWNERS AND PARTNERS, AS APPLICABLE, JOINTLY AND SEVERALLY ACKNOWLEDGE THAT THEY HAVE CAREFULLY READ THIS AGREEMENT AND ALL OTHER RELATED DOCUMENTS TO BE EXECUTED CONCURRENTLY OR IN CONJUNCTION WITH THE EXECUTION

HEREOF, THAT THEY HAVE OBTAINED THE ADVICE OF COUNSEL IN CONNECTION WITH ENTERING INTO THIS AGREEMENT, THAT THEY UNDERSTAND THE NATURE



OF THIS AGREEMENT, AND THAT THEY INTEND TO COMPLY AND BE BOUND THEREBY.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the first date set forth above.

ACCEPTED ON THIS DATE OF \_\_\_\_\_.

FRANCHISOR

MULTI-UNIT DEVELOPER

VILLAGE JUICE CO. FRANCHISING, LLC  
a North Carolina limited liability company

\_\_\_\_\_  
a \_\_\_\_\_

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

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

**ATTACHMENT 1 to Multi-Unit Agreement**

**DEVELOPMENT AREA**

---

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**DEVELOPMENT FEE**

Franchisee's Development Fee shall be \$ \_\_\_\_\_ for the right to open \_\_\_\_\_ locations.

**ATTACHMENT 2 to Multi-Unit Agreement**

**MINIMUM DEVELOPMENT OBLIGATIONS**

| <b>Number of Restaurants</b> | <b>Date of Franchise Agreement Execution</b> | <b>Date of Opening</b> | <b>Cumulative Number to be in Operation</b> |
|------------------------------|--|------------------------|---|
| 1                            |  |                        |   |
| 2                            |  |                        |   |
| 3                            |  |                        |   |
| 4                            |  |                        |   |
| 5                            |  |                        |   |

**ATTACHMENT 3 to Multi-Unit Agreement**

**OWNER'S GUARANTY AND ASSUMPTION  
OF MULTI-UNIT DEVELOPER'S OBLIGATIONS**

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS ("GUARANTY") IS  
GIVEN AS OF \_\_\_\_\_, by  
\_\_\_\_\_  
\_\_\_\_\_  
(the "Guarantor" or collectively the "Guarantors").

In consideration of, and as an inducement to, the execution of that certain Multi-Unit Developer Agreement of even date (the "Agreement") by VILLAGE JUICE CO. FRANCHISING, LLC (the "Franchisor"), and \_\_\_\_\_ ("Multi-Unit Developer"), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that Multi-Unit Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right he or she may have to require that an action be brought against Multi-Unit Developer or any other person as a condition of liability. Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty shall be joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if Multi-Unit Developer fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Multi-Unit Developer or any other person; (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Multi-Unit Developer or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement; and (5) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement.

Each of the undersigned Guarantors represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

Guarantor hereby consents and agrees that:

(a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Multi-Unit Developer and the other owners of Multi-Unit Developer;

(b) Guarantor shall render any payment or performance required under the Agreement upon demand if Multi-Unit Developer fails or refuses punctually to do so;

(c) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Multi-Unit Developer or any assignee or successor of Multi-Unit Developer or by any abandonment of the Agreement by a trustee of Multi-Unit Developer. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Multi-Unit Developer or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(d) Franchisor may proceed against Guarantor and Multi-Unit Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Multi-Unit Developer. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and

(e) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

Guarantor agrees to be personally bound by the arbitration obligations under Section 11.1 of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 11.1 of the Agreement in accordance with its terms. All terms not defined herein shall have the definition set forth in the Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S):

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
Percentage Ownership in Multi-Unit Developer /Spouse: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
Percentage Ownership in Multi-Unit Developer /Spouse: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
Percentage Ownership in Multi-Unit Developer /Spouse: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
Percentage Ownership in Multi-Unit Developer /Spouse: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
Percentage Ownership in Multi-Unit Developer /Spouse: \_\_\_\_\_

## EXHIBIT H

### SAMPLE FULL AND FINAL GENERAL RELEASE VILLAGE JUICE CO. FRANCHISING, LLC\*

#### **\*Current Form; Subject to Change**

**FOR AND IN CONSIDERATION** of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, the parties agree and covenant to fully and mutually release the other as follows:

1. The Franchisee; Owners; guarantors of the Franchisee; for themselves and on behalf of their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns (collectively, the "Franchisee Parties") do hereby release and forever discharge Franchisor; Franchisor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, the "Franchisor Parties") from any and all claims, demands, damages, actions, causes of action, or suits of any kind or nature whatsoever, both known and unknown, including, without limitation: (a) arising out of or related to the Franchisor Parties' obligations under the franchise agreement or (b) otherwise arising from or related to the Franchisee Parties' relationship, from the beginning of time to the date of Franchisee's signature below, with any of the Franchisor Parties.

2. Franchisee, on Franchisee's own behalf and on behalf of the other Franchisee Parties, further covenant not to sue any of the Franchisor Parties on any of the claims released by the preceding paragraph and represent that Franchisee has not assigned any such claims released by the preceding paragraph to any individual or entity who is not bound by this Release. It is understood and agreed that this Release is not to be construed as an admission of liability with respect to the Franchisor Parties.

3. The consideration expressly mentioned herein is the only consideration paid or to be paid by said parties hereby released. The parties acknowledge that no other party, or agent, or attorney of any other party, has made any promise, or representation or warranty to induce this Release, not herein expressly set forth, and no such promises, representations or warranties are relied upon as a consideration for this Release, or otherwise, but any and all of the parties' respective claims, of whatever nature are hereby fully and forever released, compromised and settled. Full and complete compromise, settlement, and accord and satisfaction are hereby acknowledged, and it is expressly agreed by the undersigned parties never to sue any of the other parties hereby released on any alleged promise, representation or warranty for this Release not herein expressly set forth.

4. This Agreement contains the entire agreement and understanding between the parties as to the matters specified herein and supersedes and replaces all agreements on this subject matter, whether written or oral. The terms contained herein may not be modified or amended

except in writing signed by the parties. The terms of this Release are contractual and not a mere recital.

5. The undersigned further state that they have carefully read the foregoing instrument; that they know the contents thereof; that they understand and agree to each and every term and condition contained herein; that they signed the same as their own free act and deed; and that they have not assigned any rights released hereunder to any person or organization, private or governmental.

6. The parties hereby covenant and agree that each shall not make, at any time or place, any disparaging remarks, verbally or in writing, concerning any of the parties' actions or perceived omissions, regarding any matter connected with this Release Agreement or otherwise take any action that would disparage or cast doubt upon the business acumen or judgment of any other party. Each party understands and acknowledges that each other party's business and reputation are of special, unique, and extraordinary character, which gives them a particular value, the loss of which cannot reasonably be compensated in damages in an action at law. Accordingly, each party further agrees that in addition to any other rights or remedies that any other party may possess at law, any aggrieved party shall be entitled to injunctive and other equitable relief in order to prevent or remedy a breach of the provisions of this Agreement by any other party hereto.

7. The terms of this Release arose from discussions between the parties. Accordingly, no claimed ambiguity in this Release shall be construed against any party claimed to have drafted or proposed the language in question.

8. This Release shall be governed by and construed pursuant to the laws of the State of North Carolina.

9. This Release may be executed in two copies, each of which shall be deemed an original.

IF THE FRANCHISED BUSINESS FRANCHISEE OPERATES UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF FRANCHISEE IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

**SECTION 1542 ACKNOWLEDGMENT.** IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY FRANCHISEE OR THE FRANCHISEE PARTIES. FRANCHISEE RECOGNIZES THAT FRANCHISEE OR THE FRANCHISEE PARTIES MAY HAVE SOME CLAIM, DEMAND OR CAUSE OF ACTION AGAINST FRANCHISOR PARTIES OF WHICH FRANCHISEE, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH FRANCHISEE, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE FRANCHISEE, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT FRANCHISEE, HIM, HER, OR



IT FROM ASSERTING IT AGAINST FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, FRANCHISEE, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, EXPRESSLY WAIVES ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR.”**

FRANCHISEE ACKNOWLEDGES AND REPRESENTS THAT FRANCHISEE HAS CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT FRANCHISEE UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Franchised Business is located in Maryland or if Franchisee is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the Franchised Business is located in Washington or if Franchisee is a resident of Washington, the following shall apply:

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.

All releases given by the Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Releasing Parties, in the Releasing Parties independent judgment, believe necessary or appropriate.

\_\_\_\_\_  
[FRANCHISEE]

VILLAGE JUICE CO. FRANCHISING, LLC

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

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

**EXHIBIT I  
ACH/EFT TRANSFER AGREEMENT**



AUTHORIZATION TO HONOR CHECKS AND DEBITS BY AND PAYABLE TO THE  
FOLLOWING PAYEE(S):

The undersigned depositor (“Franchisee” or “Payor”) hereby authorizes VILLAGE JUICE CO. FRANCHISING, LLC (“Franchisor” or “Payee”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the bank designated below (“Bank”) to debit or credit such account(s) pursuant to Franchisor’s instructions.

Name of Person or Legal Entity of Franchisee: \_\_\_\_\_  
ID Number: \_\_\_\_\_  
Bank: \_\_\_\_\_  
Branch: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Bank Transit/ABA Number: \_\_\_\_\_  
Account Number: \_\_\_\_\_

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

**FRANCHISEE/PAYOR:**

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

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

**INDEMNIFICATION AGREEMENT**

To the above named Payee and the Bank designated:

The Payor agrees with respect to any action taken pursuant above authorization:

1. To indemnify the Bank and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Bank in the regular course of business for the purpose of payment, including any costs or expenses reasonably in collection therewith.

2. To indemnify Payee and the Bank for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
3. To defend at Payor's cost and expense any action which might be brought by any depositor or any other persons because of any actions taken by the Bank of Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Bank's or Payee's participation therein.

**BE SURE THAT ALL INFORMATION ASKED FOR IS PROVIDED**

**EXHIBIT J**  
**OPERATIONS AND TRAINING MANUALS TABLES OF CONTENTS**

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**EXHIBIT K**  
**RENEWAL ADDENDUM TO FRANCHISE AGREEMENT\***  
**(to be signed by a renewing franchisee concurrently with the Franchise Agreement)**

**\*Current Form; Subject to Change**

**THIS RENEWAL ADDENDUM** (“Addendum”) to the Franchise Agreement dated as of the Effective Date (“Agreement”) between VILLAGE JUICE CO. FRANCHISING, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is made as of the same date to amend and supplement certain terms and conditions of the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not otherwise defined in this Addendum shall have their respective meanings set forth in the Agreement.

1. **Franchised Location.** Franchisor has previously accepted the Franchised Location as required pursuant to the Franchise Agreement. The Franchised Location is: \_\_\_\_\_.

2. **Lease Approval.** Franchisor has previously approved the lease for the Franchised Location as required pursuant to the Franchise Agreement and therefore waives the requirement for lease review and approval (and the associated lease review fee); provided, however, that if Franchisee enters into a new lease for the Franchised Location during the term of the Agreement, all lease review and approval requirements shall remain applicable.

3. **Commencement of Operations.** Franchisor and Franchisee acknowledge that the Franchised Location has commenced operations as required pursuant to the Franchise Agreement.

4. **Franchisor’s Development Assistance.** Franchisee acknowledges and agrees that Franchisor has complied with its obligations under the Agreement (or Franchisee waives, as the case may be, Franchisor’s obligation) to (1) assist Franchisee in choosing the Franchised Location and determining fulfillment of the requisite criteria for the Franchised Location, such determination based on information provided by Franchisee (including those obligations set forth in the Franchise Agreement; and (2) to provide opening support services listed in the Franchise Agreement .

5. **Grand Opening.** The Section of the Franchise Agreement pertaining to a Grand Opening is deleted.

6. **Remodeling.** Franchisee will complete the remodeling and renovations of the Restaurant, at Franchisee’s expense, listed on Exhibit 1 to this addendum no later than 60 days following the Effective Date of the Agreement or at such different time as set forth in Exhibit 1.

7. **Release.** Franchisee; Owners; guarantors of the Franchisee; for themselves and on behalf of their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns,

hereby fully and forever unconditionally release and discharge the Franchisor; Franchisor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, "Released Parties") from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever, in law or in equity, whether known or unknown, which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with the Released Parties, however characterized or described, from the beginning of time until the date of this Addendum.

**8. Non-Disparagement.** Franchisee agrees not to, and to use its best efforts to cause its current and former owners, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or Franchisor Affiliates or their respective current and former agents, principals, officers, directors, owners, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the VILLAGE JUICE & KITCHEN brand, the VILLAGE JUICE & KITCHEN system, or any other service-marked or trademarked concept of Franchisor, or which would subject the VILLAGE JUICE & KITCHEN brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

**IN WITNESS WHEREOF**, the parties hereto have caused this Addendum to be executed on the date first set forth above.

FRANCHISEE:  
\_\_\_\_\_

FRANCHISOR:  
VILLAGE JUICE CO. FRANCHISING, LLC

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

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

**Exhibit 1**  
**Remodeling**



**EXHIBIT L**  
**AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER\***

**\*Current Form; Subject to Change**

**THIS AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER** (“Agreement”) is made among **VILLAGE JUICE CO. FRANCHISING, LLC** (“Franchisor”), \_\_\_\_\_ (“Seller”), and \_\_\_\_\_ (“Buyer”), and, if any, the undersigned Guarantors, effective as of the Effective Date.

**RECITALS**

A. Seller is the franchisee pursuant to that certain franchise agreement between Franchisor and Seller, as franchisee, dated \_\_\_\_\_ (the “Seller Franchise Agreement”), governing the operation of the \_\_\_\_\_ business located at \_\_\_\_\_, Restaurant # \_\_\_\_\_ (“Franchised Location”);

B. Buyer is the franchisee under that certain franchise agreement between Franchisor and Buyer, as franchisee, dated \_\_\_\_\_, Restaurant # \_\_\_\_\_ (as amended, the “Buyer Franchise Agreement”);

C. Seller has notified Franchisor that it and Buyer have entered into an Asset Purchase Agreement, dated \_\_\_\_\_ (the “Purchase Agreement”), pursuant to which Seller has agreed to sell and Buyer has agreed to purchase all of the rights, obligations and assets relating to the Franchised Location (the “Interests”) and, further, that Buyer has agreed to assume the lease obligations with regard to the Franchised Location (collectively, the “Transfer”); and

D. Seller and the guarantors of the obligations of Seller (the “Seller Guarantors”) have requested that Franchisor consent to the Transfer and release Seller and the Seller Guarantors from all obligations under the Franchise Agreement and guaranty, respectively; and

E. The parties desire to set forth the terms and conditions under which Franchisor will consent to the Transfer and release.

**AGREEMENT**

**FOR AND IN CONSIDERATION** of the foregoing Recitals, which are incorporated herein, the mutual covenants expressed herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

**1. Effective Date.** The Effective Date will be the date on which Franchisor signs this Agreement acknowledging its consent to the proposed Transfer.

**2. Proposed Transfer.** Buyer is purchasing the Interests from Seller in accordance with the terms and conditions of the “Purchase Agreement,” a copy of which has been provided to

Franchisor by Seller and Buyer. Seller and Buyer represent and warrant that the form of Purchase Agreement provided to Franchisor is the final version of the agreement and is the version which has been or will be executed by them to effectuate the Transfer.

**3. Conditional Consent; Release of Guaranty.** The Seller Franchise Agreement provides that the Transfer cannot take place without the consent of Franchisor. Franchisor will consent to the Transfer, as provided in the Seller Franchise Agreement, and will release (a) Seller from any obligations arising under the Seller Franchise Agreement and (b) Seller Guarantors under any guaranty agreement (in each case except as described below) from and after the Effective Date; provided, however, such consent and release are expressly contingent upon compliance with the following terms and conditions on or before the date of the closing of the Transfer (“Closing”):

**a. Franchise Agreement.** The Seller Franchise Agreement will terminate as of the Closing, and the operation of the Franchised Location will thereafter be governed by the Buyer Franchise Agreement;

**b. Payment of Amounts Due.** Seller will pay all amounts due and owing to Franchisor through the date of Closing; including but not limited to past due royalty and advertising fees in the amount of \$ \_\_\_\_\_;

**c. Transfer Fee.** Seller shall pay a transfer fee of \$ \_\_\_\_\_ as provided in the Seller Franchise Agreement.

**d. Financial Statements.** Seller will provide Franchisor with all required monthly financial statements for the Franchised Location through the date of Closing;

**e. Training.** Buyer or Buyer’s designated representative(s) shall have satisfactorily completed the initial training program as described in the Buyer Franchise Agreement prior to the Closing;

**f. Right to Possession.** Buyer will provide satisfactory evidence to Franchisor that Buyer has the right to possession of the premises for the Franchised Location by way of lease assignment (with **all** required landlord consents) or otherwise;

**g. Site Selection Assistance.** Buyer acknowledges and agrees that Franchisor has satisfied any and all obligations under the Buyer Franchise Agreement with respect to site selection and development assistance;

**h. Remodeling.** Seller and Buyer shall ensure that all of the items reflected on the Pre-Sale Inspection which is attached hereto have been completed;

**i. Purchase Agreement.** The Purchase Agreement will not be amended and the terms of the transaction thereunder will not be changed except with the prior written consent of Franchisor;

**j. Buyer Loans.** Buyer shall provide Franchisor with copies of all loan documents or loan commitments evidencing all debt taken on by Buyer in connection with the purchase of the Franchised Location; and

k. **Franchised Location Possession.** Prior to Closing and changing possession of the Franchised Location, Seller and Buyer shall obtain the written consent of Franchisor to change possession.

4. **Waiver of Right of First Refusal.** Franchisor hereby waives any right of first refusal to purchase the Interests as it may have pursuant to the Seller Franchise Agreement.

5. **Release of Franchisor.** Seller, the Seller Guarantors and Buyer, and each of them, for themselves and their affiliates, employees, officers, directors, successors, assigns, and other representatives, hereby fully and forever unconditionally release and discharge Franchisor, and its affiliates, parents, subsidiaries, area directors and agents and their respective employees, owners, members, officers, directors, successors, assigns, guarantors and other representatives (the "Released Parties"), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown to them, which they may have against the Released Parties as of the date of this Agreement, or which may thereafter be discovered, accrued, or sustained, in connection with, as a result of, or in any way arising from, any relations or transactions with the Released Parties, however characterized or described, including but not limited to, any claims arising from the Seller Franchise Agreement, the Buyer Franchise Agreement or the Purchase Agreement or the transactions described herein.

If the Franchised Location is located in California or if either Buyer or Seller is a resident of California, the following shall apply:

**Section 1542 Acknowledgment.** It is the intention of Seller and Buyer in executing this Agreement that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand or cause of action released by Seller and/or Buyer. Each of Seller and Buyer recognizes that he, she or it may have some claim, demand or cause of action against the Release Parties of which he, she, or it is totally unaware and unsuspecting, which he, she or it is giving up by executing this Agreement. It is the intention of each of Seller and Buyer in executing this instrument that it will deprive him, her or it of such claim, demand or cause of action and prevent him, her or it from asserting it against the Released Parties. In furtherance of this intention, Seller and Buyer expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

"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 must have materially affected his settlement with the debtor."

Each of Seller and Buyer acknowledges and represents that he, she, or it has consulted with legal counsel before executing this Agreement and that he, she, or it understands its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands and causes of action.

6. **Termination of Seller Franchise Agreement and Guaranties.** Franchisor and Seller acknowledge and agree that, as of the date of Closing, upon the Transfer and upon compliance with the conditions set forth in Section 3 above, the Seller Franchise Agreement and the guaranties (if any) will automatically terminate and neither Seller nor Seller Guarantors shall

have any further rights or obligations thereunder except that neither Seller nor any Seller Guarantor shall be released from:

a. any obligations to pay money to Franchisor owed under either the Seller Franchise Agreement or the guaranty prior to Closing; or

b. the provisions of the Seller Franchise Agreement that, either expressly or by their nature, survive termination of the Seller Franchise Agreement (including without limitation the post-termination restrictive covenants, audit rights, dispute resolution and notice, and confidentiality provisions of the Seller Franchise Agreement).

7. **Acknowledgment.** Buyer and Seller acknowledge that although Franchisor or its affiliates, employees, officers, directors, successors, assigns, and other representatives may have been involved in Buyer's purchase of the Interests from Seller, Buyer and Seller have assumed sole and full responsibility for making the final decision to purchase and sell the Interests and each has consulted, or has had the opportunity to consult but, of its own accord, elected not to consult, with its own legal and financial advisors. Buyer further understands that as part of analyzing the purchase of the Interests from Seller, it is Buyer's responsibility to meet with or otherwise gather necessary information from the appropriate parties which may or may not affect Buyer's purchase of the Interests from Seller.

8. **Additional Documents.** Buyer and Seller agree to execute such additional documents as may be necessary to complete the Transfer as contemplated by the Purchase Agreement, the Seller Franchise Agreement and the Buyer Franchise Agreement.

9. **Miscellaneous Provisions.** This Agreement will be construed and enforced in accordance with, and governed by, the laws of the state of North Carolina. This Agreement may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. The headings of this Agreement are for convenience and reference only and will not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts and sent via facsimile, each of which will be deemed an original but all of which taken together will constitute one and the same instrument. All capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the applicable franchise agreement.

10. **Non-Disparagement.** In consideration of the accommodations provided to Seller, the Seller Guarantors and Buyer and concessions made by Franchisor and its affiliates under this Agreement, Seller, the Seller Guarantors and Buyer agree not to, and to use their best efforts to cause their current and former owners, officers, directors principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Released Parties or their respective current and former agents, principals, officers, directors, owners, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the VILLAGE JUICE & KITCHEN brand, the VILLAGE JUICE & KITCHEN system, or any other service-marked or trademarked concept of Franchisor, or which would subject the VILLAGE JUICE & KITCHEN brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

THUS signed by the parties shown below and made effective as of the Effective Date.

**SELLER:**

\_\_\_\_\_

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

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

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

**SELLER GUARANTORS:**

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

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

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

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

**BUYER:**

\_\_\_\_\_

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

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

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

**FRANCHISOR:**

**VILLAGE JUICE CO. FRANCHISING, LLC**

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

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

\*This date is the Effective Date

**PRE-SALE INSPECTION**

**EXHIBIT M  
SBA ADDENDUM**

SOP 50-10 5(j)

Appendix 9



**ADDENDUM TO FRANCHISE<sup>1</sup> AGREEMENT**

**THIS ADDENDUM** (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“Franchisor”), located at \_\_\_\_\_, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

**CHANGE OF OWNERSHIP**

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

**FORCED SALE OF ASSETS**

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

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<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

Effective Date: January 1, 2018

1

renewals) for fair market value.

**COVENANTS**

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee’s real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee’s employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

**Authorized Representative of FRANCHISOR:**

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

**Authorized Representative of FRANCHISEE:**

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

**Note to Parties:** This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

Effective Date: January 1, 2018



**EXHIBIT N**  
**STATEMENT OF PROSPECTIVE FRANCHISEES**

**FORM OF FRANCHISE COMPLIANCE CERTIFICATION**

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Agreement and each Addendum (if any) and related agreement (i.e., personal guaranty) attached to them?

Yes or No? \_\_\_\_\_

2. Did you receive the Franchise Agreement and each related agreement, Addendum, or Amendment (if any), containing all material terms, at least 7 days before signing any binding agreement with us or an affiliate?\*

Yes or No? \_\_\_\_\_

\* This does not include changes to any agreement mutually agreed upon.

3. Do you understand all of the information contained in the Franchise Agreement and each Addendum (if any) and related agreement provided to you?

Yes or No? \_\_\_\_\_

If No, what parts of the Franchise Agreement, Addendum (if any) and/or related agreements do you not understand?

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

4. Have you received and personally reviewed our Franchise Disclosure Document ("FDD") that was provided to you?

Yes or No? \_\_\_\_\_

5. Did you receive the FDD at least 14 days before signing the Franchise Agreement, this document or any related agreement, and before paying any funds to us or an affiliate?

Yes or No? \_\_\_\_\_

6. Did you sign a receipt for the FDD indicating the date you received it?

Yes or No? \_\_\_\_\_

7. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes or No? \_\_\_\_\_

If No, what parts of the FDD and/or Addendum do you not understand?

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

8. Have you discussed the benefits and risks of purchasing a VILLAGE JUICE & KITCHEN franchise with an attorney, accountant or other professional advisor?

Yes or No? \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes or No? \_\_\_\_\_

9. Do you understand that the success or failure of your VILLAGE JUICE & KITCHEN franchise will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

Yes or No? \_\_\_\_\_

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a VILLAGE JUICE & KITCHEN franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? \_\_\_\_\_

11. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a VILLAGE JUICE & KITCHEN franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? \_\_\_\_\_

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a VILLAGE JUICE & KITCHEN franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? \_\_\_\_\_

13. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes or No? \_\_\_\_\_

14. If you have answered "Yes" to any one of questions 11-14, please provide a full explanation of each "Yes" answer in the following blank lines.

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15. Do you understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning the VILLAGE JUICE & KITCHEN franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding?\*

Yes or No? \_\_\_\_\_

Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to you.

16. Do you understand that, except as provided in the FDD, nothing stated or promised by us that is not specifically set forth in the Franchise Agreement, Addendum (if any) and related agreements can be relied upon?

Yes or No? \_\_\_\_\_

17. You signed the Franchise Agreement, and Addendum (if any) and related agreements on \_\_\_\_\_, and acknowledge that no agreement or addendum is effective until signed and dated by us.

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

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF ILLINOIS AND FRANCHISED BUSINESSES LOCATED IN ILLINOIS: Questions 1 and 5 do not apply to you.

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISED BUSINESSES LOCATED IN MARYLAND: None of the above representations are intended to nor will they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The individuals signing below for the "**Franchisee Applicant**" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchisee Applicant, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISE APPLICANT:

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

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

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

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

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

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

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

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

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

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| <b>State</b> | <b>Effective Date</b> |
|--------------|-----------------------|
| California   | Not Registered        |
| Hawaii       | Not Registered        |
| Illinois     | Not Registered        |
| Indiana      | Not Registered        |
| Maryland     | Not Registered        |
| Michigan     | Not Registered        |
| Minnesota    | Not Registered        |
| New York     | Not Registered        |
| North Dakota | Not Registered        |
| Rhode Island | Not Registered        |
| South Dakota | Not Registered        |
| Virginia     | Not Registered        |
| Washington   | Not Registered        |
| Wisconsin    | Not Registered        |

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 O RECEIPT

This disclosure document summarized certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If VILLAGE JUICE CO. FRANCHISING, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale or, if you live in New York, or Rhode Island, at the first personal face-to-face meeting. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever comes first.

If VILLAGE JUICE CO. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state agency listed on Exhibit E.

The name, principal business address and telephone number of the franchisor is: VILLAGE JUICE CO. FRANCHISING, LLC, 900 Northwest Blvd., Winston-Salem, NC 27101, (336) 749-0492.

Issuance Date: December 12, 2023

The name, principal business address and telephone number of each franchise seller offering the franchise is:

|  |   |  |   |
|--|---|--|---|
| <input type="checkbox"/>   | <input type="checkbox"/>  | <input type="checkbox"/>   | <input type="checkbox"/>                  |
| NATHAN ATKINSON<br>VILLAGE JUICE CO.<br>FRANCHISING, LLC<br>900 Northwest Blvd.<br>Winston-Salem, NC 27101<br>(336) 749-0492 | CLYDE P. HARRIS, III<br>VILLAGE JUICE CO.<br>FRANCHISING, LLC<br>900 Northwest Blvd.<br>Winston-Salem, NC 27101<br>(336) 749-0492 | SILER SOUTHERLAND<br>VILLAGE JUICE CO.<br>FRANCHISING, LLC<br>900 Northwest Blvd.<br>Winston-Salem, NC 27101<br>(336) 749-0492 | _____<br>_____<br>_____<br>_____<br>_____ |

VILLAGE JUICE CO. FRANCHISING, LLC, authorizes the state agencies identified on Exhibit E as our registered agent authorized to receive service of process.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this Franchise Disclosure Document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

I have received a disclosure document dated December 12, 2023, that included the following: Exhibit A VILLAGE JUICE & KITCHEN Franchise Agreement, with Attachment 1 (Franchise Rider), Attachment 2 (Lease Rider), Attachment 3 (Internet, Social Media, and Telephone Assignment), Attachment 4 (Guaranty), Attachment 5a (Non-competition Agreement), Attachment 5b (Nondisclosure and Non-solicitation Agreement), Attachment 6 (Juicing Addendum) and Attachment 7 (Commencement Date Agreement); Exhibit B-1 Restaurant Directory/Listing of Current Franchisees, Exhibit B-2 Listing of Certain Past Franchisees, Exhibit C Financial Statements, Exhibit D State Specific Information, Exhibit E Federal and State Regulators and Agents for Service of Process, Exhibit F Area Representative Addendum, Exhibit G Multi-Unit Agreement, Exhibit H Sample General Release Agreement, Exhibit I ACH/EFT Transfer Agreement, Exhibit J Operations and Training Manual Table of Contents, Exhibit K Addendum to Renewal Franchise Agreement, Exhibit L Agreement and Conditional Consent to Transfer, Exhibit M Small Business Administration Addendum, Exhibit N Statement of Prospective Franchisees, State Effective Dates, Exhibit O Receipt

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee

Individually and as an officer, partner, member or manager of \_\_\_\_\_, a \_\_\_\_\_ organized under the laws of \_\_\_\_\_.

You may return one copy of this receipt either by signing, dating and mailing it to VILLAGE JUICE CO. FRANCHISING, LLC, Franchise Administration, at VILLAGE JUICE CO. FRANCHISING, LLC, 900 Northwest Blvd., Winston-Salem, NC 27101, (336) 749-0492.

## RECEIPT

This disclosure document summarized certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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If VILLAGE JUICE CO. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state agency listed on Exhibit E.

The name, principal business address and telephone number of the franchisor is: VILLAGE JUICE CO. FRANCHISING, LLC, 900 Northwest Blvd., Winston-Salem, NC 27101, (336) 749-0492.

Issuance Date: December 12, 2023

The name, principal business address and telephone number of each franchise seller offering the franchise is:

|                          |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| NATHAN ATKINSON          | CLYDE P. HARRIS, III     | SILER SOUTHERLAND        | _____                    |
| VILLAGE JUICE CO.        | VILLAGE JUICE CO.        | VILLAGE JUICE CO.        | _____                    |
| FRANCHISING, LLC         | FRANCHISING, LLC         | FRANCHISING, LLC         | _____                    |
| 900 Northwest Blvd.      | 900 Northwest Blvd.      | 900 Northwest Blvd.      | _____                    |
| Winston-Salem, NC 27101  | Winston-Salem, NC 27101  | Winston-Salem, NC 27101  | _____                    |
| (336) 749-0492           | (336) 749-0492           | (336) 749-0492           | _____                    |

VILLAGE JUICE CO. FRANCHISING, LLC, authorizes the state agencies identified on Exhibit E as our registered agent authorized to receive service of process.

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\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee

Individually and as an officer, partner, member or manager of \_\_\_\_\_, a \_\_\_\_\_ organized under the laws of \_\_\_\_\_.

You may return one copy of this receipt either by signing, dating and mailing it to VILLAGE JUICE CO. FRANCHISING, LLC, Franchise Administration, at VILLAGE JUICE CO. FRANCHISING, LLC, 900 Northwest Blvd., Winston-Salem, NC 27101, (336) 749-0492.