

(SnowFruit)

# **Franchise Disclosure Document 2023**

**September 20, 2023**

# FRANCHISE DISCLOSURE DOCUMENT JFE FRANCHISING, INC.

a Texas corporation  
2021 Bingle Road  
Houston, Texas 77055  
(713) 463-7777  
[fdd@snowfruit.com](mailto:fdd@snowfruit.com)  
<http://snowfruit.com>

## SNOW FRUIT™

JFE Franchising, Inc. (“JFE Franchising”) grants franchises for its franchisees to operate Fresh-Cut Fruit and Vegetable units under the trade name “SNOWFRUIT” as separate departments in supermarkets, grocery stores, and other facilities that are owned by third parties.

The total investment necessary to begin operation of a new JFE franchise for a Fresh-Cut Fruit and Vegetable unit is \$23,752 to \$169,180. This includes \$9,177 to \$77,680 that must be paid to the franchisor or affiliate. The total investment necessary to purchase an existing JFE franchise for a Fresh-Cut Fruit and Vegetable unit is \$22,472 to \$159,680. This includes \$8,096 to \$71,180 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact JFE Franchising at 2021 Bingle Road, Houston, Texas 77055, phone number (713) 463-7777.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise A Consumer’s Guide*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](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: September 20, 2023

## STATE COVER PAGES

### 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<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 Exhibits F, G and H.
<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 I 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 JFE 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 JFE?</b>	Item 20 or Exhibits F, G and H list 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 A.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement permits you to resolve disputes with the franchisor only by mediation and then arbitration in Harris County, Texas. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or arbitrate with the franchisor in Harris County, Texas than in your own state.
2. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally-registered. If the Franchisor's ability to use this trademark in your area is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.
3. **Supplier Control.** You must purchase all or nearly all of the inventory and supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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

## ADDENDUM FOR STATE OF MICHIGAN

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

- (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 the Michigan Franchise Investment Law. 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 thirty (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 furnishing 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 five (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 six (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 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) 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 ENFORCEMENT BY THE ATTORNEY GENERAL.**

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, franchisee has the right to request an escrow arrangement.

Any questions regarding the notice of this Offering should be directed to:

CONSUMER PROTECTION DIVISION  
Michigan Attorney General's Office  
Attn: Franchise Section  
525 W. Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
P.O. Box 30213  
Lansing, MI 48909  
(517) 335-7567

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### Exhibits

A	State Franchise Administrators – Agents for Service of Process
B.	Franchise Agreement and Exhibits (including General Release)
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F	List of Franchised Outlets
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## ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

For ease of reference in this disclosure document, “JFE”, “we” or “us” means JFE Franchising, Inc., the franchisor of this business. We refer to the franchisee in this disclosure document as “you”. If the franchisee is a corporation, partnership or other entity, the references to “you” may include the entity’s owners.

### The Franchisor

We are a Texas corporation, incorporated on August 21, 2013. Our principal business address is 2021 Bingle Road, Houston, Texas 77055. We do business under the trade names “Snowfruit,” “Snowfox” and “JFE”. We do not do business under any other names.

If your state requires, we have designated an agent for service of process in your state. The names and addresses of our designated agents for service of process are listed in Exhibit A.

### Our Parents, Predecessors and Affiliates

Our immediate parent company is Snowfox US Holdco, Inc. (“Holdco Inc.”), a Delaware corporation, whose principal address is 2021 Bingle Road, Houston, Texas 77055. Other levels of parent company are as follows (in descending order, ending with Holdco Inc.):

<u>Name of Parent</u>	<u>Principal Business Address</u>
Zensho Holdings Co., Ltd.	8F JR Shinagawa East Bldg., 2-18-1, Konan, MINATO-KU, TKY, 108-0075, Japan
Zensho International Limited	Hudson House, 8 Tavistock Street, London, WC2E 7PP, UK
SnowFox Topco Limited	Laytons LLP level 5, 2 More London Riverside, London, SE1 2AP, UK
Snowfox Midco 1 Limited	Laytons LLP level 5, 2 More London Riverside, London, SE1 2AP, UK
Snowfox Midco 2 Limited	Laytons LLP level 5, 2 More London Riverside, London, SE1 2AP, UK
Snowfox Bidco Limited	Laytons LLP level 5, 2 More London Riverside, London, SE1 2AP, UK
Yo! Sushi Limited	Laytons LLP level 5, 2 More London Riverside, London, SE1 2AP, UK
Snowfox US Holdco, LLC	2021 Bingle Road, Houston, Texas 77055
Snowfox US Holdco, Inc.	2021 Bingle Road, Houston, Texas 77055

Our predecessor is JFE, Inc., a Texas corporation, whose principal address is 2021 Bingle Road, Houston, Texas 77055. In June of 2019 we acquired from JFE, Inc. the names and marks “Snowfox,” “Sushibox” and “JFE.” We also acquired from JFE, Inc. the Operating Manual and other know-how used by our franchisees. We also acquired company-owned

locations from JFE, Inc., which we have since sold to franchisees. JFE, Inc. is a subsidiary of JimKim Holdings, Inc., our former parent company. On June 28, 2019, our company was acquired from JimKim Holdings, Inc. by Snowfox Midco 1 Limited (“Snowfox Midco”). As a result of that acquisition, our immediate parent company became Holdco, Inc.

“Affiliate” means an entity that controls, is controlled by, or is under common control with us, and which offers franchises in any line of business or which provides products or services to our franchisees. We have 4 affiliates: JK959 Global, Inc. (“JK959”), Bento Sushi Franchise, Inc. (“BSFI”), Bento Sushi USA, Inc. (“Bento USA”), and Bento Sushi Franchise Ltd. (“BSFL”), all of which are direct or indirect subsidiaries of Holdco Inc.

BSFI is a Delaware corporation; its principal address is 1200 US Highway 22, Suite 11, Bridgewater, NJ 08807. BSFI offers franchises in the United States under the name and mark “BENTO SUSHI.”

Bento USA is a Delaware corporation; its principal address is 1011 Centre Road, Suite 310, New Castle County, Wilmington, Delaware 19805. Bento USA offers franchises in the State of Hawaii under the name and mark “BENTO SUSHI.”

Bento Sushi Franchise Ltd. (“BSFL”), was incorporated in Canada; its principal address is 25 Centurian Drive, Suite 208, Markham, Ontario, Canada L3R5N8. BSFL offers franchises in Canada under the name and mark “BENTO SUSHI.”

## Our Business

Our business is granting franchises to allow people to operate JFE Fresh-Cut Fruit and Vegetable units that are operated as separate departments within supermarkets, grocery stores, and other facilities (such as universities and corporate settings) that are owned by third parties (“Stores”). We or our affiliates have verbal or written agreements to operate or let others operate Fresh-Cut Fruit and Vegetable units as separate departments of the Stores. In many instances we (or our affiliates) will perform this agreement by granting (or having us grant) franchises, so that franchisees like you can operate the Fresh-Cut Fruit and Vegetable unit.

We have developed distinctive business systems, operating formats, methods, procedures, menu, recipes, trade dress, designs and marketing standards and formats (collectively, the “System”) using the trademark “Snowfruit” and other associated names.

Franchisees will prepare and sell high-quality Fresh-Cut Fruits and related products at a location selected by us. Payments by customers for their purchases are made to the owners of the stores (“Store Owners”), which are then recorded by the Store Owners who retain a portion, and then reported and forwarded to us before you receive payments.

We have another franchise system, by which the franchisees operate sushi bars under the name and mark “SNOWFOX” in grocery stores in a similar manner that the Fresh-Cut Fruit and Vegetable franchisees operate. The primary difference is that the franchises offered under this disclosure document will produce and market Fresh-Cut Fruits, rather than sushi and sushi-related products. The sushi franchise is offered under a separate disclosure document than this one for Fresh-Cut Fruits.

Under a separate Franchise Disclosure Document and as a separate business line, JFE offers franchises for retail sushi units in the United States under the names and marks “JFE,” “Snowfox,” and “Snowfruit.” The sushi units are for separate departments in supermarkets, grocery stores, and other retail facilities. JFE has offered JFE, Snowfox and Snowfruit retail sushi units since 2017. As of November 27, 2022, JFE had 1,373 retail sushi units in 41 states. JFE also had 1 company-owned retail sushi units in the United States. Franchisees who operate sushi units under Franchise Agreements with JFE do not also operate fresh-cut fruit and vegetable units; they are two separate franchises and business models. There may be JFE franchised sushi units and JFE franchised fruit and vegetable units located and operating in the same host Store Owner, but they will be operated by different franchisees of JFE.

Other than franchising sushi and fresh produce units, we are not in any other business.

### Business Experience

We have operated businesses of the type being franchised since February 2022.

Our predecessor JFE, Inc., has never operated a Fresh-Cut Fruit and Vegetable franchise of the type you will operate.

We have offered franchises for the Fresh-Cut Fruit and Vegetable concept beginning in 2022. Other than the sushi franchise described above, neither we nor JFE, Inc. has offered franchises in any other business. We do not conduct any other business activities.

As of the date of this disclosure document, our predecessor, JFE, Inc., does not offer franchises in any business. Prior to the date of this disclosure document, our predecessor JFE, Inc. and/or its affiliates entered into agreements to operate or let others operate sushi bars in grocery stores and supermarkets under a different program. These arrangements were established before we began offering the franchises described in this disclosure document. Contracted-operators were given the opportunity, but were not required, to convert to franchisees. As of November 27, 2022, there is only one remaining contracted-operator of JFE Franchising, Inc., Wayne Corp, which owns and operates 3 outlets in Texas.

Our affiliate, Bento Sushi Franchise, Inc. (“BSFI”) offers franchises for retail sushi businesses in the United States similar to those described in this disclosure document, but under the name and marks “BENTO SUSHI.” BSFI has offered Bento Sushi franchises since May of 2016. As of November 27, 2022, BSFI had 50 franchisees in 25 states. BSFI also had 4 company-owned sushi businesses in the United States similar to those described in this disclosure document. BSFI has never conducted business in any other line of business, and it has never offered franchises in any other business.

Our affiliate, Bento Sushi USA, Inc. (“Bento USA”) offers franchises for retail sushi businesses in the State of Hawaii similar to those described in this disclosure document, but under the name and marks “BENTO SUSHI.” Bento USA has offered Bento Sushi franchises since July of 2021. As of November 27, 2022, Bento USA had 38 franchisees in 1 state. Bento USA also had 0 company-owned sushi businesses in the United States similar to those described in this disclosure document. Bento USA has never conducted business in any other line of business, and it has never offered franchises in any other business.

Our affiliate, Bento Sushi Franchise Ltd. (“BSFL”) offers franchises for Bento Sushi outlets only in Canada, consisting primarily of Sushi Counter front and inline units in malls, hospitals, and universities. BSFL has since May of 2013 offered Bento Sushi franchises in this line of business, but only in Canada. As of the issuance date of this disclosure document, BSFL had 15 franchised units in operation in Canada. BSFL has never operated a business of the type to be operated by you. BSFL has never conducted business in any other line of business, and it has never offered franchises in any other line of business.

### Market for Fresh-Cut Fruits and Vegetables and Competition

There is a well-developed and existing market in the United States for Fresh-Cut Fruits and Vegetables in grocery stores. You will sell Fresh-Cut Fruits and Vegetables and related products mainly to customers or visitors of the facilities in which your Fresh-Cut Fruit and Vegetable unit is located.

You will compete with Fresh-Cut Fruit and Vegetable units located inside other grocery stores.

### Industry Regulations

You must comply with all applicable local, state, and federal laws regarding operating a restaurant covering your Fresh-Cut Fruit and Vegetable unit, including health, safety, and sanitation laws, food service and safety, food labeling, and the storage, preparation and sale of seafood and other perishable products. You must also comply with employment, discrimination, environmental, building and zoning regulations and other laws applicable to your Fresh-Cut Fruit and Vegetable unit. You will need to obtain all applicable business and health department licenses for your business.

You must comply with the rules, policies and guidelines of the Store and sign any code of conduct or equivalent document required by the Store. You will represent and warrant to JFE that you and your personnel are and will be at all times legally authorized for employment in and to work in the United States under applicable immigration laws. You must obtain proof of employability for each prospective employee by completing the Department of Homeland Security’s electronic employee verification system (E-Verify) before hiring. You must furnish us any and all documentation we request in connection with your compliance under this paragraph.

The COVID-19 government orders to shelter-in-place have impacted our business model and franchisee behavior in the following ways: no food samples may be given to customers, frequent cleaning and disinfecting touched objects and surfaces, wearing a mask, frequent hand-washing, and avoiding contact with people who are sick. The preparation, storage, and delivery of our menu items have not been impacted by the COVID-19 orders.

*The remainder of this page is left blank intentionally.*

## **ITEM 2 BUSINESS EXPERIENCE**

### **Stacy Kwon – President, CFO, Secretary, and Director**

Ms. Kwon has been President and Chief Financial Officer of JFE Franchising, Inc. since October 2013, and a board director and Secretary since our formation in August 2013. Ms. Kwon has also been a board director of JK959 Global, Inc. since January 2017. Ms. Kwon previously served as Vice President of JFE Franchising, Inc. from formation. Ms. Kwon has also served as the CEO for JFE, Inc since October 2013, and previously served as its Vice President from its formation in May 2008.

### **Brian Lee – Vice President and Director**

Mr. Lee has been Vice President of JFE Franchising, Inc. since October 2013, and a board director since our formation in August 2013. Mr. Lee previously served as Director of Organizational Development from August 2013 to October 2013. Mr. Lee has also served as Vice President of JFE, Inc since October 2013. Mr. Lee previously served as JFE, Inc's Director of Organizational Development from June 2012, and before that as regional manager from July 2009.

### **Emma Deabill – Vice President – SnowFruit**

Ms. Deabill has been Vice President – SnowFruit of JFE Franchising, Inc. since August 2022. Ms. Deabill has also served as Vice President and Director of Snowfox Retail Services, Inc. since January 2023. Ms. Deabill previously served as Group Business Development Director of SnowFox Group in London, United Kingdom from February 2022 to August 2022, Managing Director Restaurants – Yo! Sushi of SnowFox Group from February 2020 to February 2022, Director of Operations – Yo! Sushi of SnowFox Group from January 2018 to February 2022, and Operations Manager – Yo! Sushi of SnowFox Group from October 2013 to January 2018.

### **Senior Director of Franchise Recruitment – Aung Zaw**

Mr. Zaw has been Senior Director of Franchise Recruitment of JFE Franchising, Inc. since May 2023. Mr. Zaw previously served as our Director of Franchise Recruitment from December 2022 to May 2023. Mr. Zaw previously served as Director of Operations of Bento Sushi Franchise, Inc. from January 2020 to January 2021, Senior Manager of Bento Sushi Franchise, Inc. from December 2018 to December 2020, and Area Manager from April 2017 to November 2018.

### **Director of SnowFruit Franchisee Recruitment – Michele Young**

Ms. Young has been Director of SnowFruit Franchise Recruitment of JFE Franchising, Inc. since April 2023. Ms. Young previously served as Franchise Director of Maple Bear Schools in Grapevine, Texas from June 2022 to April 2023. She also served as Vice President – Sales of Industrial Chic Designs in Vallejo, California from March 2020 to January 2023, Director of Franchise Sales of Straw Hat Restaurants, Inc. in San Ramo, California from July 2019 to November 2020, and Director of Franchise Sales of Sandbox VR in Pleasanton, California from July 2018 to October 2018.

### **Director of SnowFruit Franchisee Communications – Jeffrey Drost**

Mr. Drost has been Director of SnowFruit Franchisee Communications of JFE Franchising, Inc. since May 2023. Mr. Drost has also been Owner of Dros Investments TX LLC in Tomball, Texas since August 2017. Mr. Drost previously served as Director of Sales and Marketing for Main Squeeze Juice Co. in New Orleans, Louisiana from August 2017 to December 2020.

### **Director of Contract Compliance – SnowFruit – Alex White**

Mr. White has been Director of Contract Compliance – SnowFruit of JFE Franchising, Inc. since July 2023. Mr. White previously served as Contract Compliance Audit Associate of JFE Franchising, Inc. from November 2022 to July 2023. Mr. White previously served as Legal Assistant/Paralegal at Stewart J. Guss Law Firm in Houston, Texas from February 2022 to September 2022. He was Barista/Assistant at Luce Coffee Roasters in Houston, Texas from September 2021 to February 2022 and Custom Cabinetry Design Specialist at Habitat for Humanity in Houston, Texas from August 2020 to June 2021. From December 2018 to August 2020, he was a full-time student. Mr. White also served as Framing Manager at Michaels in Katy, Texas from June 2015 to December 2018.

### **Director of Quality Assurance – SnowFruit – Daniel Brooks**

Mr. Brooks has been Director of Quality Assurance – SnowFruit of JFE Franchising, Inc. since February 2022. Mr. Brooks previously served as Associate Food Technologist at Kayem Foods, Inc. in Chelsea, Massachusetts from October 2019 to February 2022 and served as their QA Intern from July 2019 to October 2019. Prior to July 2019, Mr. Brooks was a full-time student.

### **Director – Keith Jackson**

Mr. Jackson has been a Director of JFE Franchising, Inc. since August 2022. Mr. Jackson has been Chief Financial Officer of Bento Sushi Franchise, Inc. since May 2018. From August 2017 to May 2018, he was Chief Financial Officer for Greenspace Brand in Toronto, Ontario, Canada.

### **Director – Richard Hodgson**

Mr. Hodgson has been a Director of JFE Franchising, Inc. since June 28, 2019. From December 2017 to the present, he has been Chief Executive Officer of YO! Sushi Group in London. Mr. Hodgson has also served as Chief Executive Officer and Director of Snowfox Retail Services, Inc. since January 2023.

## **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

*The remainder of this page is left blank intentionally.*

## ITEM 4 BANKRUPTCY

Director of SnowFruit Franchisee Recruitment, Michele Young, and her spouse filed a bankruptcy petition under the liquidation provisions of Chapter 7 of the U.S. Bankruptcy Code on April 19, 2019. In re Young, No. 19-22471 (Eastern District California). On July 29, 2019, the bankruptcy court entered a discharge.

## ITEM 5 INITIAL FEES

### A. Training Fee

If you are a prospective franchisee, you will pay us for our initial training program a fee of \$500 per person (for you and any proposed employee) for a 20-hour training program. You pay the initial training fee in full before you start training upon signing our initial training and support agreement, attached as Exhibit C, and the fee is **not** refundable.

### B. Initial Franchise Fee

If you are opening a new franchise location or if you are purchasing a JFE operated Fresh-Cut Fruit and Vegetable unit location from you, you will pay us an initial franchise fee ranging from \$3,000 to \$50,000. We will determine the initial franchise fee you pay for a location based on type of Fresh-Cut Fruit and Vegetable unit and the size of display cases in the Fresh-Cut Fruit and Vegetable unit. We also evaluate factors such as store location (rural, suburban, urban, remote rural), demographic data, condition of store (existing, remodeled), store amenities (if it offers coffee, flowers, wine), and in-store location.

The Display Case is provided by the Store Owner. It is refrigerated and holds the Fresh-Cut Fruits and related products that are offered for sale at your Fresh-Cut Fruit and Vegetable unit. The larger the Display Case the greater amount of Fresh-Cut Fruits and Vegetables the Fresh-Cut Fruit and Vegetable unit will have available for sale.

You pay the initial franchisee fee in a lump sum on signing the franchise agreement with us. This fee is not refundable.

### C. Other Initial Fees Due Before Opening

#### Equipment and Small Wares Purchase

Prior to opening your business, you must purchase certain equipment, smallwares, and supplies from approved suppliers, which include us. The cost of these items for a new location is \$3,000 to \$7,500.

#### Opening Food Inventory Purchase

Prior to opening your business, you must purchase your opening inventory from approved suppliers, which include JFE and/or the Store Owner where your Fresh-Cut Fruit and Vegetable unit is located. The cost of the opening inventory for a new location is \$1,000 to \$10,000, for an existing location is \$1,000 to \$7,500.

### Pricing Labels and Computer System and Label Printer

Prior to opening your business, you must purchase designated pricing label equipment from us or an approved supplier. The purchase price of the equipment ranges from \$999 to \$3,000, plus shipping costs ranging from \$10 to \$100. You must also purchase pricing labels which are compatible with the label equipment. The cost of a set of labels is \$320 per box (25 rolls), for an 800-count self-adhesive labels per roll. Based on the number of products sold, the label cost will range from \$320 to \$1,280 over the first 3 months. This cost is subject to change.

### Uniforms

Prior to opening your business, you must purchase from us uniforms for your employees. The cost of the uniforms for a new location is \$80 to \$500.

### Purchase of Existing Location

If you purchase a JFE operated Fresh-Cut Fruit and Vegetable unit location from us, in addition to the initial franchise fee, we will charge you from \$1,000 to \$10,000 for the assets, equipment, and goodwill of the location, as determined by us in our discretion. You must also pay us to from \$500 to \$2,000, for training (\$500 to \$1,000) and commercial liability insurance (up to \$1,000).

### Drug Test, Background Check and Tuberculosis Test

Prior to accepting you as a JFE franchisee, we require you to submit to drug testing, a criminal background check, and/or Tuberculosis testing. Your results must be acceptable to us. You must reimburse us our cost in obtaining these tests and checks, estimated at \$250 to \$1,000.

### Variance in Fees, Refundability

During our most recent fiscal year (ended November 27, 2022), we did not vary any of the initial fees disclosed in this Item 5.

None of the above fees are refundable.

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## ITEM 6 OTHER FEES

Type of fee	Amount	Due Date	Remarks
Compensation to Us <sup>1</sup>	<p>(a) Store Owner Revenue Share: Varies between 15% and 35% of Gross Sales, depending on the Store in which your JFE Fresh-Cut Fruit and Vegetable unit is located, and subject to periodic adjustment by the Store Owner.</p> <p>(b) Franchisor Revenue Share: Varies between 5% and 20% of Gross Sales, subject to periodic adjustment by us.</p>	Weekly within thirty (30) days of receipt from Store Owner <sup>1</sup>	Our or our parent entity's agreement with the Store Owner allows them to keep a percentage of the Gross Sales (for example 25%), then we keep a percentage of Gross Sales (for example 10%), and we return the rest (for example 65%) to you, less amounts we may deduct for other charges. These percentages can vary. Also, see Note 1
Renewal Fee	20% of the then current initial franchise fee as calculated in Item 5, section B above.	At the time of renewal	This fee is determined by us and paid when you renew your franchise agreement.
Transfer Fee	\$1,000 if transferred in the 4 <sup>th</sup> month of operation or thereafter	When you request our consent on the proposed transfer	Amount is charged to transferor per outlet transferred. The transfer fee is not refundable, whether or not the transfer is completed
Early Transfer Fee	<p>The greater of (i) \$1,000 or (ii) 25% of the sales price if transferred prior to the 4<sup>th</sup> month of operation</p> <p>\$1,000 deposit on the transfer fee due when you request our consent on the proposed transfer</p>	Prior to transfer	Amount is charged to transferor per outlet transferred. The deposit is not refundable, whether or not the transfer is completed
Opening Assistance Fee	\$400 per person per day, which includes travel, meals, lodging and incidental expenses of our personnel	As incurred	If you request more than 1 day of opening assistance to you
Management Fee	\$400 per person per day, which includes travel, meals, lodging and incidental expenses of our personnel	As incurred or upon our determination	If we are requested or we determine we need to operate your outlet due to default or breach.

<b>Type of fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Training Fee	\$500 per person	As requested	Training you request for new or additional employees will consist of 20 hours training at corporate HQ or other location designated by us.
Additional or Remedial or Refresher Training Fee	\$500 per person, plus costs of attending	Upon demand	If we determine to be necessary, we will require additional training at corporate HQ or other location designated by us.
Commercial Liability Insurance	\$18.20 per \$1,000 of sales	Deducted weekly	You must have commercial liability insurance through our group policy See Note 2
Relocation Fee	The difference between the franchise fee applicable for your new location and the franchise fee you initially paid	Upon request	Payable only if your new location is in a higher category than your initial location.
Interest on Late Payments	Interest at the rate of 10% on the unpaid amount or the highest rate allowed by law, whichever is lower	Upon demand	Payable only if your payment to us is past due
Insufficient Funds Fee	10% of the check, electronic funds transfer, or other payment due	Upon demand	Payable only if your payment to us is declined due to insufficient funds
Reimbursement for Advances	Amount of the advances we make on your behalf	10 days after notice	Payable only if we advance payments you owe to 3 <sup>rd</sup> parties.
Audit	Cost of audit, if discrepancy of 1% or more, but no less than \$500	Upon completion of audit	If we require an audit of your records due to a sales discrepancy, you will be charged if there is a discrepancy of 1% or more.
Pricing Label Change	Our cost of changing the pricing, estimated at \$500 per product, plus the cost of the labels themselves	As requested	If you desire to charge prices that are different from the pricing incorporated into our standard labels, we must reprogram and reprint the labels. You pay for our administrative cost and our cost incurred to vendors to print labels with the pricing requested.

<b>Type of fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Repair or Replacement Charges	\$30 to \$300	As incurred	This charge is payable in the event we repair or replace your computer, labeling machine, or software
Alternative Supplier Evaluation Fee (request to approve supplier/new product)	\$1,000 per requested application, plus costs of evaluating item or supplier	As incurred	If you request us to sell non-approved product or request to purchase from a new supplier, you must pay the fee plus our expenses incurred for investigating the new supplier or product.
Inspection Fee (by us) <sup>3</sup>	\$1,000 per unit, plus costs of inspecting your JFE Fresh-Cut Fruit and Vegetable unit,	Upon demand	If we determine that we need to inspect your location due to suspected health violation, you must pay for the inspection and costs of remediation.
Early Termination Fee	\$1,000 plus additional expenses incurred	Upon your request	We may assess this fee if you abandon your location, cease operations, or if your franchise agreement or addendum is terminated for any reason.
Default Charge	Varies: \$50 - \$1,000 per violation <sup>4</sup>	As incurred	If you violate certain requirements of the JFE Operating Manual and/or the franchise agreement, we will send you a notice of specific violation (the form is in the JFE Operating Manual) and assess the established penalty charge which will be deducted from the amounts owed to you.
Attorneys' fees plus other expenses we incur caused by your breach	Actual costs	On demand	You will be charged for all expenses we incur to enforce our franchise agreement.
Indemnification	Actual damages, costs and expenses	On demand	Reimbursement for damages, costs, and expenses (including attorneys' fees) if you are held liable for claims as set forth in your franchise agreement.

Type of fee	Amount	Due Date	Remarks
Lost Manual Fee	\$500 per Manual	On demand	If you lose or are unable to return any Manual in its complete form to Franchisor at the expiration or termination of the Franchise Agreement, you must pay us \$500 for each Manual
Drug Test, Background check, tuberculosis test	\$250 - \$1,000	On demand	Prior to accepting you as a JFE franchisee, we require you to submit to drug testing, a criminal background check, and/or Tuberculosis testing. You must reimburse our cost in obtaining these tests and checks

**Note 1** – These fees are uniformly imposed. All fees are non-refundable. When customers purchase products from your business, the Store Owner collects all payments. All sales are recorded by the Store Owners and then reported and forwarded to us before you receive payments. The Store Owner retains its Revenue Share out of your Gross Sales and remits the balance to us. The Store Owner Revenue Share is negotiated between the Store Owner and us. It is a percentage that may vary from one brand of Store Owner to another, as well as within each brand, as we negotiate with the Store Owner. The Franchisor Revenue Share is also a specified percentage of your Gross Sales. The Franchisor Revenue Share is determined by us in our sole discretion. Once we establish the Franchisor Revenue Share, it is not subject to change throughout the term of your Franchise Agreement. We keep the specified percentages due to us and pay the rest to you as commission, after deducting for other charges or purchases, including amounts you owe us, our affiliates, or other suppliers for your purchase of goods and/or services including food and inventory costs, freight, and equipment fees. The percentage paid to Store Owner will vary depending on each Store Owner agreement of your location. The Store Owner holds the first payment after opening generally up to 8 weeks but may hold the first payment longer. Thereafter, payment will be paid weekly. “Gross Sales” is all revenues from your business whether payment is in cash, by debit or credit card, but does not include refunds, sales taxes and discounts.

**Note 2** – We will cover your location under our group insurance policy, then deduct your portion of our premium costs calculated based on sales (current rate \$18.20 per \$1,000 of sales, but we may revise the rate from time to time as we determine). Your portion of the premium will be deducted weekly.

**Note 3** – In addition, you may have to provide us free of charge reasonable quantities of ingredients, foods, beverages, inventory, and other samples for inspection and evaluation purposes.

**Note 4** – Repeats of the same violation may incur doubling of the default charge.

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**ITEM 7 ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT FOR A NEW LOCATION**

**Inline, Endcap, or Island Fresh-Cut Fruit and Vegetable unit (New Location)**

Type of Expenditure	Amount	Method of Payment	When due	To whom payment is to be made
Initial Franchise Fee	\$3,000 - \$50,000	Cash	Upon signing franchise agreement	JFE
Drug testing, criminal background check, and/or Tuberculosis testing <sup>12</sup>	\$250 - \$1,000	Cash	Prior to opening	JFE or Approved Supplier
Initial Training Fee for you and any proposed employee <sup>1,2</sup>	\$500 per person	Cash	Upon signing of the training agreement	JFE
Travel and Living Expenses while Training	\$2,000 - \$10,000	Cash	Before and During Training	Third Party Provider (airline, hotel, etc.)
Food Manager Examination & Certification <sup>3</sup>	\$75 - \$500 per certification	Cash	Before opening	Third Party Provider or government agency
Equipment and Small Wares Purchase Price <sup>11</sup>	\$3,000 - \$7,500	Cash	Before opening	JFE or Approved supplier
Opening Food Inventory Purchase Price	\$1,000 - \$10,000	Cash	Before opening	JFE or Approved supplier
Pricing Labels and Computer System and Label Printer Purchase Price <sup>4</sup>	\$1,329 - \$4,380	Cash	Before opening	JFE or Approved supplier
Uniforms Purchase Price <sup>5</sup>	\$80 - \$500	Cash	Before opening	JFE
Licenses & Permits	\$200 - \$3,000	Cash	Before opening	Government agency
Commercial Liability Insurance <sup>6</sup>	\$18 - \$1,800	Cash	Deducted weekly from your sales	JFE
Workers Compensation Insurance	\$50 - \$3,000	Cash	As incurred	Paid to insurance company based on workers compensation insurance requirements in your state.
Opening Assistance <sup>7</sup>	0 - \$2,000	Cash	Upon request, shortly after opening	JFE
Professional Advisors	\$250 - \$5,000	Cash	As incurred	Third party providers (your attorneys, CPAs)
Additional Funds – 3 months of Operating Capital <sup>9</sup>	\$12,000 - \$70,000	Cash	As incurred	Third party providers, your employees, or approved suppliers
<b>Total Range for a New Location<sup>10</sup></b>	<b>\$23,752 - \$169,180</b>			

**YOUR ESTIMATED INITIAL  
INVESTMENT  
FOR THE PURCHASE OF AN EXISTING  
LOCATION**

**Inline, Endcap, or Island Fresh-Cut Fruit and Vegetable unit  
(Existing Location)**

Type of Expenditure	Amount	Method of Payment	When due	To whom payment is to be made
Initial Franchise Fee	\$3,000 - \$50,000	Cash	Upon signing franchise	JFE
Assets of Existing Location <sup>8</sup>	\$1,000 - \$10,000	Cash	Upon closing of the transaction	JFE
Drug testing, criminal background check, and/or Tuberculosis testing <sup>12</sup>	\$250 - \$1,000	Cash	Prior to opening	JFE or Approved Supplier
Initial Training Fee for you and any employee <sup>1,2</sup>	\$500 per person	Cash	Upon signing of the training agreement	JFE
Travel and Living Expenses while Training	\$2,000 - \$10,000	Cash	Before and During Training	Third Party Provider (airline, hotel, etc.)
Administrative Transfer Processing Fee	\$1,000	Cash	Prior to Transfer	JFE
Food Manager Examination & Certification	\$75 - \$500 per certification <sup>3</sup>	Cash	Before opening	Third Party Provider or government agency
Ongoing Food Inventory	\$1,000 - \$7,500	Cash	As incurred	JFE or Approved supplier
Pricing Labels and Computer System and Label Printer Purchase Price <sup>4</sup>	\$1,329 - \$4,380	Cash	Before opening	JFE or Approved supplier
Professional Advisors	\$250 - \$5,000	Cash	As incurred	Third party providers (your attorneys, CPAs)
Commercial Liability Insurance <sup>6</sup>	\$18 - \$1,800	Cash	Deducted weekly from your sales	JFE
Workers Compensation Insurance	\$50 - \$3,000	Cash	As incurred	Paid to insurance company based on workers compensation insurance requirements in your state.
Additional Funds – 3 months of Operating Capital <sup>9</sup>	\$12,000 - \$70,000	Cash	As incurred	Third party providers, your employees, or approved suppliers

<b>Total Range for the Purchase of an Existing Location<sup>10</sup></b>	\$22,472 - \$159,680			
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**Notes for all charts:**

**\*All amounts are non-refundable unless otherwise noted.**

**Note 1** – The required training consists of 20 hours training at corporate HQ or other location designated by us. Training is further discussed in Item 5 and Item 11 of this disclosure document.

**Note 2** – We may waive the training requirement for prospective franchisees that have previously owned, operated and/or served as a manager for a JFE Fresh-Cut Fruit and Vegetable unit within the last two (2) years, based on the amount of experience.

**Note 3** – Food Manager certification fees may differ from state to state, and they are subject to change without notice, as they are charged by third parties.

**Note 4** – The cost of a set of labels for a specific product is \$320 per box (25 rolls), for an 800-count self-adhesive labels per roll. Based on the number of products sold, the label cost will range from \$320 to \$1,280 over the first 3 months. You must purchase computer hardware and software according to our specifications. The computer system cost will range from \$999 to \$3,000, plus shipping costing from \$10 to \$100. These are the current costs and counts, which are subject to change. You must purchase a label printing machine from us or from our approved supplier. The system will report data to us such as the type and number of labels printed by you, and we will have independent access to the information and data generated and stored in the system. You may be required to use preprinted labels for products you sell.

**Note 5** – Our uniform consists of a uniform, hat, apron, non-slip footwear and nametag. You and all your workers should wear only JFE uniforms. The cost of the uniform is \$20 each, the cost of the hat is \$5 each, the cost of the apron is \$5 each. The initial cost of non-slip footwear is approximately \$50 to \$200. You must also pay shipping charges. We will furnish you the nametag at no cost to you. These current prices are subject to change.

**Note 6** – We will cover your location under our group insurance policy, then deduct your portion of our premium costs calculated based on sales (current rate \$18.20 per \$1,000 of sales, but we may revise the rate or waive your contribution from time to time as we determine). Your portion of the premium will be deducted weekly.

**Note 7** – There is no charge for the first opening day, but we will charge \$400 per day for any additional assistance requested by you.

**Note 8** – In addition to the initial franchise fee, the amount to purchase an existing location is the value of the location reasonably appraised by us and includes assets and goodwill. The highest end of the range of prices is based on a location that produces the highest end of weekly sales for all outlets.

**Note 9** – You may need additional operating capital to pay for operating expenses such as employee payroll, inventory, products, and supplies if these costs are not covered by your commissions. This is typically the case for new businesses. These costs and the amount of commission will vary among franchisees. The amount provided is only an estimate. Your costs will depend on factors such as: how many employees you intend to hire and the prevailing wage rate; how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the number of potential customers who frequent the host Store; competition; and the sales level reached during the initial period. We based these figures on our experience in opening the various types of JFE Fresh-Cut Fruit and Vegetable unit in the past year.

**Note 10** – The ranges provided are estimates of the initial investment for a new location and the purchase of an existing location. Your actual expenses may vary based on geographic location, your financial condition, and the terms of the business arrangements negotiated by you. As such, the

amounts provided are only estimates.

**Note 11** – We finance certain expenses for equipment and small wares such as thermometers, labels and uniforms. See Item 10 for additional details.

**Note 12** – Prior to accepting you as a JFE franchisee, we require you to submit to drug testing, a criminal background check, and/or Tuberculosis testing. Your results must be acceptable to us. You must reimburse us our cost in obtaining these tests and checks, estimated at \$250 to \$1,000. None of these fees are refundable even if you are not accepted as our franchisee.

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

You will operate your JFE Fresh-Cut Fruit and Vegetable unit within a Store as selected by us. You do not have to sign a lease with the Store.

### Required Purchases

You must purchase or use certain goods, services, supplies, equipment, inventory, insurance, and other items related to operating your JFE Fresh-Cut Fruit and Vegetable unit only from our approved suppliers, which may be us or an affiliate. You may only use those fixtures, furnishings, equipment, and signs that are approved in writing by us. We may require you to purchase interior signage and display equipment only from us or our approved supplier. We may add designated suppliers or products by notice to you through additions to the JFE Operating Manual.

We have developed proprietary food preparation procedures, products, sauces and recipes. To protect our System and maintain a high level of quality, we require you to buy food product and food preparation items only from suppliers authorized by us. You are required to purchase fresh fruit, fruit products, non-fruit products, cooler items, dry foods, and nonfood products such as labels, uniforms, small wares, equipment, and NSF approved carriers from our approved suppliers.

You must lease or purchase from us or another approved supplier, a label printing system designated by us to print labels for your products. Please see Item 11. All other supplies are generally required to be purchased from authorized JFE suppliers only. Unless otherwise specified in the JFE Operating Manual or by us, you can purchase certain equipment like food preparation utensils (knives, peelers) and plastic storage containers from other suppliers, such as a specialty merchant or restaurant supply store. Certain equipment such as camcarriers and fruit containers must be approved by the National Sanitation Foundation and bear the NSF logo.

We may from time to time change the products, ingredients, preparation process, mandatory menu items, and other required features of the System. Generally, we issue specifications and standards to our franchisees pursuant to the JFE Operating Manual, SOP Manual, or written notices issued from time to time. Any changes or additions to those specifications are made by notice to you through modifications to the JFE Operating Manual, SOP Manual or such other writings we issue in writing from time to time. As part of such standards, you must maintain your JFE Fresh-Cut Fruit and Vegetable unit and all equipment, fixtures and all other tangible property in clean, good and full working condition and will replace any of such equipment, fixtures or property as necessary. You may also have to cooperate with a Store Owner if it decides to remodel or upgrade your JFE Fresh-Cut Fruit and Vegetable unit to its current standards and designs. The cost of the remodeling/updating is paid by the Store Owner. At all times, we have the sole right to develop all items for sale at your JFE Fresh-



Cut Fruit and Vegetable unit, and you will not have the right to make, develop, sell or otherwise dispose of any other products from your JFE Fresh-Cut Fruit and Vegetable unit.

### Required and Approved Suppliers

There are several third-party suppliers that are approved by us. We will provide a list of approved suppliers, which will identify the suppliers, brands, products, and items approved by us. We can revise the list from time to time. You must purchase all food products only from suppliers that are authorized and approved by us. You must also purchase certain food items and supplies, such as labels, uniforms, masks, nametags, and a daily log book, only from a designated supplier, as specified in the JFE Operating Manual.

None of our officers owns an interest in any of our approved suppliers.

### Approval of Alternative Suppliers

If you want to purchase any items from any source other than an approved supplier of ours, we will test and evaluate such sources when you request, but we do not have to investigate or approve an inordinate number of suppliers or products which, in our reasonable judgment, would prevent effective and economical supervision of suppliers under the System. We will approve or disapprove such sources and products based on our tests, normally within 14 to 90 days of receipt of the request. You will have to pay us an Alternative Supplier Evaluation Fee of \$1,000 plus all expenses incurred by us for investigating the new supplier or product, including laboratory testing costs. Any requested supplier must demonstrate to our reasonable satisfaction that it and its products meet our specifications. The supplier must be of good standing in the business community, and it must meet and maintain our standards, including, of quality, consistency, reliability, financial capability, and production capacity. If the supplier no longer meets those standards, we reserve the right to terminate the supplier and its authorization upon seven (7) days' notice.

### Revenue from Fresh-Cut Fruit and Vegetable Franchisee Purchases

In the fiscal year ended November 27, 2022, we received \$5,913,906.41 from the sale of products and supplies to SNOWFRUIT franchisees, which was 9.96% of JFE's total revenue of \$59,381,582 in fiscal year 2022. These figures are from our audited financial statements for our fiscal year ended November 27, 2022.

In addition, we and our affiliates have the right to receive payments from unaffiliated suppliers on account of their actual or prospective dealings with you and other franchisees and to use the amounts received without restriction (unless we or our affiliates agree otherwise with the supplier) for any purpose we or our affiliates deem appropriate.

We estimate that your expenditure for required purchases of products, equipment and supplies from us, our affiliates, or our approved suppliers will be 100% of your total initial investment and 100% of your monthly operating expenses.

### Cooperatives

There are no franchisee purchasing or distribution cooperatives.

### Negotiated Prices

We do not negotiate purchase arrangements with suppliers for the benefit of franchisees. Some suppliers will pay fees to us and/or our affiliates for products purchased through these negotiated agreements, and willingness to pay us and/or our affiliates fees may be a condition for approving a supplier. These fees will usually be based on an amount per case of product ordered and are expected to generally range from \$12 to \$325 per case.

### Material Benefits

We do not provide any material benefits to you (for example, renewal or granting of additional franchises) based upon your purchase of particular products or services from us or use of a particular supplier.

### Insurance.

You must maintain the following insurance coverages with limits that are set forth in the Franchise Agreement: commercial general liability insurance, workers' compensation, employer's liability, and other insurance to meet statutory requirements.

You must purchase commercial general liability insurance for the JFE Unit under our group insurance policy and we will deduct your portion of the premium costs on a weekly basis. Your premium is calculated on the amount of sales at the Franchisee's JFE Unit.

If you purchase insurance in addition to the commercial general liability insurance provided under our group insurance policy, the insurance policies must be issued by an insurance carrier or insurance carriers acceptable to us and must name JFE Franchising, Inc. as an additional insured, must contain a waiver of the insurance company's right of subrogation against us, and must provide that we will receive 30 days' prior written notice of termination, expiration, or cancellation of the policy. You must submit to us upon request a copy of the certificate of or other evidence of the renewal or extension of each insurance policy.

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## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Franchise Agreement Sections 1.1, 1.4, 2, 5.1; Purchase Agreement Section 1	8, 11, 12
b. Pre-opening purchase/leases	Franchise Agreement Sections 6.7, 6.8, 6.10, 6.11(k)	5, 7, 8, 10, 11
c. Site development and other pre-opening requirements	Franchise Agreement Sections 5.1, 5.7, 6.3	5, 7, 8, 11
d. Initial and ongoing training	Franchise Agreement Sections 5.2, 5.5, 5.6, 6.3; Initial Training Agreement Section 1	11
e. Opening	Franchise Agreement Sections 5.4, 6.1	11
f. Fees	Franchise Agreement Section 3; Initial Training Agreement Section 1.2	5, 6, 7
g. Compliance with standards and policies/operating manual	Franchise Agreement Sections 1.2, 1.5, 5.3, 6, 8.3	8, 11, 14, 16
h. Trademarks and proprietary information	Franchise Agreement Sections 1.2, 1.5, 5.3, 6.11(c), 9, 10; Initial Training Agreement Section 2; Purchase Agreement Section 5.2	13, 14
i. Restrictions on products/services offered	Franchise Agreement Sections 1.3, 1.4, 1.5, 1.6, 2.3, 6.7, 6.8, 6.9, 6.11(b), 8.3	8, 11, 12, 16
j. Warranty and customer service requirements	Franchise Agreement Section 6.11(c), 6.17; Purchase Agreement Section 4.6	11
k. Territorial development and sales quotas	Franchise Agreement Sections 1.6	12
l. Ongoing product/service purchases	Franchise Agreement Sections 3.7, 6.5, 6.7-6.10, 6.12	8, 11, 16
m. Maintenance, appearance, and remodeling requirements	Franchise Agreement Sections 2.4; 4.2(h); 6.11(i),(l)	8, 17

Obligation	Section in Agreement	Disclosure Document Item
n. Insurance	Franchise Agreement Section 13.2	6, 7
o. Advertising	Franchise Agreement Sections 1.5, 3.13, 6.11(e), 6.13	6, 11
p. Indemnification	Franchise Agreement Section 13.1; Purchase Agreement Section 1.3, 6.2	6, 13
q. Owner's participation/management/staffing	Franchise Agreement Section 6.2, 6.11(n)	11, 15
r. Records and reports	Franchise Agreement Sections 3.4, 7.1	6
s. Inspections and audits	Franchise Agreement Sections 3.11, 7.2, 8.1	6
t. Transfer	Franchise Agreement Section 11	17
u. Renewal	Franchise Agreement Sections 4.2; 4.3	17
v. Post-termination obligations	Franchise Agreement Section 12.4	17
w. Non-competition covenants	Franchise Agreement Section 15	17
x. Dispute resolution	Franchise Agreement Section 16.12; Purchase Agreement Section 7.4; Initial Training Agreement Section 3(b)-(c)	17
y. Others: Guarantee of franchisee obligations	Franchise Agreement Section 14.2	17

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## ITEM 10 FINANCING

We finance certain expenses you incur from us in operating your Fresh-Cut Fruit and Vegetable unit which we or our affiliates distribute directly, such as labels and uniforms. Except as set forth here, we do not offer direct or indirect financing. We do not sell, assign, or discount any debt to a third party, and we do not receive any payments directly or indirectly for placing financing with any lender. There is no loan agreement that requires you to waive defenses or other legal rights, or which bars you from asserting a defense against a lender, as there is no lender. Neither we nor any affiliate will guarantee to third parties your notes, leases or obligations. We do not charge interest or finance fees on the financing we offer.

### SUMMARY OF FINANCING OFFERED

Item Financed	Equipment and Small Wares (excluding Labeling Equipment, which you must purchase)
Source of Financing	Us
Down Payment	None
Amount Financed	\$500 to \$7,500
Term (Months)	Up to 3
Interest Rate	None
Monthly Payments	Varies from \$166.67 to \$1,666.67
Prepay Penalty	None
Security Required	None
Liability Upon Default	Termination of franchise; you must pay entire amount due and our attorney's fees and court costs and collecting the debt
Loss of Legal Rights Upon Default	Rights under the Franchise Agreement

**Note 1:** We lump all expenses together and deduct in one lump sum from commissions we pay you.

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

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

Pre-Opening Obligations. Before the opening of your JFE Fresh-Cut Fruit and Vegetable unit, we will provide you with the following:

1. If you complete your training to our satisfaction, we will find a location within a Store for your JFE Fresh-Cut Fruit and Vegetable unit. (Franchise Agreement § 2.1). Locations are chosen based on a number of factors, including, but not limited to, the general location, our agreement or our affiliate's agreement with a Store Owner, proximity to other JFE Fresh-Cut Fruit and Vegetable units, parking, size and quality of the Store, demographic information, and level of competition. A location can only be provided to you pursuant and subject to an agreement with the Store Owner, entered into by us or our affiliate, to supply the Store with a separate Fresh-Cut Fruit and Vegetable unit department. As such, we will not own the location and the location

will not be leased. Pursuant to the applicable agreement with the Store Owner, the Store Owner may terminate the JFE Fresh-Cut Fruit and Vegetable unit or require adjustment to the way you operate your Fresh-Cut Fruit and Vegetable unit. We are not required to disclose to you the terms of agreement with the Store Owner. You must comply with all rules, procedures and food safety requirements of the Store Owner set forth in the SOP Manual or otherwise by the Store Owner. You will be responsible for complying with all local ordinances and obtaining any permits required for your JFE Fresh-Cut Fruit and Vegetable unit. There is no time limit within which we must select or approve a location.

2. If you are buying a franchise for an existing JFE Fresh-Cut Fruit and Vegetable unit, we or our affiliate may sell you the equipment, furniture and inventory. Copies of the Purchase Agreement and Bill of Sale are attached as Exhibit D to this franchise disclosure document. (Purchase Agreement, §1.1).
3. We may, as necessary, assist you with obtaining the governmental approvals, licenses, permits and other permissions necessary to operate your JFE Fresh-Cut Fruit and Vegetable unit. You will ultimately be solely responsible for complying with all applicable laws and obtaining the necessary approvals, licenses, and permits. We do not assist you in hiring employees. (Franchise Agreement, §5.7).
4. The Store Owner will have sole control over and will be responsible for the build out, development, specifications and layouts of the JFE Fresh-Cut Fruit and Vegetable unit as provided. (Franchise Agreement, §5.1).
5. You must purchase from our approved suppliers any required equipment, signs, fixtures, opening inventory and supplies as set forth in the JFE Operating Manual. Fixtures and signs will be installed by you, unless installed by the Store Owner. You must keep all equipment, signs, and fixtures in good repair. (Franchise Agreement §§6.7 - 6.11).
6. We will provide to you and allow you to borrow a copy of the JFE Operating Manual and SOP (Standard Operating Procedures) Manual (collectively, "Operating Manuals"), that we generally furnish to franchisees for use in operating a JFE Fresh-Cut Fruit and Vegetable unit (Franchise Agreement § 5.3). The Operating Manuals contain mandatory and suggested specifications, standards, operating procedures and rules that we prescribe from time to time for operation of a JFE Fresh-Cut Fruit and Vegetable unit and information relating to your other obligations under the franchise agreement and related agreements. We may improve, further develop or otherwise modify from time to time our franchise system, and the Operating Manuals may be periodically modified, updated and revised. (Franchise Agreement § 5.3). The JFE Standard Operating Procedures Manual for Fresh-Cut Fruit Program contains 26 pages and the In-Store Cut Fruit Program Guidebook contains 69 pages. The tables of contents for these 2 Manuals are attached as Exhibit E.
7. We will provide you opening assistance as you request, or as we determine is necessary. (Franchise Agreement § 5.4).
8. We will provide you and your employees with training as described in the "Training Program" table below, unless you already have received our training. (Franchise Agreement § 5.2).

Time Between Signing Franchise Agreement and Opening of Franchisee's Business. If you complete your training to our satisfaction and we decide to grant you a franchise, then typically you start operating a new JFE Fresh-Cut Fruit and Vegetable unit within 14 to 21 days after you sign our franchise agreement. For an existing JFE Fresh-Cut Fruit and Vegetable unit that you purchase from us, we estimate the time from franchise agreement signing to operating is within 14 to 21 days after you sign. In some cases, delay by the Store Owner in providing the JFE Fresh-Cut Fruit and Vegetable unit may delay opening. You will generally be required to open within two (2) months from the date of signing the franchise agreement, or the date requested by Store Owner, whichever is earlier. (Franchise Agreement § 6.1).

Continuing Obligations. After you open your JFE Fresh-Cut Fruit and Vegetable unit, we will provide you with the following:

1. We will furnish such other guidance and operating assistance to you as we deem appropriate. This guidance and operating assistance may come in the form of bulletins or other written materials, telephonic consultations, and consultations at our offices or your location. Our assistance may consist of guidance with respect to (a) methods and operating procedures, (b) preparation, purchasing of ingredients, and marketing of Fresh-Cut Fruit and related products and other approved products, materials, and supplies, and (c) the establishment and operation of administrative, sales, and general operating procedures. (Franchise Agreement § 5.5).
2. We will coordinate the Store Owner providing you the JFE unit (including the refrigerated display cases and sink), power, storage, and refrigeration (including adequate space in Store Owner's refrigerator/freezer) to store fresh ingredients as necessary to operate the JFE Unit. (Franchise Agreement §5.1).
3. We will provide you, and you must purchase from us, our affiliates, or our approved suppliers, any required equipment, signs, fixtures, opening inventory and supplies as set forth in the JFE Operating Manual. Fixtures and sign will be installed by you, unless installed by the facility owner. You must keep all equipment, signs, fixtures in good repair. (Franchise Agreement §§ 6.7-6.11). For only those items provided by us directly, we will replace or refund items that do not meet our specifications, quality control procedures and formulas. (Franchise Agreement § 6.17).
4. We will provide ongoing research and development as to new food items that you will offer to your customers. We will inform you of new products that you will be required to sell. (Franchise Agreement §§ 5.5 and 6.5).
5. We will provide you management assistance as you request, or as we determine is necessary. (Franchise Agreement § 5.6).
6. We will make available for you at our discretion training programs for you and your employees. (Franchise Agreement §§ 5.2 and 6.3). We do not provide assistance in hiring employees.
7. We will provide recommended resale prices or pricing schedules and provide pricing labels conforming to the recommended pricing. You will have the right to determine your own pricing, provided however, that in the event you want to charge a price or

prices that differ from the recommended pricing, then you will have to pay fees or reimburse us for fees incurred. When it is allowed by law, we will specify maximum and minimum prices for products sold at your JFE Fresh-Cut Fruit and Vegetable unit. (Franchise Agreement § 6.11).

Advertising. We do not have an advertising program and we are not obligated to conduct advertising on your behalf. We are not required to spend any amount on advertising in your area or territory. You are not permitted to advertise your JFE Fresh-Cut Fruit and Vegetable unit in any format, including, but not limited to, print, radio, television, Internet, social media, or other electronic media. (Franchise Agreement § 6.13). We may in the future designate a geographic area, defined by radius of miles from a designated location, as an advertising cooperative that you must participate in. You will be required to participate and contribute to the cooperative if your location lies within the designated area. We can set the amount (but not to exceed 1.5% of Gross Sales) you and other JFE franchisees contribute to any advertising fund operated by the cooperative. There is no requirement for locations that we own to contribute to the fund. The cooperative will operate according to governing documents that we prepare or consent to. (Franchise Agreement § 3.13). We can decide who administers the cooperative. There are no current requirements for cooperatives to prepare annual or periodic financial statements. We have the power to form, change, dissolve or merge cooperatives at our discretion. You are not required to participate in any other advertising fund. There are no current advertising councils composed of franchisees that advise us on advertising policies. Franchisor-owned outlets have no voting power on fees imposed by franchisee cooperatives.

Computer System. We do not require you to buy electronic cash registers or cash systems. You will be required to use the facility owner's cash registers and systems, and all food purchases by your customers are normally handled through supermarket cash registers or the registers of the facility where your JFE Fresh-Cut Fruit and Vegetable unit is located. The Store Owner will provide Gross Sales data to us for your location.

You must either lease or purchase a computer system and software to print such labels and exchange data with us, according to our specifications.

Prior to opening your business, you must purchase designated pricing label equipment from JFE or our approved supplier. The purchase price of the equipment ranges from \$999 to \$3,000, plus shipping costs ranging from \$10 to \$100. You must also purchase pricing labels which are compatible with the label equipment. The cost of a set of labels is \$320 per box (25 rolls), for an 800-count-self-adhesive labels per roll. This cost is subject to change. None of these costs are refundable.

You must maintain the computer system and software in good repair. We may charge you for repairing or replacing your computer system and/or software. An estimate of that cost is \$30 to \$300. There are no contractual limits on the frequency and cost of your obligation to maintain, upgrade, and update the computer systems in conformance with our directives. If implemented, the system will report data to us such as the type and number of labels printed by you, and we will have independent access to the information and data generated and stored in the system. There are no contractual limits on our right to access this information. You may be required to use preprinted labels for products you sell.

Training. Before you open your JFE Fresh-Cut Fruit and Vegetable unit, you must successfully complete our initial training program to our satisfaction at our headquarters in



Houston, Texas, or such other location as we may designate. You must complete your initial training within 4 weeks after signing your Franchise Agreement and at least 1 week prior to opening your Fresh-Cut Fruit and Vegetable unit. You must execute our Initial Training Agreement (Exhibit C) and pay a training fee of \$500 per person for you and any employee before training begins. Any of your employees who will prepare or handle food items must attend and successfully complete our training program. You will be responsible for all expenses to complete the initial and any additional training program, including travel, meals, lodging, employee compensation, and all other expenses incurred in connection with attendance at any training meetings by you and your employees. (Franchise Agreement §§ 5.2 and 6.3). Our initial training programs cover the following subjects:

### Training Program

#### Initial Training Program, 20 Hours (For franchisee and any proposed manager)

Subject	Hours of Classroom Training	Hours of Training On-The-Job	Location
<b>JFE Fresh-Cut Fruit Academy Orientation and Introduction:</b> Orientation; Class schedule; Sign-in; Provision of supplies; Quiz; Franchise basics; Document (assumption of risk and waiver of liability)	1.0 Hours	N/A	JFE Fresh-Cut Fruit Academy or the location we designate
<b>Fresh-Cut Fruit Training:</b> Product preparation; Fresh-Cut Fruit production training and evaluation.	13.5 Hours	N/A	JFE Fresh-Cut Fruit Academy or the location we designate
<b>Sanitation and Safety:</b> daily logs; labeling products; SOP.	3.0 Hours Instructions regarding use of , daily logs, inspections; reporting; fines	N/A	JFE Fresh-Cut Fruit Academy or the location we designate
<b>Business Management &amp; Administration:</b> staffing; sales; labeling, record keeping; payment; taxes, operating issues	1.0 Hours	N/A	JFE Fresh-Cut Fruit Academy or the location we designate
<b>Student Evaluation:</b> quiz & testing	0.5 Hours	N/A	JFE Fresh-Cut Fruit Academy or the location we designate
<b>Q &amp; A and Feedback:</b> frequently asked questions; course evaluation	0.5 Hours	N/A	JFE Fresh-Cut Fruit Academy or the location we designate
<b>Graduation Ceremony:</b> return supplies; clean-up; chef interview completion ceremony	0.5 Hours	N/A	JFE Fresh-Cut Fruit Academy or the location we designate

We provide you an initial training program that covers material aspects of operating your JFE Fresh-Cut Fruit and Vegetable unit. This training is offered on an as needed basis at our headquarters in Houston, Texas or at another location that we designate.

Training will be under the direction of Mr. Robert Sajgo. Mr. Sajgo has been our Snowfruit Opening & Training Director since March 2023 and was an assistant Training Director from December 2022 to March 2023. Prior to joining JFE, he worked for over 5 years in operations management and training and development for YO! Sushi Group in London, UK. He has 6 years of experience in all subjects taught as part of our initial training program.

We utilize the JFE Operating Manual as the training materials.

Any new proposed manager and employees who prepare and/or handle food items at your JFE Fresh-Cut Fruit and Vegetable unit shall also be required to attend and complete the Initial Training Program to our satisfaction, at the then current training fee.

You and each of your employees will also be required to complete all training on food preparation and handling in accordance with the standards required by law, including but not limited to the Food Manager certification (for Franchisee and Franchisee's managers), and the Food Handler Training (for all Franchisee employees).

In addition to the initial training program, you and your employees may be required to attend and complete all other refresher, remedial, and supplemental training or other training programs as may be required by us or the facility owner from time to time, or as required by applicable law. We charge \$500 per person for remedial training and refresher courses.

All training will be furnished at a place and time designated by us, and you will be responsible for all travel, meals, lodging, employee compensation, and all other expenses incurred in connection with attendance at any training meetings by you and your employees.

All training fees for any program are nonrefundable.

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## ITEM 12 TERRITORY

Our franchise agreement grants to you the right to own and operate a JFE Fresh-Cut Fruit and Vegetable unit at a specific location in supermarkets, grocery stores or other third-party facilities as may be determined by us. You may not operate your JFE Fresh-Cut Fruit and Vegetable unit at any site other than the location specified in the franchise agreement. You will not have any minimum territory. In some cases, the Store Owner may remodel or upgrade your JFE Fresh-Cut Fruit and Vegetable unit's appearance, layout, and/or design, and or relocate your JFE Fresh-Cut Fruit and Vegetable unit's location within the store. Such remodeling and/or upgrades of your JFE Fresh-Cut Fruit and Vegetable unit will be done at the Store Owner's cost and expense, but you must cooperate with the Store Owner with respect to such remodeling or upgrade. You may not relocate your JFE Fresh-Cut Fruit and Vegetable unit, unless you receive our prior written consent. The franchise agreement does not provide you with any options, rights of first refusal or similar rights to acquire additional franchises.

If you wish to operate more than one location, we will consider the following factors as to whether to grant you the right to operate an additional JFE Fresh-Cut Fruit and Vegetable unit: i) availability and suitability of another location; ii) whether you are financially able to operate more than one location, as determined in our sole discretion; iii) whether you have the resources and capability to operate more than one location as determined in our sole discretion. Additionally, you must execute an additional franchise agreement and pay any applicable fees. Unless you sign an additional franchise agreement, you will not have any right to operate such locations.



If you and we mutually agree that a new and different location is available and preferred, you and we may mutually terminate this Agreement and enter into a new franchise agreement in the form then being used by us. If you elect to terminate your existing JFE Fresh-Cut Fruit and Vegetable unit and obtain a new franchise at a different location, you must pay the then-current initial franchise fee we charge for the new unit.

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. Other produce businesses, including other JFE Fresh-Cut Fruit and Vegetable unit locations, may operate close by to your particular location. We and our affiliates reserve the right to use other methods of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales at any location regardless of the proximity to the location of your JFE Fresh-Cut Fruit and Vegetable unit using our principal trademarks and/or trademarks different from the ones you will use under the franchise agreement. Our affiliate has plans to use other channels of distribution to market products under our Marks. Neither we nor our affiliates are required to compensate you for any sales that we or our affiliates make through these other methods.

You are not permitted to solicit or accept orders from customers outside of your specific location. You are not permitted to use other distribution methods such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your specified location(s). You may not solicit or accept orders for the wholesale sales of any products without receiving our prior written consent.

## ITEM 13 TRADEMARKS

We are granting you pursuant to the franchise agreement the right to use the Snowfruit trademarks identified in the table below. We or our affiliates have used the name Snowfruit in the Fresh-Cut Fruit and Vegetable business with various stylings since February of 2022 without any known instance of opposition or conflicts.

Mark	Registration/Number	Registration/Application Date
SNOWFRUIT (Word Mark)	Serial Number: 97521120	Application Date: July 26, 2022
 (Stylized Design Mark)	Serial Number: 97521137	Application Date: July 26, 2022
JFE and logo design 	Registration Number: 4,478,159	Registration Date: February 4, 2014
JFE and logo design	Registration Number: 4,334,713	Registration Date: May 14, 2013

We own the JFE Mark and logo design, which have been registered on the Principal Register (“JFE Marks”) of the United States Patent and Trademark Office (“USPTO”).

However, we do not yet have trademark registrations of our principal mark or logo design, “Snowfruit.” Applications have been filed as noted in the above table. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You will receive a non-exclusive license for these trademarks as part of the franchise agreement. As of the effective date of this disclosure document, all required affidavits were filed. We intend to renew the registrations and to file all appropriate affidavits at the appropriate times required by law.

There are no effective agreements that significantly limit our rights to use or license the use of the trademarks listed in this section in a manner material to the franchise.

You must follow our rules when you use our trademarks. You cannot use a JFE name or

mark as part of a corporate name, and you cannot use our marks with modified words, designs, or symbols, except for those which we license to you. You may not use our trademarks in connection with the sale of any unauthorized product or service, or in a manner that we have not authorized in writing. In some situations, you will do business under a different name or a general description of the product, as may be required by us. If we require, you may have to stop using our trademarks, use our marks in a limited fashion, and/or use a different mark or name as we may designate. We are not required to pay for the costs related to you using a new name or mark, and we will not be responsible for any claims related to stopping or changing your use of the name or trademark.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court; nor any pending infringement, opposition, or cancellation proceedings relating to the JFE Marks. There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

You must notify us if you become aware of any potentially infringing use of our trademark. We will take action as necessary, and you will not have separate rights to do so. You must also notify us if a third-party claims that you are infringing their trademark because of the use of our trademark. If you are using our trademark in accordance with our franchise agreement, we will at our cost determine the appropriate action in order to defend or handle the claims. If you are in violation of our franchise agreement, you must pay for the costs of defense. In all cases, you will be required to cooperate with us. In all instances, we have the sole right to determine how to handle any issues related to our trademark, including litigation.

We are not aware of any superior prior rights or infringing uses that could affect your use of the principal trademark.

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## ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

### Patents

As of the date of this disclosure document, we are not aware of any patents that are material to the franchise and do not have any pending patent applications that are material to the franchise. There are no material proceedings pending in the USPTO or any court.

### Copyrights

We do not own rights in, or licenses to, registered copyrights that are material to the franchise and you do not receive the right to use any item covered by a registered copyright. However, we assert a common law copyright on the contents of the Operating Manuals and only you or your authorized employees can have access to and use the proprietary information in the Operating Manuals.

Our intellectual property, whether the subject of a patent, copyright or not, also is protected by common law principles which limit the use of our confidential proprietary information, except as we have licensed it. We will enforce those rights as we determine.

### Proprietary Information – Confidential Operations Manual

During the term of the franchise agreement, we will loan to you our confidential Operating Manuals. The Operating Manuals are our proprietary property and you must return them upon termination of the franchise agreement or at any time at our request. You must not photocopy or keep in any form any part of the Operating Manuals without our written consent.

You must use your best efforts to keep confidential the information in the Operating Manuals, their supplements, and any other materials or information designated by us as confidential. You may not provide your employees access to the Operating Manuals without our written approval.

You must comply with all provisions in the Operating Manuals, including any supplements or amendments that we provide. You are responsible for keeping your copy of the Operating Manuals current with the latest version and updates provided by us. The provisions in our master copy will control any disputes that arise. You agree to comply with revisions to the Operating Manuals that we may make from time to time, provided the revisions do not implement new or different requirements which alter the fundamental terms and conditions of the franchise agreement.

### Confidential Information/Trade Secrets

We will be disclosing to you proprietary information, trade secrets and specific know-how related to our materials, product recipes, food preparation, methods of operation of your franchise, and customer data. You must not disclose any of our proprietary rights, confidential information, trade secrets or know-how, except as authorized in the franchise agreement. You cannot use our proprietary information in any activity other than operating your franchise. You may not sell, lease, or otherwise use any customer data other than in connection with operating your franchise. You must maintain adequate security in the control, use, and handling of our proprietary materials, including, but not limited to the Operating Manuals. All your officers and employees with management responsibilities who

can access our proprietary materials must sign a confidentiality agreement in substantially the form attached as Exhibit C to the franchise agreement. You must immediately notify us of any unauthorized use of our trade secrets.

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

You must personally and actively participate in the direct operation of your JFE Fresh-Cut Fruit and Vegetable unit.

This means that the JFE Fresh-Cut Fruit and Vegetable unit must at all times be under direct, day-to-day, full-time supervision by you or a full-time manager that has the training required for the management of the JFE Fresh-Cut Fruit and Vegetable unit. We recommend on-premises supervision by you at all times. If your JFE Fresh-Cut Fruit and Vegetable unit is operated by a manager, you are still required to be personally and actively involved in operations and remain fully responsible for such location. Your manager does not have to have any ownership interest (if franchisee is a business entity), but your manager must sign a confidentiality agreement in substantially the form attached as Exhibit C to the franchise agreement.

While you are solely responsible for hiring, firing, and establishing employment policies, any of your employees who will prepare or handle food items must attend and successfully complete our training program. Additionally, you must comply with the rules, policies and guidelines of the Store and sign any code of conduct or equivalent document required by the Store, which may include policies for any individuals working in the Store. You are responsible for compliance with these policies by you, your managers, and your employees.

You must always faithfully, honestly and diligently perform your obligations under the franchise agreement, continuously exert your best efforts to promote and enhance your JFE Fresh-Cut Fruit and Vegetable unit and not engage in any other business or activity that conflicts with your obligations to operate the JFE Fresh-Cut Fruit and Vegetable unit in compliance with the franchise agreement. We may require you to send us digital photos and streaming video from your JFE Fresh-Cut Fruit and Vegetable unit in the frequency we request (may be daily), and in the form and manner we reasonably require. If the franchisee is a legal entity, all owner(s) of the entity must sign a personal guaranty.

## **ITEM 16 RESTRICTIONS ON WHAT YOU MAY SELL**

We require that you offer and sell only those food products and related products approved by us. If you wish to sell other items, you must first obtain our approval in writing.

You must offer all food and other products that we designate as required for all franchises. We have the sole right to change the types of authorized products sold, and we may periodically add or delete products required to be sold at your franchise. We have the sole right to develop new products to be offered for sale. You are prohibited from removing any required products on the menu. If you wish to remove any products for sale, you must first obtain our approval in writing.

If you desire to purchase any items from any source other than an approved supplier of ours, we will at your request test and evaluate such sources and approve or disapprove such

sources and products based on our tests. You must pay us an Alternative Supplier Evaluation Fee of \$1,000 per requested application plus all expenses incurred by us for researching and evaluating the new supplier or product, including laboratory testing costs. Any proposed supplier requested must demonstrate to our reasonable satisfaction that it and its products meet our specifications, and that it is of good standing in the business community with respect to its financial capabilities and the reliability of its products and services. The proposed supplier must meet our standards, including, of quality, consistency, reliability, financial capability, and production capacity.

In the event that you offer to sell unapproved products or remove required products without obtaining our prior written permission, we may take action, including, but not limited to, terminating your franchise agreement.

You must operate your JFE Fresh-Cut Fruit and Vegetable unit in strict conformity with all methods, policies, procedures and standards as described in the Confidential Operations Manuals and in any other document we may provide to you. You must use your designated location inside the market only for the operation of your JFE Fresh-Cut Fruit and Vegetable unit. You cannot operate any other business at or from your location without our express prior written consent.

You are not permitted to solicit or accept orders from customers outside of your specific location. You are not permitted to use other distribution methods such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your specified location(s). You may not solicit or accept orders for the wholesale sales of any products without receiving our prior written permission.

You must fill orders placed by customers through all Third Party Delivery Services that your Store Owner has approved. A "Third Party Delivery Service" is a company or business through which customers purchase menu items from Franchisee's Fresh-Cut Fruit and Vegetable unit, that delivers said menu items to the customer at a location other than the Store where Franchisee's Fresh-Cut Fruit and Vegetable unit is located. Such orders will be placed through your tablet machine or other equipment we may designate.

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

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

**THE FRANCHISE RELATIONSHIP**

Provision	Section in Franchise or other Agreement	Summary
a. Length of the franchise term	Franchise Agreement Section 4.1	Term of franchise agreement is 2 years but can be terminated earlier if the Store in which your JFE Unit located ends their agreement with us.
b. Renewal or extension	Franchise Agreement Section 4.2  Franchise Agreement Section 4.3	If you meet the specified conditions outlined in this section, you can obtain a successor franchise and extend the term for additional 2 years or on such terms as set forth in the then-current franchise agreement. That franchise agreement may have materially different terms and conditions than in your original Franchise Agreement.  Franchisor may offer to extend the terms of the agreement on a month-to-month basis after the expiration of a term until such time that Franchisor can lawfully offer a then current form of agreement.
c. Requirement for franchisee to renew or extend	Franchise Agreement Section 4.2	There is no automatic right to renewal or option to extend. Renewal means the extension of the term of your JFE Unit for additional 2 years or on such terms as set forth in the then-current franchise agreement. Conditions include: continuous compliance with franchise agreement; compliance with Operating Manuals and specifications; proper 6 month to 12 month notice; signing then current franchise agreement, continuing right to use the facility in which your JFE Unit is located; that we are granting new franchises in the U.S. at the applicable time; compliance with additional training requirements; agreement to cooperate with any remodel, upgrade or relocation, execution by you of a general release; and your payment of successor franchise fee. The successor franchise agreement and other agreements you are required to sign may contain terms and conditions materially different from those initially signed.
d. Termination by franchisee	Franchise Agreement Section 12.3	You can terminate the franchise agreement effective on 90 days' notice, or earlier if we agree.
e. Termination by franchisor without cause	Franchise Agreement Section 12.1	We cannot terminate the franchise agreement without notice of default, unless related to non-curable defaults as outlined in Section 12.2. However, your franchise agreement can be terminated earlier if the Store in which your JFE Unit located ends their agreement with us.
f. Termination by franchisor with cause	Franchise Agreement Sections 12.1 and 12.2	We can terminate if we provide you with 15 days' notice of breach and you do not cure the breach within that specified period. We can terminate immediately and effective on delivery of notice upon the occurrence of certain events, such as your failure to timely begin operation, failure to pay,

Provision	Section in Franchise or other Agreement	Summary
		breach of confidentiality or non-competition terms, or your bankruptcy, among other non-curable defaults. We can consider a default of one agreement between you and us as a default of all agreements between you and us. In addition, your franchise agreement can be terminated earlier even if you are not in default if the Store in which your JFE Unit located ends their agreement with us.
g. "Cause" defined – curable defaults	Franchise Agreement Sections 12.1 and 12.2	You generally have 15 days to cure a curable default, unless otherwise provided by law or otherwise specified below. For any failure to make a required payment or report or return the Operating Manuals, execute a guaranty, or comply with law, you have a cure period of 5 days. Any violation of health, safety, or sanitation laws, or rules, procedures or food safety requirements of the Store Owners, requires you to cure within 24 hours.
h. "Cause" defined – non-curable defaults	Franchise Agreement Section 12.2	Except as otherwise provided by law, non-curable defaults include: failure to begin operating the JFE unit within the time specified; any misrepresentation or failure to provide material facts by you in obtaining the franchise; any failure to use only products and supplier approved by us; breach of confidentiality, indemnity insurance or noncompetition obligations failure to complete additional training; failure to operate or abandonment of your JFE unit; loss of the right to use the Store where the JFE unit is located; curable defaults that cannot be cured in the time provided; any bankruptcy or like filing in effect more than 60 days, or any assignment for the benefit of creditors by you; you or any officer, shareholder, employee, member or agents are convicted or plead no contest to any felony that reflects unfavorably upon us; your failure to comply with transfer requirements; any dissolution of entity that is the franchisee; if you receive 2 or more default notices within any consecutive 2 year period; any unauthorized use or disclosure of or failure to return the Operating Manuals; failure to sign or violation of a confidentiality agreement; misuses or unauthorized use of any of the components of JFE System or any other act which materially impair JFE's business, reputation or goodwill; any attempt to make payments to obtain improper benefits in violation of JFE policies; any reasonable determination by us that your continued operation of the JFE unit would result in danger to public health or safety.
i. Franchisee's obligations on termination/non-renewal	Franchise Agreement Section 12.4	You must immediately cease operating your JFE unit and stop using the JFE Marks, trade secrets, the System, and Operating Manuals. You must also return the Operating Manuals, pay all amounts owed to us, and vacate the Store in which your JFE unit was located. You must provide all necessary assistance and cooperation for the orderly wind down of your operations.

Provision	Section in Franchise or other Agreement	Summary
j. Assignment of contract by franchisor	Franchise Agreement Section 11.1  Purchase Agreement Section 7.3  Initial Training Agreement Section 3(h)	We can assign and transfer our rights and obligations under the franchise agreement at any time without your consent.  Seller may assign this Agreement and its rights, interests or obligations hereunder to any affiliate of Seller  No limitation on our right to assign.
k. "Transfer" by franchisee-defined	Franchise Agreement Section 11.2	Transfer is the voluntary or involuntary, direct or indirect, sale, assignment, transfer, or other disposition of the franchise agreement, the JFE unit, or any rights granted to you, and include the sale of an interest in any entity that you use to operate the JFE unit.
l. Franchisor approval of transfer by franchisee	Franchise Agreement Section 11.3	You must provide notice to us regarding any proposed transfer, and we can approve, disapprove, or elect to become the transferee within 60 days of receipt of certain information unless otherwise extended.
m. Conditions for franchisor approval or transfer	Franchise Agreement Section 11.4	Any consent by us to a transfer will require at least the following: you to be fully compliant under the franchise agreement and all other related agreements and current in all payment obligations including with all suppliers/trade accounts; you will continue to comply with indemnity, insurance and noncompetition provisions after a transfer; you must provide all documentation requested by us and pay a transfer fee; the transferee must submit an application and meet our qualifications; the transferee must attend, pay for and complete to our satisfaction all required training, the transferee must timely obtain all required licenses and permits; the facility owner must consent; the transferee must assume all of your obligations and sign the current franchise agreement (but with the term capped at the length of your term); you must execute a general release; the transfer must comply with all laws; your right to receive payment from the transfer comes after our right to collect money owed by you to us; and, the transferee and principals, if any, must execute all documents required by us.
n. Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement Section 11.3	When you give notice to us regarding a proposed transfer, we may elect to become the transferee within 60 days of receipt of certain information, unless otherwise extended.
o. Franchisor's option to purchase franchisee's business	Franchise Agreement Section 11.3	When you give notice to us regarding a proposed transfer, we may elect to become the transferee within 60 days, of receipt of certain information, unless otherwise extended. Otherwise, we have no option to buy your JFE unit.
p. Death or disability of franchisee	Franchise Agreement Section 12.2	If you are an individual franchisee, we may terminate the franchise agreement upon your death or disability.
q. Non-competition covenants during the term of the franchise	Franchise Agreement Sections 9.3; 15	During the term, you or any member of your immediate family cannot own or operate, accept employment, or hold an interest in any capacity for any quick service food business that serves Fresh-

Provision	Section in Franchise or other Agreement	Summary
		Cut Fruit or related products in the United States. This restriction does not apply for ownership of securities traded or listed on a stock exchange that represents 1% or less of the same class of securities.
r. Non-competition covenants after the franchise is terminated or expires	Franchise Agreement Section 15	After the term, you cannot own or operate, accept employment, or hold an interest in any capacity for any quick service food business that serves Fresh-Cut Fruit or related products, within 5 miles of your former JFE unit or any franchisee or company operated JFE location, for a period of 2 years.
s. Modification of agreement	Franchise Agreement Section 5.3, 6.5, 16.7  Purchase Agreement Section 7.5; Initial Training Agreement Section 3(g)	Modification requires both of us to sign in writing, but we can modify the Operating Manuals or make any changes to System in our discretion at any time.  Modification requires both of us to sign in writing.
t. Integration/ merger clause	Franchise Agreement Section 16.7  Purchase Agreement Section 7.7  Initial Training Agreement Section 3(g)	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 or made prior to the franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.  Only the terms of the purchase agreement are binding (subject to state law) regarding the purchase of the JFE unit, if you are buying an existing location. Any representations or promises outside of the agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.  Only the terms of the agreement are binding and supersede and replace any prior or contemporaneous agreements. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.  The provisions of section 17(t) above are subject to state law.
u. Dispute resolution by arbitration or mediation	Franchise Agreement Section 16.12	We agree to use our best efforts to settle a dispute but if we cannot resolve the dispute within 30 days of notice of dispute, we will submit to non-binding mediation. If mediation is not successful in settling the entire dispute within 30 days after the conclusion of a mediation conference, binding arbitration is required under AAA rules for all

Provision	Section in Franchise or other Agreement	Summary
	<p>Purchase Agreement Section 7.4</p> <p>Initial Training Agreement Section 3(c)</p>	<p>unresolved issues. However, we are <u>not</u> required to mediate or arbitrate, and can file a lawsuit in federal court, for any claim arising from your alleged infringement of our intellectual property rights. Except with regard to any injunctive relief franchisor may seek, both parties agree to first make a good faith effort to settle any other disputes for 30 days before filing suit.</p> <p>If we cannot resolve a dispute within 30 days of notice from the other party of a dispute, any unresolved disputes will be submitted to binding arbitration under AAA rules.</p> <p>Disputes are not required to be mediated or arbitrated and can be brought in state or federal court sitting in the county of our principal place of business.</p> <p>The provisions of section 17(u) above are subject to state law.</p>
v. Choice of forum	<p>Franchise Agreement Section 16.12</p> <p>Purchase Agreement Section 7.4</p> <p>Initial Training Agreement Section 3(b)</p>	<p>Arbitration is required to be conducted in Harris County, Texas; any lawsuit for alleged infringement of our intellectual property rights is required to be litigated in a federal court sitting in Harris County, Texas.</p> <p>Court of law in Harris County, Texas.</p> <p>Venue of any action will be Harris County, Texas; arbitration is required to be conducted in Harris County, Texas.</p> <p>The provisions of section 17(v) above are subject to state law.</p>
w. Choice of law	<p>Franchise Agreement Section 16.12</p> <p>Purchase Agreement Section 7.4; Initial Training Agreement Section 3(b)</p>	<p>Subject to state law, Texas law applies unless otherwise required by other state or federal laws; for any claim of infringement by you of our intellectual property rights, the United States Trademark (Lanham) Act applies.</p> <p>Texas law applies unless otherwise required by other state or federal laws.</p>

## ITEM 18 PUBLIC FIGURES

We do not use any 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 representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Emma Deabill at 2021 Bingle Road, Houston, Texas 77055 and (713) 463-7777, the Federal Trade Commission, and the appropriate state regulatory agencies.

*The remainder of this page is left blank intentionally.*

## ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

**Table 1 – Systemwide Outlet Summary for Years 2020 to 2023**

The figures in Tables 1 through 4 for 2020 and 2022 are as of November 29, 2020, November 28, 2021, and November 27, 2022, our fiscal year ends for 2020 through 2022, respectively. The figures in Tables 1 through 4 for 2023 are as of June 30, 2023.

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the year	Net Change
Franchised Outlets	2020	0	0	0
	2021	0	0	0
	2022	0	390	+390
	2023	390	973	+583
Company-Owned Outlets	2020	0	0	0
	2021	0	0	0
	2022	0	41	+41
	2023	41	221	+180
<b>Total Outlets</b>	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>431</b>	<b>+431</b>
	<b>2023</b>	<b>431</b>	<b>1,194</b>	<b>+763</b>

0

**Table 2 – Transfers of Outlets from Franchisees to New Owners 2020 to 2023**

Below is a list of transfers from franchisees to new owners other than JFE Franchising, Inc.

State	Year	Number of Transfers
Colorado	2020	0
	2021	0
	2022	3
	2023	10
Georgia	2020	0
	2021	0
	2022	1
	2023	12
Indiana	2020	0
	2021	0
	2022	0
	2023	1
Kansas	2020	0
	2021	0
	2022	0
	2023	6
Kentucky	2020	0
	2021	0
	2022	2

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
	2023	12
Louisiana	2020	0
	2021	0
	2022	0
	2023	2
Michigan	2020	0
	2021	0
	2022	0
	2023	9
Ohio	2020	0
	2021	0
	2022	3
	2023	6
Tennessee	2020	0
	2021	0
	2022	1
	2023	26
Texas	2020	0
	2021	0
	2022	4
	2023	49
Utah	2020	0
	2021	0
	2022	0
	2023	8
Virginia	2020	0
	2021	0
	2022	0
	2023	20
West Virginia	2020	0
	2021	0
	2022	1
	2023	1
All States	2020	0
	2021	0
	2022	15
	2023	162

*The remainder of this page is left blank intentionally.*



**Table 3 - Summary Status of Franchisee-Owned Outlets for Years 2020 to 2023**

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by JFE</u>	<u>Ceased Operations- Other Reasons</u>	<u>Outlets at the End of the Year</u>
Alabama	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	4	0	0	0	0	5
Colorado	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	42	0	0	0	0	42
	2023 <sup>1</sup>	42	64	2	0	0	0	104
Georgia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	32	0	0	0	0	32
	2023 <sup>1</sup>	42	125	1	0	0	0	166
Idaho	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
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
	2023	0	1	0	0	0	0	1
Kansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	14	0	0	0	0	14
	2023	14	20	0	0	0	0	34
Kentucky	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	34	0	0	0	0	34
	2023	34	42	0	0	0	0	76
Louisiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	4	6	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
	2023	0	22	0	0	0	0	22
Nebraska	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
	2023	3	7	0	0	0	0	10
Ohio	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	29	0	0	0	0	29
	2023	29	89	0	0	0	0	118
South Carolina	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	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	41	0	0	0	0	41
	2023	41	69	0	0	0	0	110

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by JFE</u>	<u>Ceased Operations- Other Reasons</u>	<u>Outlets at the End of the Year</u>
Texas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	109	0	0	0	0	109
	2023	109	140	0	0	0	0	249
Utah	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	33	0	0	0	0	33
	2023 <sup>1</sup>	33	0	2	0	0	0	31
Virginia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	40	0	0	0	0	40
	2023 <sup>1</sup>	40	0	2	0	0	0	38
West Virginia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	6	0	0	0	0	6
	2023 <sup>1</sup>	6	10	1	0	0	0	15
Wyoming	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	0	1	0	0	0	1
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	390	0	0	0	0	390
	2023	390	598	15	0	0	0	973

**Note 1** – 8 franchised outlets (2 in Colorado, 1 in Georgia, 2 in Utah, 2 in Virginia, and 1 in West Virginia) were terminated by the respective Store Owner and outlets were closed.

**Table 4 – Summary Status of JFE-Owned Outlets<sup>1</sup> for Years 2020 to 2023**

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Outlets Reacquired from Franchisee</u>	<u>Outlets sold to Franchisee</u>	<u>Outlets Closed</u>	<u>Outlets at the End of the Year</u>
Alabama	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	1	0	0
	2023	0	3	0	0	0	3
Colorado	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	10	0	10	0	0
	2023	10	10	0	0	0	20
Georgia	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	24	0	11	0	13
	2023	13	58	0	0	0	71
Indiana	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	2	0	0	0	2
	2023	2	2	0	0	0	4
Kansas	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Outlets Reacquired from Franchisee</u>	<u>Outlets sold to Franchisee</u>	<u>Outlets Closed</u>	<u>Outlets at the End of the Year</u>
	2022	0	2	0	2	0	0
	2023	0	1	0	0	0	1
Michigan	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	15	0	0	0	15
	2023	15	1	0	0	0	16
Ohio	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	3	0	3	0	0
	2023	0	56	0	0	0	56
South Carolina	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	4	0	0	0	4
	2023	4	1	0	0	0	5
Tennessee	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	2	0	2	0	0
	2023	0	28	0	0	0	28
Texas	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	11	0	0	0	11
Utah	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	1	0	0
	2023	0	1	0	1	0	0
Virginia	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	42	0	36	0	6
	2023	6	7	0	0	0	12
Washington	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
West Virginia	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	5	0	4	0	1
	2023	1	0	0	0	0	1
Wyoming	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	1	0	0
	2023	0	0	0	0	0	0
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	112	0	71	0	41
	2023	41	180	0	0	0	221

*The remainder of this page is left blank intentionally.*

**Table 5 – Projected Openings as of September 20, 2023**

<b>State</b>	<b>Franchise Agreement Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlet in the Next Fiscal Year<sup>1</sup></b>	<b>Projected New Company-Owned Outlet in the Next Fiscal year</b>
Alabama	0	60	0
Alaska	0	31	0
Arizona	0	135	0
Arkansas	0	18	0
California	0	10	0
Colorado	0	68	0
Georgia	0	44	0
Idaho	0	47	0
Illinois	0	67	0
Indiana	0	133	0
Kansas	0	62	0
Kentucky	0	110	0
Louisiana	0	50	0
Michigan	0	105	0
Mississippi	0	19	0
Missouri	0	25	0
Montana	0	15	0
Nebraska	0	11	0
Nevada	0	53	0
New Mexico	0	15	0
Ohio	0	107	0
Oregon	0	60	0
South Carolina	0	43	0
Tennessee	0	48	0
Texas	0	55	0
Utah	0	16	0
Virginia	0	14	0
Washington	0	61	0
West Virginia	0	45	0
Wyoming	0	17	0
<b>TOTAL</b>	0	1,545	0

Attached to this disclosure document as Exhibit F is a list, as of November 27, 2022, of the names, addresses and telephone numbers of all (i) open and operating JFE Franchising, Inc. franchised Fresh-Cut Fruit outlets, and (ii) all franchisees who signed Franchised Agreements but not yet opened their outlets.

Attached to this disclosure document as Exhibit G is a list, as of November 27, 2022, of the contact information of every franchisee that had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business with us as of November 27, 2022, or who have not communicated with us within the 10 weeks ending on the date of this disclosure document. In addition Exhibit H contains this list of franchisees who transferred their franchises as of November 27, 2022.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees have signed confidentiality clauses during the last three fiscal years. We

will sign confidentiality clauses with our franchisees. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with JFE. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

We have not created, sponsored, or endorsed any franchisee associations. There are no franchisee associations that have asked to be disclosed in our Disclosure Document.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit I are our audited financial statements as of November 27, 2022, November 28, 2021, and November 29, 2020. Also attached are our unaudited balance sheet and statement of income as of July 23, 2023.

## **ITEM 22 CONTRACTS**

Attached as set forth here are the following agreements regarding the franchise offering:

- Exhibit B - Franchise Agreement and Exhibits (including General Release)
- Exhibit C - Initial Training Agreement
- Exhibit D - Purchase Agreement
- Exhibit J – Disclosure
- Acknowledgement Statement

The following paragraph is required by the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments, as it relates to Exhibit J to this FDD, the Disclosure Acknowledgement Statement.

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.

## **ITEM 23 RECEIPT**

You will find copies of a detachable receipt at the very end of this Disclosure Document.

**JFE - SNOWFRUIT**

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**STATE FRANCHISE ADMINISTRATORS -  
AGENTS FOR SERVICE OF PROCESS**

**EXHIBIT A**

## STATE FRANCHISE ADMINISTRATORS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. The following are the state administrators responsible for the review, registration and oversight of franchises in these states:

### California:

Commissioner of the Department  
of Financial Protection and  
Innovation  
2101 Arena Blvd.  
Sacramento, CA 95834  
(866) 275-2677

### Hawaii:

Commissioner of Securities,  
Dept. of Commerce and Consumer  
Affairs, Business Registration Div.,  
Securities Compliance Branch  
335 Merchant St., Rm. 203  
Honolulu, HI 96813-2921  
(808) 586-2722

### Illinois:

Office of the Attorney General  
Franchise Division  
500 S. 2nd St.  
Springfield, IL 62701-1771  
(217) 782-4465

### Indiana:

Indiana Securities Division  
Franchise Section  
302 W. Washington St., Rm. E111  
Indianapolis, IN 46204-2738  
(317) 232-6681

### Maryland:

Office of the Attorney General  
Division of Securities  
200 Saint Paul Pl.  
Baltimore, MD 21202-2020  
(410) 576-6360

### Michigan:

Michigan Attorney General  
Consumer Protection Division  
PO Box 30213  
Lansing, MI 48909-7713  
(517) 373-7117

### Minnesota:

Commissioner of Commerce  
85 7th Pl. E., Ste. 280  
Saint Paul, MN 55101-3165  
(651) 539-1600

### New York:

NYS Department of Law  
Investor Protection Bureau  
28 Liberty St., 21st Flr.  
New York, NY 10005-1495  
(212) 416-8236

### North Dakota:

Securities Department  
600 E. Boulevard Ave., 5th. Flr.  
Bismarck, ND 58505-0510  
(701) 328-4712

### Rhode Island:

Dept. of Business Regulations  
Division of Securities  
1511 Pontiac Ave., Bldg. 69-1  
Cranston, RI 02920-4407  
(401) 462-9527

### South Dakota:

Division of Insurance  
Securities Regulation  
124 S. Euclid Ave., Ste. 104  
Pierre, SD 57501-3168  
(605) 773-3563

### Virginia:

State Corporation Commission  
Div. of Securities & Retail Franchising  
1300 E. Main St., 9th Flr.  
Richmond, VA 23219-3630  
(804) 371-9051

### Washington:

Dept. of Financial Institutions  
Securities Division  
150 Israel Rd. SW  
Tumwater, WA 98501-6456  
(360) 902-8760

### Wisconsin:

Securities Division  
201 W. Washington Ave., Ste. 300  
Madison, WI 53703-2640  
(608) 266-8557

## AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. If we register the franchise (or otherwise comply with the franchise investment laws) in any of these states, we will designate the following state offices or officials as our agents for service of process in those states:

### California:

Commissioner of the Department  
of Financial Protection and  
Innovation  
2101 Arena Blvd.  
Sacramento, CA 95834  
(866) 275-2677

### Hawaii:

Hawaii Commissioner of Securities,  
Dept. of Commerce and Consumer  
Affairs, Business Registration Div.  
335 Merchant St., Rm. 205  
Honolulu, HI 96813  
(808) 586-2744

### Illinois:

Illinois Attorney General  
500 S. 2nd St.  
Springfield, IL 62701  
(217) 782-4465

### Indiana:

Indiana Secretary of State  
200 W. Washington St., Rm. 201  
Indianapolis, IN 46204  
(317) 232-6681

### Maryland:

Maryland Securities Commissioner  
200 Saint Paul Pl.  
Baltimore, MD 21202  
(410) 576-6360

### Michigan:

Michigan Corporation & Securities Bureau  
Department of Commerce  
6546 Mercantile Way  
Lansing, MI 48911  
(517) 373-7117

### Minnesota:

Minnesota Commissioner of Commerce  
85 7th Pl. E., Ste. 280  
Saint Paul, MN 55101  
(651) 539-1600

### New York:

New York Secretary of State  
One Commerce Plaza  
99 Washington Ave., 6th Flr.  
Albany, NY 12231-0001  
(518) 473-2492

### North Dakota:

North Dakota Securities Commissioner  
600 E. Boulevard Ave., 5th. Flr.  
Bismarck, ND 58505  
(701) 328-4712

### Rhode Island:

Director, Rhode Island Department of  
Business Regulations  
1511 Pontiac Ave., Bldg. 69-1  
Cranston, RI 02920  
(401) 462-9527

### South Dakota:

Division of Insurance  
Securities Regulation  
124 S. Euclid Ave., Ste. 104  
Pierre, SD 57501-3168  
(605) 773-3563

### Virginia:

Clerk, Virginia State Corporation Commission  
1300 E. Main St., 1st Flr.  
Richmond, VA 23219  
(804) 371-9733

### Washington:

Dept. of Financial Institutions  
Securities Division – 3rd Flr.  
150 Israel Rd. SW  
Tumwater, WA 98501  
(360) 902-8760

### Wisconsin:

Administrator, Wisconsin  
Division of Securities  
201 W. Washington Ave.  
Madison, WI 53703  
(608) 261-9555



**FRANCHISE AGREEMENT**

**EXHIBIT B**

**(Fresh-Cut Fruit and Vegetable)**

**FRANCHISE AGREEMENT**

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## FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT (the “Agreement”) is made and entered into as of \_\_\_\_\_ (the “Effective Date”) by and between JFE Franchising, Inc., a Texas corporation having its principal business address at 2021 Bingle Road, Houston, Texas 77055 (“Franchisor”), and \_\_\_\_\_, whose address is \_\_\_\_\_ (“Franchisee”).

### RECITALS

A. Franchisor and/or its affiliates have developed distinctive business systems, operating formats, methods, procedures, menu, recipes, trade dress, designs and marketing standards and formats, all of which Franchisor may improve, further develop or otherwise modify from time to time (collectively, the “System”) using the trademark “SNOWFRUIT” (and other associated names) (collectively, the “JFE Marks”) for the operation of Fresh-Cut Fruit and Vegetable and Vegetable Units that are operated as departments within supermarkets, grocery stores, and other third party facilities. For purposes of this Agreement, an “affiliate” of a person is anyone controlling, controlled by, or under common control with the specified person.

B. Franchisor owns a license to operate, and grant franchises to third parties to operate, Fresh-Cut Fruit and Vegetable and Vegetable Units using the System.

C. Franchisee desires to be granted a franchise to operate a JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit using the System, and Franchisor is willing to grant a franchise to Franchisee, on the terms and conditions of this Agreement.

D. Franchisee has conducted an independent investigation and become familiar with the System and recognizes that, as in any other business, the nature of the business conducted by Franchisee may change over time and an investment in the business contemplated by this Agreement involves business risks.

E. Franchisee will operate a JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit using the System, all in accordance with and subject to the terms of this Agreement and the high standards of quality and service associated with the System.

NOW, THEREFORE, in consideration of the matters recited above, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee agree as follows:

#### 1. Grant of Franchise.

1.1 Franchise to Operate JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit. Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee the non-exclusive right and license to use the System and JFE Marks to operate a Fresh-Cut Fruit and Vegetable and Vegetable Unit (the “SNOWFRUIT Fresh-Cut Fruit and Vegetable and Vegetable Unit”) located as a department within a supermarket, grocery store, or other facility identified in Exhibit A (the “Location”). This Agreement authorizes and requires Franchisee to engage only in the sale of products authorized by Franchisor. Franchisee agrees at all times to faithfully and diligently perform its obligations under this Agreement and to continuously exert best efforts to promote and enhance the business and goodwill associated with the System.

1.2 Use of System and JFE Marks. Franchisee acknowledges that Franchisor or its affiliates are the sole and exclusive owners of the entire right, title and interest in and to the System,

the JFE Marks, and all other proprietary items and systems related to the System. Franchisee will have no right to use the System or other proprietary items and systems of Franchisor or its affiliates, or any JFE Mark or any other name, trademark or service mark of Franchisor or its affiliates, except in accordance with this Agreement or with Franchisor's prior written consent. Franchisee will not take any actions inconsistent with the proper operation of the System or with Franchisor's or its affiliate's ownership of the JFE Marks and System. All additions, improvements, and other changes to the System, however derived, will be the sole property of Franchisor or its affiliates.

1.3 Limitations. Franchisor grants Franchisee no rights other than the rights expressly stated in this Agreement. Franchisee will have no right to use the System, any JFE Mark or other items proprietary to Franchisor or its affiliates, or use any other name, trademark or service mark in the operation of the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit or at any other location, or for any other purpose, except in accordance with this Agreement. Franchisee may not operate the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit at any site other than the Location. Except as expressly set forth herein, Franchisee does not have the right to use any other methods of distribution or any distribution outside of the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit. Franchisee will not engage in wholesale distribution of sales of goods or services of any kind. Nothing in this Agreement gives Franchisee: (i) the right to sublicense the rights granted herein or any component thereof to others, (ii) an interest in Franchisor or the right to participate in Franchisor's business activities or opportunities, or (iii) any rights in any intellectual property of Franchisor or its affiliates, except for the license expressly set forth in this Agreement. Franchisee understands and agrees that this Agreement does not grant Franchisee any implied or preferential right of any kind to acquire an additional franchise.

1.4 Internet and Web Sites. Franchisee is prohibited from maintaining its own website promoting the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit, or otherwise from maintaining a presence or advertising the JFE Marks or any variation thereof in any domain name. Franchisee will not develop, participate in, or use in any manner any computer or electronic medium (including any Internet webpage, e-mail address, website, domain name, bulletin board, social networking sites or apps such as Facebook, Instagram, Twitter, Pinterest, and Gplus, or other Internet-related medium or activity) which in any way uses or displays the JFE Marks, or any confusingly similar words, symbols or terms, or any other of Franchisor's intellectual property, without Franchisor's prior written consent, and then only in such manner and in accordance with Franchisor's policies. Franchisee acknowledges that Franchisor or its affiliates are the owner of all right, title and interest in and to such domain names as Franchisor will designate in the Operating Manuals set forth in Section 5.3 of this Agreement. Franchisee shall disable and remove any Internet-related medium in violation of Franchisor's policies within five (5) days of Franchisor's request.

1.5 Nonexclusive; Reservation of Rights. Franchisee acknowledges and agrees that the grant of the franchise to Franchisee under this Agreement does not constitute a grant of an exclusive area or territory in which Franchisee can operate the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit. Franchisor and its affiliates reserve the right to sell, market and/or distribute any goods or services of any kind, including the products sold through the System, either directly or through others, through any retail, wholesale or other channel of distribution. Franchisor and its affiliates reserve the right to use other methods of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales at any location regardless of the proximity to the location of Franchisee's JFE Fresh-Cut Fruit and Vegetable and Vegetable

Unit using the JFE trademarks and/or trademarks different from the ones Franchisee uses under this franchise agreement. Neither Franchisor nor its affiliates are required to compensate Franchisee for any sales that Franchisor or its affiliates make through these other methods.

## 2. Location.

2.1 Initial Location. Franchisee will operate a JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit only at the specified Location within a supermarket, grocery store or other facility, as determined by Franchisor and as set forth in Exhibit A. The parties expressly acknowledge and agree that the selection of any Location by Franchisor will not be deemed a guarantee or representation that the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit will be successful or meet expectations as to potential revenue. Franchisee must use the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit within the Location only for the operation of the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit. Franchisee will not operate any other business at or from the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit without Franchisor's express prior written consent.

2.2 Acknowledgement. Franchisee acknowledges that the Location is in a supermarket, grocery store or other facility ("Store") owned, leased, and/or operated by a third party ("Store Owner"). Franchisee further acknowledges that Franchisor's right to grant a franchise at the Location is subject to an agreement between Store Owner and Franchisor or its affiliate to provide Fresh-Cut Fruit and Vegetable and Vegetables and related products for sale within the Store ("Store Agreement"). Franchisee understands and acknowledges that the Store Owner may object to or require adjustments to Franchisee's operation of the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit, and that the Store Owner may terminate the Store Agreement at any time and upon short notice. Franchisee acknowledges and agrees that termination of the Store Agreement by the Store Owner may result in the termination of this Agreement.

2.3 Relocation. Franchisee may not relocate the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit within the Store or to a new location without Franchisor's prior written consent, which may be withheld for any or no reason. If Franchisee's right to use the Location and operate within the Store terminates for reasons other than Franchisee's breach and/or Franchisee's fault (for example, Store Owner terminates the Store Agreement for no cause or Franchisor terminates the Store Agreement for cause), Franchisor may, upon Franchisee's request and at Franchisor's sole discretion, make reasonable efforts to relocate the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit to a new location selected by Franchisor at Franchisee's sole expense. Franchisee acknowledges that relocation may not be possible before the expiration of this Agreement, or at all, and that any new location proposed may not be the same in criteria as the prior location.

2.4 Remodeling. Franchisee acknowledges and agrees that Store Owner may remodel or upgrade the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit's appearance, layout, and/or design, and/or relocate the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit's location within the Store to satisfy Store Owner's then current standards. Such remodeling and/or upgrades of the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit will be done at Store Owner's cost and expense, and Franchisee agrees to fully cooperate with Store Owner with respect to such remodeling or upgrade.

2.5 New Location. If Franchisor and Franchisee mutually agree that a new and different location is available and preferred, the parties may mutually terminate this Agreement



and enter into a new franchise agreement in the form then being used by Franchisor. If Franchisee elects to terminate the existing JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit and obtain a new franchise, Franchisee will be responsible for the payment of the then-current initial franchise fee applicable to the new unit.

### 3. Fees and Payments.

3.1 Initial Franchise Fee. In consideration of the franchise and license granted to Franchisee pursuant to this Agreement, Franchisee will pay to Franchisor in full simultaneously with the execution of this Agreement an initial franchise fee as set forth in Exhibit A (the “Initial Franchise Fee”). The Initial Franchise Fee will not be credited against or cause the waiver of payment of any fees, royalties, or other payments required under this Agreement or any other agreement between Franchisor and Franchisee. The Initial Franchise Fee is fully earned when paid and no portion of it is refundable under any circumstances, except as set forth in Section 3.1(a) of this Agreement.

(a) Proration of Initial Franchise Fee upon Relocation. In the event Franchisor relocates Franchisee’s JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit to a new Store, or new location within the same Store, and the new location places the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit in a lower fee category (as determined by the formula set forth in the franchise disclosure document provided in conjunction with this Agreement), Franchisor reserves the right to issue Franchisee a prorated refund of the Initial Franchise Fee over the remaining term of this Agreement based on the difference between the Initial Franchise Fee and the franchise fee associated with the lower fee category. Should such relocation place the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit in a higher fee category (as determined by the formula set forth in the franchise disclosure document provided in conjunction with this Agreement), Franchisor reserves the right to charge Franchisee a prorated franchise fee, in addition to the Initial Franchise Fee, over the remaining term of this Agreement, based on the difference between the franchise fee associated with the higher fee category and the Initial Franchise Fee.

3.2 Compensation to Franchisor. In consideration of the franchise and license granted to Franchisee pursuant to this Agreement, beginning on the date the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit is open for business (the “Opening Date”) and for the remainder of the Term, in accordance with Section 3.3 of this Agreement, Franchisor will retain as “Franchisor Compensation,” without offset, credit or deduction of any nature, a percentage (subject to periodic adjustment by Franchisor, but always not less than 5% nor more than 20%) of the Gross Sales of the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit. All Franchisor Compensation pursuant to this Section 3.2 will be retained on a weekly basis.

(a) Gross Sales Defined. For purposes of this Agreement, “Gross Sales” will mean the total gross receipts and revenues for the specified period from all products and/or services sold at or from the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit, as applicable) whether payment is in cash, by debit or credit card, but excluding all refunds, sales taxes and discounts.

3.3 Compensation to Franchisee; Method of Payment. (i) all Gross Sales of the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit will be made directly to the Store Owner under the System and recorded on the Store Owner’s point of sale system or cash registers and reported by Store Owner to Franchisor; (ii) after Store Owner deducts a percentage (subject to periodic adjustment by Store Owner, but always varying between 15% and 35%) of Gross Sales (“Store

Owner Compensation”), the remaining Gross Sales will be forwarded to Franchisor; (iii) Franchisor will then deduct the Franchisor Compensation under Section 3.2 of this Agreement; and (iv) no later than forty-five (45) days of the receipt of sums from Store Owner, Franchisor will then remit to Franchisee (generally, on a weekly basis) as a “Weekly Franchisee Commission”, the remainder of the Gross Sales after deducting outstanding payments, if any, due to Franchisor or its affiliates for the purchase of goods and/or services, including but not limited to food and inventory costs, freight, and equipment fees (such amounts will generally be deducted as a lump sum). Notwithstanding the foregoing, the first payment of Weekly Franchisee Commissions may be remitted to Franchisee up to eight (8) weeks after the Opening Date, or a longer time as such sums are held by the Store Owner. As soon as practicable, Franchisor will notify Franchisee by email or otherwise in writing of any periodic adjustments made by Store Owner to the Store Owner Compensation described in subparagraph 3.3(ii) above, or periodic adjustments made by Franchisor to the Franchisor Compensation described in subparagraph 3.2 above. Franchisor reserves the right to modify and alter the method of payment described herein at any time. Notwithstanding anything to the contrary, Franchisor’s sole obligation will be to remit to Franchisee the agreed upon portion (as set forth in this Agreement) of Weekly Franchisee Commissions based on the actual amounts received from Store Owner by Franchisor.

3.4 Sales Data. Franchisor will provide to Franchisee a weekly statement setting forth the Gross Sales within forty-five (45) days after the receipt of the sales statement provided by Store Owner or third party, which shall set forth the Store Owner Compensation and Franchisor Compensation, respectively, and the amounts deducted pursuant to Section 3.3. In the event the sales and revenue recorded by Franchisee is different or conflicts with that provided by Store Owner, the records of Store Owner will control. Franchisee will notify Franchisor within fifteen (15) days of any discrepancy in the sales and revenue records between its records and that of Store Owner. Further, in the event of any discrepancy, Franchisee will not contact Store Owner with any complaints or inquiries but will submit all inquiries to Franchisor for handling.

3.5 Late Payments. If Franchisee fails to pay any amount to Franchisor or its affiliates by the date payment is due, Franchisee may be charged interest on the amount unpaid in accordance as set forth herein, imposed from the date payment was due until the entire sum and accrued interest is paid in full. Interest on all amounts due by Franchisee to Franchisor or its affiliates that are not paid when due will bear interest at the rate of 10%, or the highest amount allowed by law, whichever is lower. If any check, electronic funds transfer, or other payment by Franchisee is returned by its bank (for insufficient funds or any other reason), Franchisee will pay Franchisor an insufficient funds fee in the amount of 10% of the check, electronic funds transfer, or other payment to reimburse Franchisor for the extra costs of collecting the amounts due, to the maximum extent allowed by law. Franchisee understands and agrees that the late charges do not constitute an agreement by Franchisor to accept any payment after the date payment is due or a commitment by Franchisor to extend credit to, or otherwise finance, the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit, and that Franchisee’s failure to pay all amounts when due will constitute grounds for termination of this Agreement notwithstanding Franchisee’s obligation to pay a late charge.

3.6 Application of Payment. Notwithstanding any designation made by Franchisee, Franchisor will have the right to apply any Gross Sales sums received from Store Owner toward any past due payment obligations Franchisee may owe to Franchisor or its affiliates pursuant to this Agreement, including any reimbursement of payments to suppliers to whom Franchisor has

made payment on Franchisee's behalf. Franchisee acknowledges and agrees that Franchisor has the right to offset any amounts Franchisee owes to Franchisor under any agreement between Franchisor and Franchisee. Franchisor will forward to Franchisee the amounts remaining after such deductions.

3.7 Responsibility. Franchisee will pay Franchisor or its affiliates for certain proprietary food items, raw materials, supplies, equipment, paper products, signage and other consumable and non-consumable merchandise required to be purchased from Franchisor or its affiliates. Franchisee will be solely responsible for the payment of all costs and expenses arising out of Franchisee's obligations under this Agreement and the operation of the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit, including without limitation all salaries and wages of employees and all taxes and assessments made in connection with such matters. Franchisee acknowledges and agrees that in some cases, Store Owner may require that the Franchisee utilize employees employed directly by Store Owner to work at the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit. In such cases, if Store Owner requires Franchisor to reimburse Store Owner for such employees, Franchisor will have the right to deduct such payments from the amounts due to Franchisee.

3.8 Reimbursement of Advances. Franchisee will promptly reimburse Franchisor for all amounts, if any, which Franchisor may advance or that Franchisor has paid on Franchisee's behalf to any third party. In any event, Franchisee will reimburse Franchisor no more than ten (10) days after notice.

3.9 Withholding. All amounts due under this Agreement will be net of any amounts withheld or deducted by governmental or other authorities, whether as taxes, exchange controls or otherwise. Franchisor may directly deduct from the Weekly Franchisee Commissions or require that Franchisee pay Franchisor the amount of any state or local sales, use, gross receipts, or similar tax that Franchisor may be required to pay on payments which Franchisee makes to Franchisor under this Agreement. This provision will not apply to income taxes or comparable taxes measured by income to which Franchisor may be subject. Franchisee agrees to indemnify and hold Franchisor and its officers, directors, employees, agents and affiliates, and the officers, directors, employees and agents of Franchisor's affiliates harmless against any claims or losses resulting from Franchisee's failure to comply with any tax or other similar obligation.

3.10 Default Charge. Notwithstanding any other rights and remedies available to Franchisor, in the event Franchisee or its employee or agent violates certain requirements of the Operating Manuals, Franchisor will have the right to assess default charges as specified in the Operating Manuals (currently ranging from \$50 to \$1,000 for each violation), as may be amended by Franchisor. Repeats of the same violation may incur doubling of the default charge. Such default charges may be deducted from the amounts to be paid to Franchisee pursuant to Section 3.3.

3.11 Inspection Fee. Notwithstanding any other rights and remedies available to Franchisor, in the event Franchisor determines that it needs to inspect the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit due to an alleged breach of this Agreement, default under the Operating Manuals, and/or a suspected health violation, Franchisee will pay for the costs inspection (with a minimum inspection fee of \$1,000), and the costs of remediation as may be determined by Franchisor. If Franchisor determines in its sole discretion that a laboratory test is required to test the quality, safety and freshness of the products sold at the JFE Fresh-Cut Fruit

and Vegetable and Vegetable Unit, Franchisor will have the right to assess a testing fee of up to \$1,000 for each sample tested. Franchisee will cooperate fully with Franchisor's inspections and promptly cure all deviations from Franchisor's standards, specifications and operating procedures of which Franchisee is notified either orally or in writing.

3.12 Management Fee. If Franchisor determines in its sole discretion that Franchisor is required to temporarily operate the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit in order to remedy a breach of this Agreement, default under the Operating Manuals, and/or a suspected health violation, Franchisee will pay a management fee of \$400 per person (of Franchisor personnel) per day, for as long as may be reasonably required by Franchisor.

3.13 Advertising Cooperative Fee. Franchisor may, in the future, designate a geographic area for the implementation of a cooperative advertising program. If Franchisor establishes an advertising cooperative fund in a geographic area that covers the Location and the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit, Franchisee will be required to participate and contribute in accordance with the procedures adopted by Franchisor (not to exceed 1.5% of Gross Sales). Franchisor will give Franchisee at least fifteen (15) days written notice before Franchisee's first payment of advertising cooperative fees is due.

3.14 Early Termination Fee. Notwithstanding any other rights and remedies available to Franchisor, in the event: (i) Franchisee ceases operations of the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit, (ii) Franchisee abandons the Location, or (iii) this Agreement or any addendum thereto is terminated for cause before the end of the Agreement, Franchisor will have the right to assess an early termination fee of \$1,000 for each location, plus any additional costs and expenses incurred by Franchisor in connection with the termination. Franchisor's assessment of this early termination fee will not constitute a waiver of any other rights, and nothing contained herein will be construed to impair or to restrict Franchisor's right and remedies or to preclude any procedures or process otherwise available to Franchisor.

#### 4. Term.

4.1 Term. The initial term of this Agreement (the "Initial Term") will commence on the Effective Date and continue until the earlier of: (i) two (2) years from the Effective Date, unless otherwise specified in Exhibit A, or (ii) the expiration or termination of this Agreement for any reason, including the expiration or termination of the applicable Store Agreement.

4.2 Conditional Right to Extend. At the end of the Initial Term, Franchisee will have the right to extend the term of this Agreement and acquire a successor franchise to continue operating the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit for one term of two (2) years, or on such terms as set forth in Franchisor's then-current franchise agreement form (the "Extension Term"), but only if all of the following conditions have been met:

(a) Franchisee has fully and continuously complied with this Agreement and all other agreements with Franchisor or its affiliates related to the franchise and/or the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit, in each case without any defaults,

(b) Franchisee has maintained the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit in full compliance with Franchisor's requirements and policies, including the Operating Manuals, and all other specifications and standards set forth by Franchisor from time to time,

(c) Franchisee has given Franchisor written notice of Franchisee's election to acquire a successor franchise at least six (6) months, but not more than twelve (12) months, before the end of the Initial Term of this Agreement.

(d) Franchisee shall, at Franchisor's option, execute the then-current form of the franchise agreement used by Franchisor, which may contain terms and conditions materially different from those set forth in this Agreement, and such additional documents as Franchisor may reasonably require,

(e) Franchisor's existing Store Agreement with Store Owner allows Franchisee to maintain use of the Location,

(f) Franchisor must be granting new franchises in the United States at the time when Franchisee is permitted to exercise each its rights under this Section,

(g) Franchisee has complied with any additional training requirements which Franchisor may reasonably impose, including timely payment of the charges set forth in this Agreement, and for which Franchisee will be responsible for all travel, meals, lodging and other expenses of Franchisee's personnel,

(h) Franchisee has (i) cooperated or agrees to cooperate with any remodel or upgrade of the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit's appearance, layout and/or design or location within the Store by Store Owner; or, (ii) agreed to relocate the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit to a substitute location that Franchisor has approved, and develop a new JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit location in accordance with Franchisor's requirements.

(i) Franchisee has executed a general release in a form substantially the same as Exhibit D with respect to all potential claims arising out of this Agreement; and

(j) Franchisee has paid a non-refundable successor franchise fee equal to 20% of the initial franchise fee that Franchisor is then charging for a new franchise in the state where the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit is located (Franchisor may charge a lower successor franchise fee, provided that such adjustment will be equally applied to all similarly situated JFE franchisees).

**Except as set forth herein, Franchisee will have no right or option to extend or renew the term of this Agreement. There is no right to renew this particular form of agreement. Franchisor grants the opportunity to extend the ability to operate the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit by signing a new franchise agreement for the same Location upon the terms and conditions specified here.**

4.3 Month to Month Extension. If Franchisor is not granting new franchises, or is in the process of revising, amending or renewing its franchise disclosure documents or registration to sell franchises in the state where the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit is located, or, under applicable law, Franchisor cannot lawfully offer Franchisee its then-current form of the franchise agreement at the time of renewal, Franchisor may, in its sole discretion, offer to extend the terms and conditions of this Agreement on a month-to-month basis following the expiration of the Initial Term (or Extension Term, as applicable) for as long as Franchisor deems necessary so that Franchisor may lawfully offer its then-current form of franchise agreement.

4.4 Expiration. If any of the above conditions for extension is not timely satisfied, this Agreement will expire on the last day of the Initial Term (or Extension Term, as applicable) without further notice from Franchisor, provided, however, Franchisee will remain responsible for complying with all provisions of this Agreement which expressly, or by their nature, survive the expiration or termination of this Agreement.

5. Franchisor Obligations.

5.1 Location Selection and Plans. Franchisor will provide Franchisee with the Location of Franchisee's JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit, in accordance with the terms of the Store Agreement, if any. The parties agree that the Store Owner will have sole control over and will be responsible for the build out, development, specifications and layouts of the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit as provided. The Store Owner will provide the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit (including the refrigerated display cases and sink), power, storage, and refrigeration (including adequate space in Store Owner's refrigerator/freezer) to store fresh ingredients as necessary to operate the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit.

5.2 Training. Prior to the Opening Date, Franchisor will offer an initial training program (the "Initial Training Program") to Franchisee as provided in Franchisor's current Initial Training Agreement, which must be completed to Franchisor's satisfaction by Franchisee (or if Franchisee is a corporation or limited liability company, all principals of Franchisee) any proposed manager of the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit, and any employees of Franchisee who prepare or handle food items. The Initial Training Program for Franchisee (or its principals) and managers, if any, will consist of 20 hours of training provided over a 1-week period and will be \$500 per person. After the Opening Date, Franchisor will provide additional initial training for any new proposed manager of Franchisee as may be requested by Franchisee, at the then current training fee. Franchisor may also provide such other training and follow up informational programs as may be determined by Franchisor from time to time, or as required by applicable law.

5.3 Operating Manuals. Franchisor will provide to Franchisee during the term of this Agreement access to Franchisor's confidential operating manuals (collectively, the "Operating Manuals"), containing the specifications, standards and operating procedures prescribed by Franchisor for the System. The Operating Manuals may consist of one or more handbooks or manuals, and will include one set of "Standard Operating Procedures" ("SOP Manual"), one "Operating Manual for JFE Franchise" ("JFE Operating Manual"), and "One Food Playbook." Franchisor will loan one hard copy of the Operating Manuals to Franchisee. Franchisee must keep the Operating Manuals confidential and current, and the master copy of the Operating Manuals maintained by Franchisor at its principal office will control in the event of a conflict related to the contents of the Operating Manuals. Franchisor may add to, delete from, or otherwise modify, the Operating Manuals to reflect any changes in authorized products and services and the specifications, standards, and operating procedures of the System, provided that no addition, deletion, or modification may alter Franchisee's fundamental status and rights under this Agreement. The Operating Manuals and all amendments to the Operating Manuals (and copies thereof) are, and at all times will remain, the sole property of Franchisor. Franchisee will return the Operating Manuals within seven (7) days of any expiration, termination or an assignment of this Agreement, or immediately upon request by Franchisor. In the event Franchisee loses or is unable to return any Manual in its complete form to Franchisor at the expiration or termination of

this Agreement, Franchisee will pay Franchisor a Lost Manual Fee of \$500 for each Manual it loses or is unable to return in complete form.

(a) Franchisee will treat all information contained in the Operating Manuals as confidential, and will keep the information secret. Franchisee will not, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce the Operating Manuals, in whole or in part, or otherwise loan or make it available to any person not required to have access to its contents in order to carry out his or her employment functions. To the extent that the Operating Manuals are furnished in a printed "hard" copy rather than electronically, Franchisee will only grant authorized personnel access to the Operating Manuals and take adequate precautions to ensure that the Operating Manuals are kept in a locked receptacle at the Location when not in use by authorized personnel. To the extent that the Operating Manuals are furnished in electronically or in an equivalent format, Franchisee will only share the access password with authorized personnel. Franchisee will promptly notify Franchisor if any volume or part of its Operating Manuals that are maintained in a tangible media is lost or destroyed for any reason. In that event, the Lost Manual Fee will be charged.

5.4 Opening Assistance. At Franchisee's request, Franchisor will send one or more individuals to assist in opening the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit for a total of one (1) day on or around the Opening Date at Franchisor's cost, provided however, that Franchisee will be responsible for reimbursing it for any and all costs incurred as a result of Franchisee's failure to meet with Franchisor on the date scheduled. If Franchisee requests more than one (1) day of assistance, Franchisee will pay the onsite assistance fee of \$400 per person per day, including all costs of travel, meals, lodging and incidental expenses of Franchisor's personnel.

5.5 Operating and Ongoing Assistance. In addition to the Operating Manuals, Franchisor will furnish such other guidance and operating assistance to Franchisee as Franchisor considers appropriate in its sole discretion. This guidance and operating assistance may come in the form of bulletins or other written materials, telephonic consultations, and consultations at the offices of Franchisor or at JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit (the latter may be provided in conjunction with an inspection of JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit). Franchisor's operating assistance may consist of guidance with respect to (i) methods and operating procedures utilized under the System, (ii) preparation, purchasing of ingredients, and marketing of Fresh-Cut Fruit and Vegetable and Vegetables and related products as well as other approved products, materials, and supplies, and (iii) the establishment and maintenance of administrative, sales, and general operating procedures for the proper operation of a JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit.

5.6 Management Assistance. If requested by Franchisee prior to the Opening Date, or if Franchisor determines in its sole discretion that Franchisee requires assistance, Franchisor may provide on-site operating assistance. Franchisee will pay all travel, meals, lodging and incidental expenses of Franchisor's personnel, plus a per diem charge of \$400 per person per day, including travel time for each additional day of management assistance. Notwithstanding the foregoing, Franchisee will be solely responsible for operating the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit and will all times operate the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit in compliance with this Agreement, and Franchisor will have no obligation to operate Franchisee's JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit.

5.7 Licenses. Franchisor may as necessary assist Franchisee with obtaining the governmental approvals, licenses, permits and other permissions required in connection with operating the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit, provided however, that Franchisee will be solely responsible for complying with all appropriate local, state and federal laws, codes and regulations and obtaining all necessary approvals, licenses, and permits.

6. Franchisee Obligations.

6.1 Timely Opening. As an express condition of this Agreement, Franchisee will complete and open for business the JFE Fresh-Cut Fruit and Vegetable and Vegetable Unit in full compliance with this Agreement within two (2) months from the Effective Date or the date requested by Store Owner, whichever is earlier. Failure to open the JFE Fresh-Cut Fruit and Vegetable Unit before such date will constitute a default by Franchisee under this Agreement, and Franchisor will have the rights specified in this Agreement, including those under Section 3.14. Franchisee may not open the JFE Fresh-Cut Fruit and Vegetable Unit for business without completing all obligations required prior to opening and without Franchisor's prior written approval, which will not be unreasonably withheld.

6.2 Management of JFE Fresh-Cut Fruit and Vegetable Unit. Franchisee or its principal agrees to serve as the manager of the JFE Fresh-Cut Fruit and Vegetable Unit, or to appoint and authorize another duly qualified individual to serve as manager. Appointment of any other individual as manager will be subject to such individual's satisfactory completion of any training requirements imposed by Franchisor. In the event the JFE Fresh-Cut Fruit and Vegetable Unit is operated by an authorized manager, Franchisee will still be required to be personally and actively involved in operations and remain fully responsible for the JFE Fresh-Cut Fruit and Vegetable Unit. In addition, Franchisee or any other manager must pass or have passed any governmental certification exams required by Franchisor or by law, to qualify for appointment as manager of Franchisee's JFE Fresh-Cut Fruit and Vegetable Unit. The manager will assume full responsibility for the day to day operations of the JFE Fresh-Cut Fruit and Vegetable Unit and for compliance with the terms of this Agreement. Upon the death, disability or termination of employment of the manager, Franchisee or its principal will personally and actively participate in the direct day to day operation of JFE Fresh-Cut Fruit and Vegetable Unit until a duly qualified successor manager is appointed. Any successor manager must complete Franchisor's initial training program to Franchisor's satisfaction and must pass or have passed all certification exams required.

6.3 Training. Prior to the Opening Date, Franchisee (or its principal) and its proposed manager personnel, if any, will have attended the initial training required by Franchisor for the full number of scheduled days and successfully completed it to Franchisor's satisfaction. In addition, any employees who will prepare or handle food items must attend and successfully complete our training program. Franchisee will be required to pay the initial training fee for attendance at all training, as set forth in the Initial Training Agreement. Any new proposed manager of the JFE Fresh-Cut Fruit and Vegetable Unit will also be required to attend and complete the Initial Training Program to Franchisor's satisfaction, at the then current training fee. If during any training program Franchisor determines that any proposed manager is not qualified to manage the JFE Fresh-Cut Fruit and Vegetable Unit, Franchisor will notify Franchisee and Franchisee may select and enroll a substitute manager in the training program. All training fees for any program will be nonrefundable. Franchisee and each of its employees will also be required to complete all training on food preparation and handling in accordance with the standards required by law. Franchisee and any managers or employees will also attend and complete all other refresher, remedial, and



supplemental training or other training programs as may be required by Franchisor or Store Owner from time to time, or as required by applicable law. All training will be furnished at a place and time designated by Franchisor, and Franchisee will be responsible for all travel, meals, lodging, employee compensation, and all other expenses incurred in connection with attendance at any training meetings by Franchisee and its employees, whether before or after the Opening Date.

6.4 Compliance With System. Franchisee will comply fully with all standards of the System, as modified by Franchisor from time to time, including but not limited to, the standards in Franchisor's Operating Manuals. Franchisee will use the products and equipment specified by Franchisor for the operation of Franchisee's JFE Fresh-Cut Fruit and Vegetable Unit as set forth herein and in the Operating Manuals. Without limiting the scope of Franchisee's duties, Franchisee will use only the vinegar (in order to maintain uniform taste for the products sold under the System) and the product labels that are provided by Franchisor or its affiliates. Franchisee understands and agrees that strict and punctual performance of all obligations set forth in this Agreement, the Operating Manuals or otherwise communicated to Franchisee in writing is a material condition of the franchise granted to Franchisee. Franchisee will not deviate from any aspect of the System without Franchisor's prior written consent. If Franchisor modifies the System, for example, by adopting new or modified JFE Marks, Franchisee agrees, at its own expense, to adopt, use and display each such modification as if it were part of the System. Without limiting the scope of Franchisee's duties, Franchisee's failure to abide by Franchisor's standards of quality and performance will not only constitute a breach of this Agreement, but infringement of the JFE Marks.

6.5 Changes to System. Franchisee understands that Franchisor may from time to time change the products, ingredients, preparation process, menu items, and other required features of the System. Franchisee acknowledges and agrees that these changes may require Franchisee to make capital expenditures in amounts that Franchisor cannot forecast, that Franchisor has no ability to identify with specificity the nature of these future changes or their expected cost, and that Franchisee accepts the risk that changes may be imposed that will require expenditures in amounts unknown on the Effective Date. Franchisee agrees to adopt all material changes that Franchisor may impose during the term in the specifications for mandatory features of the System at Franchisee's sole expense promptly after receiving written notice.

6.6 Compliance with Store Owner Rules, Procedures and Food Safety Requirements. Franchisee agrees at all times to comply with all rules, procedures and food safety requirements of Store Owner. Store Owner may conduct, or engage third parties to conduct, food safety or other types of audits and inspections at any time, and without notice. Franchisee will promptly remedy any deficiencies or non-compliance discovered by such audit or inspection. Franchisee will be responsible in the event that Franchisor's right to franchise the System at the Location is terminated due to any action by Franchisee.

6.7 Use of Approved Products and Suppliers Only. In order to maintain consistency and quality, as well as to protect the goodwill and reputation inherent in the System and the JFE Marks, Franchisee will only purchase, use, sell and/or distribute supplies, equipment, food ingredients, paper products, items bearing the JFE Marks, and all other products and services Franchisor deems necessary to operate the JFE Fresh-Cut Fruit and Vegetable Unit, from suppliers designated and authorized by Franchisor in its sole discretion. Franchisor will provide a list of these designated and authorized suppliers to Franchisee. These products and services may be amended or supplemented by Franchisor from time to time in its sole discretion. Franchisor will

not be obligated to reveal the specifications, formulas, recipes or supply arrangements of the required products, which information Franchisee understands and agrees constitutes Confidential Information. Franchisee understands and agrees that Franchisor's approval of a third party supplier does not constitute a representation or warranty of the supplier's ability to meet Franchisee's purchasing requirements nor of the fitness or merchantability of the products sold. Franchisee understands and agrees that Franchisor will not be liable to Franchisee for delays or shortages in the supply of required products or for any defect in the products purchased, and that Franchisee's sole remedy in any of the foregoing events will be against the manufacturer or supplier of the required products. Franchisee will not have the right to offer any new products or products not authorized by Franchisor.

6.8 Alternate Suppliers. If Franchisee desires to purchase any items from any source other than a Franchisor authorized supplier, Franchisor will evaluate and test such sources with reasonable promptness and approve or disapprove such sources based on Franchisor evaluations and tests, and upon the following conditions:

(1) Franchisee will submit a written request to Franchisor for approval of the supplier or product;

(2) The supplier will demonstrate to Franchisor reasonable satisfaction that the proposed supplier and products meet Franchisor specifications for such products;

(3) The supplier will demonstrate to Franchisor's reasonable satisfaction that the supplier is of good standing in the business community with respect to its financial capabilities and the reliability of its products and services, and that it otherwise satisfies Franchisor's standards of quality, consistency, reliability, financial capability, production capacity, labor relations and customer relations, and

(4) Franchisee will pay Franchisor a fee of \$1,000, per item plus all expenses incurred by Franchisor for investigating the new supplier or product, including all laboratory testing costs.

The proposed supplier must continue to meet and maintain Franchisor standards, including, of quality, consistency, reliability, financial capability, and production capacity. In the event the supplier no longer meets those standards, Franchisor will have the right to terminate the supplier and its authorization upon seven (7) days' notice. Nothing contained herein will be deemed to require Franchisor to investigate or approve an inordinate number of suppliers or products which in the reasonable judgment of Franchisor would prevent effective and economical supervision of suppliers under the System.

6.9 Quality Standards. Franchisor may require Franchisee to discontinue the use or sale of any product or item which, in Franchisor's opinion, does not conform to the image or quality standards of Franchisor and its products. If Franchisor determines that any goods, products or items do not meet Franchisor's specifications for quality and freshness, it may require Franchisee to dispose of those items without selling them to the public. In the event Franchisee violates any of the provisions this Agreement and the Operating Manuals by purchasing supplies or food products from an unauthorized supplier, then in addition to all other remedies available to Franchisor, Franchisor may impose a penalty pursuant to Section 3.10.

6.10 Purchase of Equipment. Franchisee will purchase and use only those fixtures, furnishings, and equipment as prescribed by Franchisor for the operation of the JFE Fresh-Cut

Fruit and Vegetable Unit. If we require, Franchisee must lease or purchase computer hardware and software according to Franchisor's specifications to exchange data with Franchisor and to print pricing labels. If such computer hardware and software is required by Franchisor, Franchisee will also pay any support, maintenance and use fees charged by Franchisor. Franchisee acknowledges and agrees that Franchisor does not make any warranty with respect to such equipment, including but not limited to any warranty of merchantability or fitness for a particular purpose. Any claims Franchisee may assert with respect to any defect in design or manufacture of any equipment or fixtures will be brought directly against the manufacturer thereof.

6.11 Standards of Operation. Franchisee will operate the JFE Fresh-Cut Fruit and Vegetable Unit in strict compliance with all methods, policies, procedures and standards as may be set forth in the Operating Manuals, this Agreement, and in any other document provided by Franchisor. This includes, but is not limited, to the following:

(a) Sales. Franchisee will (i) offer for sale, and sell, only the specific foods, menu items, and products and other goods and services designated by Franchisor, (ii) label and identify all items offered for sale by the specific name designation given to them by Franchisor, and (iii) use only the equipment, supplies, utensils, materials, signs, menus and packaging prescribed by Franchisor or, if applicable, which conform to Franchisor's specifications and standards. All specifications will be set forth in the Operating Manuals or otherwise communicated to Franchisee and may be revised by Franchisor as frequently as Franchisor deems necessary in its sole discretion to promote the System and respond to competitive and marketplace changes.

(b) Retail Sales Only. Franchisee agrees that the franchise granted is for the operation of a JFE Fresh-Cut Fruit and Vegetable Unit which makes retail sales only. Any wholesale sales of any products, whether branded or unbranded are prohibited. Franchisee will not display or distribute any other products than Fresh-Cut Fruit and Vegetables and related products and the items specified in the JFE Operating Manual.

(c) JFE Marks. Franchisee will feature the marks "SNOWFRUIT" and any other Marks required by Franchisor in the operation of the JFE Fresh-Cut Fruit and Vegetable Unit, all in compliance with this Agreement and the JFE Operating Manual.

(d) Standards of Service. Franchisee must at all times give prompt, courteous and efficient service to its customers. The JFE Fresh-Cut Fruit and Vegetable Unit must, in all dealings with its customers and suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. At all times on and after the Opening Date, the JFE Fresh-Cut Fruit and Vegetable Unit must be under the direct supervision of at least one authorized manager.

(e) Signs. All signs to be used in connection with the JFE Fresh-Cut Fruit and Vegetable Unit will conform to Franchisor's standards with respect to type, color, design and location. In the event of an update or revision of such standards, Franchisee agrees to change the signs accordingly at its expense.

(f) Hours of Operation. Franchisee will comply with the operating hours set forth in the JFE Operating Manual, unless otherwise required by Store Owner. Franchisee acknowledges and agrees that Franchisee will not have control over the operating hours, closures, customer traffic, advertising, or other aspects of the Store.

(g) Standard Menu Format. Franchisee will use the standard menu format which provided by Franchisor and will not deviate from the layout, copy, graphics and color scheme, as Franchisor may designate from time to time. Franchisee will at all times offer for sale all food items authorized by Franchisor.

(h) Pricing. Franchisor will provide recommended resale prices or pricing schedules and provide pricing labels conforming to the recommended pricing. Franchisee will have the right to determine prices charged for products sold from the JFE Fresh-Cut Fruit and Vegetable Unit, provided however, that in the event Franchisee wants to charge a price or prices that differ from the recommended pricing, Franchisee will provide a written request to Franchisor and will pay or reimburse the costs incurred by Franchisor, including Franchisor's administrative time, to prepare a new set of pricing labels. When allowed by law, Franchisor will specify maximum and minimum prices for products sold at the JFE Fresh-Cut Fruit and Vegetable Unit.

(i) Compliance. Franchisee will at all times keep the JFE Fresh-Cut Fruit and Vegetable Unit and the surrounding area in the highest degree of cleanliness, tidiness and sanitation, and will comply with the requirements of the Operating Manuals, this Agreement, Store Owner, and any and all applicable federal and state laws regarding the maintenance of the JFE Fresh-Cut Fruit and Vegetable Unit. Franchisee will immediately comply with all requirements of federal, state and local laws and all applicable orders and regulations of state and local health and safety administrations.

(j) Sampling. Franchisee will comply with any and all policies relating to providing free samples as established by Franchisor.

(k) Uniforms. Franchisee will be required to purchase and use Franchisor's standard uniforms and attire for all of its personnel.

(l) Maintenance. Franchisee will maintain the JFE Fresh-Cut Fruit and Vegetable Unit and all equipment, fixtures and all other tangible property in clean, good and full working condition, and will be responsible for the costs of repair or replacement of equipment, fixtures or property if damaged by Franchisee. Any issues related to the equipment, fixtures or property not caused by Franchisee will be repaired by Store Owner. Franchisee understands and agrees that its failure to maintain the JFE Fresh-Cut Fruit and Vegetable Unit in accordance with Franchisor's standards will constitute a breach of this Agreement. Without waiving its right to terminate this Agreement for such reason, Franchisor may notify Franchisee in writing specifying the action to be taken by Franchisee to correct the deficiency.

(m) Cash Registers. All sales and all revenue will be recorded on Store Owner's cash registers and equipment only.

(n) Personnel. Franchisee will employ a sufficient number of competent employees and cause each of them to receive appropriate training to perform their job in accordance with the standards and specifications of the System. Franchisee will require all personnel employed by Franchisee at the JFE Fresh-Cut Fruit and Vegetable Unit to maintain such standards of sanitation, cleanliness and demeanor as will be established by Franchisor, Store Owner, and applicable law. All personnel performing managerial or supervisory functions, all personnel receiving special training and instruction and all persons employed by Franchisee having access to the System or any of Franchisor's trade practices will agree not to disclose the System or any trade practices which may be disclosed to them. Franchisee is solely responsible for hiring,

firing and establishing employment policies applicable to its employees, and understands and agrees that this Agreement does not impose any controls, or otherwise impinge, on Franchisee's sole discretion to make all employment-related decisions. Franchisee is solely responsible for the acts and omissions of its employees and agents. Franchisee will furnish Franchisor basic information regarding Franchisee's personnel, solely for the purpose of Franchisor's compliance with the Store Owner's request for such information.

6.12 Trade Accounts. Franchisee agrees to maintain all trade accounts with its suppliers in good standing and current status and will resolve any disputes with trade suppliers promptly. Failure of Franchisee to keep its trade accounts current will constitute a default hereunder. In the event of nonpayment by Franchisee, Franchisor will have the right, but not the obligation, to make payment to Franchisee's suppliers on Franchisee's behalf. In such cases, Franchisor will have the right to apply any Gross Sales sums received from Store Owner toward any past due payment obligations of Franchisee for which Franchisor has made payment, as set forth in Section 3.6.

6.13 Advertising. Franchisee will not be permitted to advertise the JFE Fresh-Cut Fruit and Vegetable Unit in any format, including, but not limited to, print, radio, television, Internet, social media, or other electronic media, without Franchisor's prior written consent, which may be withheld for any or no reason.

6.14 Compliance with Laws. Franchisee will at all times operate the JFE Fresh-Cut Fruit and Vegetable Unit in strict compliance with all applicable local, state and federal laws, codes and regulations. Franchisee will be solely responsible for obtaining, at Franchisee's expense, all appropriate governmental approvals, licenses, permits and other permissions required in connection with this Agreement and any transactions or business contemplated by it, including but not limited to, the operation of the JFE Fresh-Cut Fruit and Vegetable Unit. Franchisee will provide copies of all such approvals, licenses, permits and other permissions to Franchisor within seven (7) days of Franchisor's request. Franchisee shall prominently display all such approvals, licenses, permits and other permissions as required by applicable law. Franchisee represents and warrants to Franchisor that none of Franchisee, any principal or executive officer of Franchisee, or any of their respective affiliates is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control. Further, Franchisee represents and warrants that neither Franchisee nor any such person referred to above has violated, and no such person will violate, any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act, U.S. Executive Order 13244 or any similar law. The foregoing constitute continuing representations and warranties, and Franchisee will immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

6.15 Store Owner's Rules re Immigration Law Compliance. Franchisee shall comply with the rules, policies and guidelines of the Store Owner and sign any code of conduct or equivalent document required by the Store Owner. Franchisee represents and warrants to Franchisor that Franchisee and Franchisee's personnel are and will be at all times legally authorized for employment in and to work in the United States under applicable immigration laws. Franchisee will obtain proof of employability for each prospective employee by completing the Department of Homeland Security's electronic employee verification system (E-Verify) before

hiring. Franchisee will furnish any and all documentation requested by Franchisor in connection with Franchisee's compliance under this Section 6.15.

6.16 Notification of Complaints. Franchisee agrees to notify Franchisor promptly if: (i) Franchisee receives any complaints from the Store Owner, (ii) there are any incidents involving personal injury by customers of the JFE Fresh-Cut Fruit and Vegetable Unit or Store sustained at the Location, or (iii) if Franchisee becomes aware of any investigation by a governmental or consumer protection agency with respect to alleged violations of applicable laws. In addition, Franchisee will promptly notify Franchisor of any written threat, or the actual commencement, of any action, suit or proceeding against Franchisee, any person who is a principal, or involving the Location, Store or the business assets which might adversely affect the operation or financial condition of the JFE Fresh-Cut Fruit and Vegetable Unit, and provide Franchisor with a copy of all relevant documents.

6.17 Testing and Criminal Background Checks. Franchisee or its principals (if an entity) or its employee will be required to undergo drug, tuberculosis and other chemical and disease testing and/or criminal background investigation prior to or after the execution of this Agreement upon request by Franchisor. Franchisee will also require its employees and specified personnel, to undergo drug, tuberculosis and other chemical and disease testing and/or criminal background investigation as may be required by Franchisor. The foregoing obligations are subject to the condition that the request is lawful in the jurisdiction where the Franchisee is located. Franchisee shall pay all costs of the testing and investigation, complete all forms and consents, and take all other action needed.

6.18 Warranty Disclaimer. Franchisor expressly disclaims any warranties, express or implied, in connection with items provided by vendors or suppliers, including but not limited to the warranties of merchantability and fitness for a particular purpose. EXCEPT AS EXPRESSLY STATED HEREIN, THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, PERTAINING TO FRANCHISOR PRODUCTS OR OTHER ITEMS SUPPLIED BY FRANCHISOR OR ITS AFFILIATES UNDER THIS AGREEMENT. FRANCHISOR DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN THE EVENT OF ANY CONFLICT BETWEEN THIS AGREEMENT AND ANY PURCHASE ORDER, THIS AGREEMENT WILL CONTROL.

6.19 Third Party Delivery Services. A "Third Party Delivery Service" is a company or business through which customers purchase menu items from Franchisee's Fresh-Cut Fruit and Vegetable Unit, that delivers said menu items to the customer at a location other than the Store where Franchisee's Fresh-Cut Fruit and Vegetable Unit is located. Franchisee agrees to fill orders placed by customers through all Third Party Delivery Services that the Store Owner has approved. Such orders will be placed through Franchisee's tablet machine or such other equipment designated by Franchisor.

## 7. Books and Records.

7.1 Recordkeeping. Franchisee agrees to use the system of reporting and record keeping as may be required by Franchisor in accordance with the Operating Manuals and any applicable laws and governmental regulations. Franchisee will maintain and preserve true, correct and accurate books and records, including supporting materials, for the JFE Fresh-Cut Fruit and

Vegetable Unit for at least the current fiscal year and the three (3) most recent prior fiscal years. After the Opening Date, Franchisee will submit financial statements and operational reports and information as Franchisor may require to (i) provide Franchisee with consultation and advice in accordance with this Agreement, (ii) monitor Franchisee's compliance with the obligations to pay fees, (iii) monitor performance under this Agreement generally, (iv) Franchisee's purchases, revenue, operating costs, expenses and profitability, (v) develop new operating procedures, new products and/or remove unsuccessful authorized products, and (vi) implement changes in System to respond to competitive and marketplace changes. Franchisee will promptly comply with Franchisor's requests for additional information. This obligation includes, without limitation, supplying Franchisor with a copy of all sales and income tax returns relating to the JFE Fresh-Cut Fruit and Vegetable Unit within 10 days of Franchisor's request.

7.2 Audit Rights. Franchisee will permit Franchisor to audit upon no less than three (3) business days advance notice, during normal business hours, all books, records and other documents related to the franchise and the operation of the JFE Fresh-Cut Fruit and Vegetable Unit as may be required by Franchisor to determine compliance with Franchisee's payment obligations under this Agreement. Franchisee must fully cooperate with representatives of Franchisor and independent accountants hired by Franchisor to conduct any examination or audit. In the event that an audit of Franchisee's books discloses an underpayment of amounts due, and the amount of such underpayment is equal to or more than one percent (1%) of the amounts owed, Franchisee must pay, in addition to the amount of underpayment and all other applicable costs, the costs incurred by Franchisor in connection with the audit, which amount will in no event be less than \$500.

## 8. Other Covenants.

8.1 Inspections. In addition to Franchisor's audit rights described in this Agreement, Franchisee expressly authorizes Franchisor and its representatives or agents, at any reasonable time, and without prior notice to Franchisee, to enter the Location and conduct regular inspections of the JFE Fresh-Cut Fruit and Vegetable Unit and Franchisee's methods of operation, including without limitation, use of mystery shoppers, to observe and conduct discussions with Franchisee's employees, observe customer interaction and services, and review Franchisee's books and records (including, without limitation, data stored on Franchisee's operational records) in order to verify compliance with this Agreement and the Operating Manuals. Franchisee shall obtain all software and hardware, including digital still and video cameras, as Franchisor may require to enable Franchisee to send and receive e-mail and digital photos and streaming video or other multimedia signals and information to and from the JFE Fresh-Cut Fruit and Vegetable Unit, and Franchisee shall, from time to time, upon Franchisor's request transmit digital photos and real time video and audio signals of the JFE Fresh-Cut Fruit and Vegetable Unit to Franchisor in the frequency requested by Franchisor (maybe daily), and in the form and manner reasonably required by Franchisor. To enable Franchisor and its representatives to conduct inspections, Franchisee will, as requested, provide free of charge reasonable quantities of ingredients, foods, beverages, inventory, and other samples for inspection and evaluation purposes to make certain that the items conform with Franchisor's then-current standards. If Franchisor determines in its sole discretion that a laboratory test is required to test the quality, safety and freshness of the products sold at the JFE Fresh-Cut Fruit and Vegetable Unit, Franchisor will have the right to assess a testing fee of up to \$1,000 for each sample tested. Franchisee will cooperate fully with Franchisor's inspections

and promptly cure all violations of specifications and operating procedures of which Franchisee is notified either orally or in writing.

8.2 Remedial Action. Franchisor reserves the right to initiate any remedial action it reasonably deems necessary to respond to any possible, threatened or actual governmental investigation (including the costs of attorneys, experts and investigators) involving the operation of the JFE Fresh-Cut Fruit and Vegetable Unit, including issues such as food safety, food poisoning, or other issues related to public health and safety. Such actions may include temporarily closing the JFE Fresh-Cut Fruit and Vegetable Unit, in addition to any other reasonable action necessary to prevent damage to the System, the JFE Marks, and Franchisor.

8.3 Modification. Franchisee acknowledges and agrees that, as required by (i) business conditions, (ii) geographic area including areas designated for expansion of the System, and/or (iii) other business factors as may be reasonably determined by Franchisor in its sole discretion, Franchisor may waive or modify the terms of the franchise agreement to other prospective and/or current franchisees, the terms and conditions of which may differ from those set forth in this Agreement. Franchisee further understands and agrees that Franchisor has made no representations regarding the uniformity of its franchise agreements or arrangements.

## 9. Confidential Information.

9.1 Defined. "Confidential Information" means all information of a non-public, confidential and proprietary nature relating to the Franchisor's business and operations, including, without limitation, recipes, products and services, food preparation methods, techniques, formats, specifications, procedures, information, systems, processes, know-how, teaching materials, sales techniques, financial data, product plans, costs, prices, business or marketing plans, Franchisor's business relationships, supplier lists, financial data, trade secrets, product plans, historical operational data, manufacturing processes, technical data, equipment, projects, research and development data, customer identities, and any other information or materials considered proprietary by the Franchisor, in any form or medium and regardless of the presence or absence of any stamp or other designation of confidentiality accompanying such information.

9.2 Disclosure of Confidential Information. Franchisor discloses the Confidential Information to Franchisee during the training program, in the Operating Manuals, and in guidance furnished to Franchisee during the term of this Agreement.

9.3 Ownership. Franchisee will not acquire any interest in the Confidential Information, other than the right to utilize such information in the development and operation of the JFE Fresh-Cut Fruit and Vegetable Unit during the term of this Agreement. The use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. Franchisee acknowledges that the Confidential Information is the sole and exclusive property of Franchisor, a valuable proprietary asset of Franchisor, and constitutes trade secrets of Franchisor. Franchisee agrees that he or she has a duty to maintain the Confidential Information as confidential and secret. Franchisee further acknowledges that disclosure of any Confidential Information is made in the strictest of confidence.

9.4 Nondisclosure and Obligation of Confidentiality. Franchisee acknowledges and agrees that Franchisee may use the Confidential Information for the sole purpose of operating the JFE Fresh-Cut Fruit and Vegetable Unit pursuant to this Franchise Agreement. Franchisee covenants that Franchisee (a) will not use the Confidential Information in any other business or capacity, (b) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement, (c) will not make unauthorized copies of any portion of the



Confidential Information disclosed in written form, and (d) will adopt and implement all reasonable procedures prescribed by Franchisor to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to employees of the JFE Fresh-Cut Fruit and Vegetable Unit and the use of nondisclosure clauses in employment agreements with those persons, as allowed by law. As part of its obligations herein, Franchisee will require each of its officers and employees with management responsibilities, including managers, to execute an employee confidentiality agreement, in substantially the form attached as Exhibit C. Franchisee agrees it will be responsible for any breach by its employees of the obligations set forth herein.

9.5 Conflict. Franchisee acknowledges that Franchisor would have difficulty protecting its Confidential Information and trade secrets against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among JFE Fresh-Cut Fruit and Vegetable Units if the franchisees of JFE Fresh-Cut Fruit and Vegetable Units were permitted to hold interests in other companies specializing in the sale of Fresh-Cut Fruit and Vegetables or related products in supermarkets or similar venues. Therefore, during the term of this Agreement, neither Franchisee, any owner of an interest in Franchisee (if Franchisee is not an individual), nor any member of his, her, or their immediate families will have any interest as an owner, investor, partner, director, officer, employee, consultant, representative, or agent, or in any other capacity, in any other Fresh-Cut Fruit and Vegetable Units which sell Fresh-Cut Fruit and Vegetables or related products, except for other JFE Fresh-Cut Fruit and Vegetable Units operated under franchise or other agreements granted by Franchisor or its affiliates. These restrictions will not apply, however, to the ownership of securities listed on a stock exchange or traded on the over the counter market that represent 1% or less of the same class of securities.

9.6 Enforcement. Franchisee acknowledges and agrees that disclosure or misappropriation of Confidential Information in violation of this Agreement may cause Franchisor irreparable harm, the effect of which may be difficult to ascertain, and agrees therefore that Franchisor will be entitled to an injunction and/or specific performance in addition to all other remedies otherwise available to Franchisor at law and/or equity. If it becomes necessary to enforce the terms of this Agreement, Franchisee will be obligated to pay any and all costs reasonably incurred by Franchisor in pursuing such enforcement, including attorneys' fees, court costs, collection costs and any and all costs incurred.

9.7 Exceptions. The commitments set forth in this Section 9 will not extend to any portion of Confidential Information which: (i) is already in the Franchisee's lawful possession at the time of disclosure by Franchisor, as established by relevant documentary evidence, provided Franchisee gives Franchisor written notice and evidence of such prior knowledge within five (5) working days after receiving Confidential Information; (ii) is or later becomes, through no act on the part of the Franchisee, generally available to the public; or (iii) is required to be disclosed by law or government regulation, provided that the Recipient provides reasonable prior notice of such required disclosure to Franchisor.

## 10. System and JFE Marks.

10.1 JFE Marks. Franchisor owns or has the right to use and license the System and all of the commercial trade names, trademarks, service marks and other commercial symbols, including associated logos, which trademarks, service marks and/or trade names in connection with the operation of the System which Franchisor now or in the future authorizes or requires

Franchisee to use, as Franchisor may modify in its sole discretion at any time (the “JFE Marks”). Franchisee understands and agrees that, as between the parties, Franchisor owns all rights in System and its various components, including the JFE Marks, and Franchisee owns no rights in the System and the JFE Marks, except for the license granted by this Agreement. Franchisee will acquire no ownership interest in or to any of the System or JFE Marks by virtue of this Agreement. Franchisee agrees not to contest, or assist any other person to contest, the validity of Franchisor’s rights and interest in the System, or any component thereof, either during the term or after this Agreement terminates or expires. Nothing in this Agreement will be deemed to constitute or result in an assignment of any of the JFE Marks to Franchisee or the creation of any equitable or other interests therein.

10.2 Use of the JFE Marks by Franchisee. Franchisor hereby grants to Franchisee a non-exclusive right and license to use the JFE Marks solely in connection with operation of the JFE Fresh-Cut Fruit and Vegetable Unit as specified in this Agreement. Franchisee will use the JFE Marks only in the form and manner prescribed from time to time by Franchisor. Franchisee acknowledges that at certain locations, a contractual restriction or a Store Owner may prohibit the use of JFE Marks, and Franchisee will be required to do business under a different name or a general description of the products, as may be required by Franchisor.

10.3 Restrictions on Use. The right and license to use the JFE Marks will not be assignable or transferable by, or subject to any encumbrance of, Franchisee in any manner whatsoever, nor will Franchisee have the right to grant any sublicenses without Franchisor’s prior written consent. All rights with respect to the JFE Marks and all other trademarks, service marks and trade names used by Franchisor not specifically granted to Franchisee in this Agreement will be and hereby are reserved to Franchisor. Franchisee will not use any of the JFE Marks or any part thereof (i) in its corporate or fictitious business name, (ii) with any prefix, suffix or other modifying words, terms, designs, colors or symbols, (iii) in any modified form, (iv) in connection with the sale of any products or services not authorized by Franchisor, (v) in any manner not expressly authorized in writing by Franchisor, or (v) in any manner that may result in Franchisor’s liability for Franchisee’s debts or obligations.

10.4 Modification. Franchisor reserves the right to (i) modify or discontinue licensing any of System or features thereof, (ii) add new names, marks, designs, logos or commercial symbols to the JFE Marks and require that Franchisee use them, (iii) modify or discontinue practices, components or requirements incorporated within the scope of System as of the Effective Date, and (iv) require that Franchisee introduce or observe new products or practices as part of System in operating the JFE Fresh-Cut Fruit and Vegetable Unit. Franchisee understands that Franchisor may modify the System at any time and without notice to Franchisee. Franchisee will comply, at its sole expense, with Franchisor’s directions regarding changes in the System within a reasonable time after written notice from Franchisor. Franchisor will have no liability to Franchisee for any cost, expense, loss or damage that Franchisee incurs in complying with Franchisor’s directions and conforming to required changes to the System.

10.5 Registration. Franchisor will have the sole right to take such action as it deems appropriate to obtain trademark registration for any of the JFE Marks. Franchisee will perform all reasonable and necessary acts and execute all necessary documents to effect the registration of the JFE Marks as Franchisor may request. Franchisee will not obtain or attempt to obtain any right, title or interest, registration, or otherwise, in or to the JFE Marks, or any of them. In the event that any such right, title or interest should be obtained by Franchisee in contravention hereof,

Franchisee will hold the same in trust on behalf of Franchisor and will transfer the same to Franchisor upon request and without expense to Franchisor.

10.6 Infringement Information. Franchisee will notify Franchisor promptly of any unauthorized use of the JFE Marks or of any mark confusingly similar thereto that comes to its attention. Franchisor will have the sole right to determine whether or not any action will be taken against any such infringement, and Franchisee will not institute any suit or take any action on account of any such infringement or imitation without first obtaining the written consent of Franchisor to do so. Franchisee will provide Franchisor with all reasonable assistance in any prosecution of any such infringement that Franchisor may decide to institute. With respect to any such action, including suits in which Franchisee is joined as plaintiff, Franchisor will have the sole right to employ counsel and to direct the handling of the action and litigation and any settlement thereof, and Franchisee will not share in any of the proceeds of judgment or settlement resulting from any such action.

10.7 Termination of Use. Upon the expiration or earlier termination of this Agreement, Franchisee will cease using the JFE Marks in any manner. Franchisee understands and agrees that any unauthorized use of the JFE Marks or System or its components by Franchisee will constitute both a breach of this Agreement and an infringement of Franchisor's intellectual property rights.

## 11. Transfer.

11.1 Transfer by Franchisor. Franchisor may freely transfer or assign this Agreement and its rights and obligations hereunder, in whole or in part, to any third party in its sole discretion and without Franchisee's consent.

11.2 Transfer by Franchisee. Franchisee understands, acknowledges and agrees that this Agreement is personal to Franchisee (or, if Franchisee is a business entity, all principals of Franchisee), is being entered into by Franchisor in reliance upon and in consideration of the character, skill, aptitude, attitude, experience, business ability, financial capacity, qualifications and representations of Franchisee (and, if Franchisee is a business entity, all principals of Franchisee). Accordingly, Franchisee may not voluntarily or involuntarily, directly or indirectly, sell, assign, transfer, gift, share, encumber or dispose of, by operation of law or otherwise (each, a "Transfer"), this Agreement, the JFE Fresh-Cut Fruit and Vegetable Unit, or any interest therein, or any of Franchisee's rights or obligations hereunder, without Franchisor's prior written consent, which will be contingent upon Franchisee's compliance with the provisions of this Section. Any Transfer without Franchisor's prior written consent constitutes a breach of this Agreement and will be null and void and of no effect, and will constitute a material default of this Agreement. For the purposes of this Section, a Transfer will be deemed to occur, without limitation, (i) if Franchisee is a corporation, upon any merger, sale or transfer of ten percent (10%) or more of any one class of capital stock, or any series of mergers, sales or transfers totaling in the aggregate ten percent (10%) or more of any one class of capital stock, in Franchisee, (ii) if Franchisee is a limited liability company or other entity, upon any merger, sale or transfer of ten percent (10%) or more of any ownership interest, or any change of control, or (iii) a sale of all or substantially all of Franchisee's assets. Franchisor's consent to a Transfer, if any, is not a representation of the fairness of the terms of any contract between Franchisee and a transferee, a guarantee of the JFE Fresh-Cut Fruit and Vegetable Unit's or transferee's prospects for success, or a waiver of any claims that Franchisor or its affiliates may have against Franchisee or any guarantor.

11.3 Notice of Transfer. If Franchisee intends to make a Transfer, Franchisee will provide notice with (i) the proposed date of the Transfer, (ii) all terms and conditions of the Transfer, (iii) a current income statement and balance sheet concerning Franchisee's operations, as Franchisor requests, and (iv) all relevant information concerning the proposed transferee as Franchisor requests. Within sixty (60) days of the receipt of such information as set forth in subsections (i) through (iv) above, Franchisor may, in its sole discretion, (a) consent in writing to the proposed Transfer subject to the conditions of this Section 11, (b) disapprove the proposed Transfer, (c) request additional information concerning the proposed Transfer, or (d) become the transferee on terms and conditions comparable to those provided for the proposed Transfer. In the event Franchisor requests additional information, the sixty (60) day time period provided by this Section will be extended for a period of twenty (20) days after receipt of a full and complete response to the request for such additional information.

11.4 Conditions for Consent to Transfer. Any consent to the Transfer which Franchisor grants pursuant to Section 11.3 above is expressly contingent upon Franchisee's satisfaction of the following conditions:

(a) Franchisee has fully complied with this Agreement and all other agreements between the parties throughout the term with respect to the JFE Fresh-Cut Fruit and Vegetable Unit, and Franchisee continues to comply after the Transfer with the indemnity, insurance and noncompetition provisions of this Agreement;

(b) Franchisee has paid all amounts owed by Franchisee to Franchisor or its affiliates with respect to the JFE Fresh-Cut Fruit and Vegetable Unit, and is in good standing and current status with all trade accounts with its suppliers;

(c) Franchisee must submit all required reports, financial statements and other documents due to Franchisor up to and including the date of the Transfer, and permit Franchisor to conduct an audit (at Franchisee's expense) of Franchisee's books, records and all other documents related to the operation of the JFE Fresh-Cut Fruit and Vegetable Unit;

(d) transferee must submit a completed franchise application to Franchisor, and meet Franchisor's then-current qualifications for new franchisees, including qualifications pertaining to financial condition, credit rating, experience, moral character and reputation;

(e) transferee and transferee's manager must attend and complete to Franchisor's satisfaction the then current Initial Training Program in order to comply with all standards of the System, at Franchisee's sole cost and expense. If it is determined by Franchisor that the transferee requires additional training, then the transferee and his/her manager must complete all training programs Franchisor reasonably requires, including payment of a reasonable fee to cover the costs of providing such training;

(f) the transferee must obtain within time limits as Franchisor may establish, and maintain thereafter, all permits and licenses required for the operation of the JFE Fresh-Cut Fruit and Vegetable Unit;

(g) Franchisee and/or the transferee must obtain all required consents of third parties to the Transfer, including Store Owner;

(h) the transferee must assume all of Franchisee's duties and obligations under this Agreement and all other agreements between Franchisor and Franchisee with respect to the JFE Fresh-Cut Fruit and Vegetable Unit (such assumption will not, however, relieve Franchisee

of its obligations to Franchisor under this Agreement and all other agreements between Franchisor and Franchisee with respect to the JFE Fresh-Cut Fruit and Vegetable Unit);

(i) if Franchisee makes a Transfer prior to the fourth (4<sup>th</sup>) month of operation JFE Fresh-Cut Fruit and Vegetable Unit, Franchisee as transferor must pay Franchisor a non-refundable transfer fee equal to the greater of (i) \$1,000 or (ii) twenty-five percent (25%) of the sales price for which Franchisee sells its JFE Fresh-Cut Fruit and Vegetable Unit. Franchisee must pay Franchisor a non-refundable deposit of \$1,000 upon requesting Franchisor's consent to the proposed transfer. This deposit is not refundable under any circumstances, even if the transfer is not completed. If Franchisee owns and transfers more than one franchise simultaneously as part of the same transaction and Transfer to the same transferee, Franchisee understands that it is liable for a separate transfer fee for each of the separate franchises being transferred in the same transaction;

(j) if Franchisee makes a Transfer in the fourth (4<sup>th</sup>) month of operation of its JFE Fresh-Cut Fruit and Vegetable Unit or thereafter, Franchisee as transferor must pay Franchisor a non-refundable transfer fee of \$1,000, which amount must be paid at least two weeks prior to the effective date of the Transfer, plus any out-of-pocket costs incurred by Franchisor (such as attorney's fees). The transfer fee is not refundable under any circumstances, even if the transfer is not completed. If Franchisee owns and transfers more than one franchise simultaneously as part of the same transaction and Transfer to the same transferee, Franchisee understands that it is liable for a separate transfer fee for each of the separate franchises being transferred in the same transaction;

(k) Franchisee must execute a general release in a form substantially the same as Exhibit D with respect to all potential claims arising out of this Agreement;

(l) the transferee may not enter into any financing arrangements whereby Franchisee and/or a third party obtains a security interest in the transferee's assets;

(m) the Transfer must comply with all laws and regulations that apply to the Transfer, including without limitation federal and state laws and regulations governing the offer and sale of franchises;

(n) Franchisee's right to receive the sales proceeds from the transferee will be subordinate to the transferee's and Franchisee's duties owed to Franchisor under, or pursuant to, this Agreement or any other agreement. All contracts by and between Franchisee and the transferee will expressly include a subordination provision permitting payment of the sales proceeds to Franchisee only after any outstanding obligations owed to Franchisor and its affiliates are fully satisfied;

(o) at Franchisor's option, the transferee signs: (1) Franchisor's then-current form of franchise agreement, the terms of which may differ materially from this Agreement, provided however, that the term of the new franchise agreement will be equal to the remaining term under this Agreement and the Extension Term if the time to exercise such option has not expired when Franchisee requests consent to complete the Transfer, or (2) Franchisor's then-current form of franchise agreement for a full term and pays Franchisor's then-current initial franchise fee; and

(p) the transferee must execute all other documents and agreements required by Franchisor to consummate the transfer of this Agreement. If the transferee is a business entity,

each person who at the time of the transfer, or later, owns or acquires, either legally or beneficially, 5% or more of the equity or voting interests of the transferee must execute Franchisor's then-current form of guaranty.

## 12. Termination.

12.1 Termination By Franchisor With Notice of Default. Except as provided in Section 12.2 below, if Franchisee breaches any term of this Agreement or any other material agreement between Franchisee and Franchisor or its affiliate, or any rule, specification, standard, policy or procedure established by Franchisor in the Operating Manuals or otherwise, then Franchisor will have the right to terminate this Agreement upon fifteen (15) days' notice of default. During such fifteen (15) day notice period, Franchisee will have an opportunity to cure such breach. If Franchisee has not cured such breach within the fifteen (15) day notice period to Franchisor's reasonable satisfaction, Franchisor will have the right to terminate this Agreement and all other agreements between Franchisor and Franchisee.

12.2 Immediate Termination By Franchisor. Franchisor may terminate this Agreement, and all other agreements between Franchisor and Franchisee, in its sole discretion and election, effective immediately upon Franchisor's delivery of written notice of termination to Franchisee based upon the occurrence of any of the following events which will be specified in Franchisor's written notice, and Franchisee will have no opportunity to cure a termination based on any of the following events:

(a) Franchisee fails to begin operating the JFE Fresh-Cut Fruit and Vegetable Unit within two (2) months of the Effective Date or the date requested by Store Owner, taking into account delays due to events beyond Franchisee's reasonable control;

(b) Franchisee has misrepresented, misstated or failed to state any material fact to Franchisor in connection with obtaining this Agreement or any other agreement between Franchisor and Franchisee or in any communication to Franchisor under this Agreement or any other agreement between Franchisor and Franchisee, whether or not such misrepresentation, misstatement or failure to state is intentional;

(c) Franchisee fails or refuses to pay, on or before the date payment is due, any fees or other amounts payable to Franchisor, its affiliates, and the default continues for a period of 5 days after written notice of default is given by Franchisor to Franchisee;

(d) Franchisee breaches its obligation pursuant this Agreement and under the Operating Manuals to use only products and suppliers approved by Franchisor;

(e) Franchisee breaches any of its confidentiality, indemnity, insurance or noncompetition obligations under this Agreement;

(f) Franchisee fails or refuses to submit any report or financial statement, or return the JFE Operating Manual or SOP Manual as requested, on or before the date due, and should the default continue for a period of 5 days after written notice of default is given by Franchisor to Franchisee;

(g) Franchisee or its principals fails to complete successfully any additional training required to Franchisor's satisfaction;

(h) Franchisee abandons or fails or refuse to actively operate the JFE Fresh-Cut Fruit and Vegetable Unit for three (3) consecutive days, or any period such that Franchisor may

reasonably conclude that Franchisee does not intend to continue operating it, unless Franchisee obtains Franchisor's written consent to close the JFE Fresh-Cut Fruit and Vegetable Unit for a specified period of time;

(i) Franchisee loses the right to possession of the Location, or Franchisee's right to use the Location is terminated by Store Owner, for any reason;

(j) Any person who is required by this Agreement to personally guaranty Franchisee's obligations to Franchisee fails or refuses to execute and deliver Franchisor's form of guaranty for a period of 5 days after written notice of default is given by Franchisor to Franchisee;

(k) Franchisee commits an event of default under any other agreement by and between Franchisee and Franchisor pertaining to the JFE Fresh-Cut Fruit and Vegetable Unit and franchise awarded by this Agreement which, by its terms, cannot be cured or which Franchisee fails to cure within the allowed time period. Except as otherwise specified herein, Franchisee's breach of one agreement/addendum with Franchisor shall, at Franchisor's election also constitute a breach of every other agreement/addendum between Franchisee and Franchisor. Franchisor's election to enforce or not enforce this provision will not constitute a waiver of any of Franchisor's rights or remedies against Franchisee hereunder;

(l) Franchisee violates any health, safety or sanitation law, ordinance or regulation, or any rules, procedures or food safety requirements of the Store Owners, and does not begin to cure such noncompliance or violation immediately, or does not correct such noncompliance or violation within twenty-four (24) hours of receiving written notice thereof;

(m) Franchisee becomes insolvent and/or files for bankruptcy or similar protection, and such insolvency or bankruptcy or similar condition remains in effect for more than sixty (60) days;

(n) Franchisee makes any general arrangement or assignment for the benefit of creditors or becomes a debtor as that term is defined in 11 U S C § 1101 or any successor statute, unless, in the case where a petition is filed against Franchisee, Franchisee obtains an order dismissing the proceeding within 30 days after the petition is filed, or should a trustee or receiver be appointed to take possession of all, or substantially all, of the assets of the JFE Fresh-Cut Fruit and Vegetable Unit, unless possession of the assets is restored to Franchisee within 30 days following the appointment, or should all, or substantially all, of the assets of the JFE Fresh-Cut Fruit and Vegetable Unit or the franchise rights be subject to an order of attachment, execution or other judicial seizure, unless the order or seizure is discharged within 30 days following issuance;

(o) Franchisee, or any officer, director, shareholder, member, manager, agent or employee of Franchisee, is convicted of or pleads no contest to a felony charge or engages in any conduct or practice that, in Franchisor's reasonable opinion, reflects unfavorably upon or is detrimental or harmful to: (i) the Franchisor's relationship with the Store Owner (including the use of any of Store Owner's products without payment), or (ii) the Franchisor's good name, goodwill or reputation of Franchisor;

(p) Franchisee fail to comply with the conditions governing the transfer of rights under this Agreement in connection with a Transfer;

(q) If Franchisee is an entity, an order is made or resolution passed for the winding-up or the liquidation of Franchisee or should Franchisee adopt or take any action for its dissolution or liquidation, and if Franchisee is an individual, his/her death or permanent disability;

(r) Franchisee have received from Franchisor, during any consecutive 2 year period, two (2) or more notices of default whether or not the notices relate to the same or to different defaults and whether or not each default is timely cured by Franchisee;

(s) Franchisee make any unauthorized use, publication, duplication or disclosure of any Confidential Information or any portion of the Operating Manuals, or should any person required by this Agreement to execute a confidentiality agreement with Franchisor or Franchisee breach the confidentiality agreement;

(t) Franchisee materially misuses or makes an unauthorized use of any of the components of System or commit any other act which does, or can reasonably be expected to, materially impair the business, reputation or goodwill associated with any aspect of the System or the JFE Marks;

(u) Franchisee makes or attempts to make any payments or provide anything of value directly or indirectly to any employee or agent of Franchisor or its affiliates to obtain undue or improper benefits or advantages in violation of Franchisor's policies or any applicable laws;

(v) Franchisee fails to comply with any violation of federal, state or local law, within 10 days after being notified of non-compliance; and

(w) Franchisor makes a reasonable determination that Franchisee's continued operation of the JFE Fresh-Cut Fruit and Vegetable Unit will result in imminent danger to public health or safety.

Franchisor's right to terminate this Agreement pursuant to this Section will be in addition to all other remedies that Franchisor may have against Franchisee under this Agreement, or otherwise.

12.3 Early Termination By Franchisee. Subject to Section 3.14, Franchisee will have the right to terminate this Agreement at any time for any reason upon 90 days prior written notice to Franchisor, or such earlier date as may be agreed by Franchisor and Franchisee.

12.4 Effects of Termination. Upon termination or expiration of the franchise, Franchisee's right and privilege to use the JFE Marks, Franchisor's trade secrets, all components of the System and the Operating Manuals will absolutely and unconditionally cease. Upon termination or expiration of the franchise, Franchisee will immediately (i) cease operations of the JFE Fresh-Cut Fruit and Vegetable Unit, (ii) discontinue use of the JFE Marks, Franchisor's trade secrets, the System, and the Operating Manuals, (iii) return the Operating Manuals and delete electronic copies of the Operating Manuals, if any, (iv) pay to Franchisor all amounts owed pursuant to this Agreement and any other agreements between Franchisor and Franchisee, and (v) vacate the Location and provide all necessary assistance and cooperation with Franchisor in the orderly wind down of Franchisee's operations. The termination or expiration of this Agreement will result in the concurrent, and automatic, termination of all agreements between the parties pertaining to the JFE Fresh-Cut Fruit and Vegetable Unit or the franchise granted by this Agreement and will also permit Franchisor to enforce any guaranty of Franchisee's obligations given to Franchisor as required by this Agreement. Notwithstanding the termination or expiration of this Agreement, the parties agree that any other franchise agreements then in effect between the parties concerning other JFE Fresh-Cut Fruit and Vegetable Units owned by Franchisee will remain in full force and effect, unless the grounds which Franchisor has relied upon to terminate this Agreement also constitute grounds for terminating the other franchise agreements and Franchisor has satisfied all requirements to terminate the other franchise agreements. All



agreements and obligations of Franchisee, which by their nature would continue beyond the termination or expiration of this Agreement will survive termination or expiration of this Agreement.

### 13. Indemnity and Insurance.

13.1 Indemnity. Franchisee will be fully responsible for any damage, loss or other claims arising out of this Agreement, the performance of Franchisee's obligations hereunder, or the operation of the JFE Fresh-Cut Fruit and Vegetable Unit. Franchisee will indemnify, defend and hold harmless Franchisor, its affiliates, and each of their partners, shareholders, directors, officers, employees, consultants, attorneys, accountants and agents, from and against any and all fines, suits, proceedings, claims, demands, actions, losses, damages (actual, consequential or otherwise), fees (including attorneys' fees and related expenses) arising out of, or in connection with Franchisee's ownership or operation of the JFE Fresh-Cut Fruit and Vegetable Unit, the performance of Franchisee's obligations hereunder, or breach of this Agreement. Franchisor will have the right to defend and/or settle any claim against or involving Franchisor in such manner as Franchisor deem appropriate or desirable in its sole discretion, in each case without affecting Franchisor's right to indemnification under this Section. The indemnity under this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. The indemnities and assumptions of liabilities and obligations in this Agreement will continue in full force and effect after the expiration or termination of this Agreement until all applicable statutes of limitations have expired.

#### 13.2 Insurance.

(a) Franchisor will provide commercial general liability insurance for the JFE Fresh-Cut Fruit and Vegetable Unit under Franchisor's group insurance policy and deduct Franchisee's portion of the premium costs on a weekly basis, which amount is calculated on the amount of sales at the Franchisee's JFE Fresh-Cut Fruit and Vegetable Unit.

(b) Franchisee will at all times during the term of this Agreement maintain in force, at its sole expense, on a primary, rather than on a participatory basis with Franchisor, Worker's compensation, employer's liability, and other insurance to meet statutory requirements, naming Franchisor as an additional insured.

(c) All insurance policies must be issued by an insurance carrier or insurance carriers acceptable to Franchisor and must name Franchisor as an additional insured, must contain a waiver of the insurance company's right of subrogation against Franchisor, and must provide that Franchisor will receive 30 days' prior written notice of termination, expiration, or cancellation of the policy. Franchisor may reasonably increase the minimum liability protection requirement annually and require at any time on reasonable prior notice to Franchisee different or additional kinds of insurance to reflect inflation, changes in standards of liability, or higher damage awards in public, product, or motor vehicle liability litigation or other relevant changes in circumstances. Franchisee will submit to Franchisor upon request a copy of the certificate of or other evidence of the renewal or extension of each insurance policy. Franchisee's obligations to obtain and maintain the insurance described are not limited in any way by reason of any insurance maintained by Franchisor, nor does Franchisee's performance of obligations relieve Franchisee of any indemnification obligations under Section 13.1 of this Agreement.

### 14. Use of Entity.

14.1 Entity Franchisees. Upon the consent of Franchisor, the rights granted by this Agreement may be performed by a non-individual entity (such as a corporation or limited liability company) that (a) conducts no business other than the operation of the JFE Fresh-Cut Fruit and Vegetable Unit (or other JFE Fresh-Cut Fruit and Vegetable Units under franchise or other agreements granted by Franchisor), and (b) is directly owned by the same individuals in the same proportions. Franchisee will not use any of the JFE Marks or any part thereof in its entity or fictitious business name. The articles of incorporation, by-laws and other organizational documents of any entity that is Franchisee must recite that the issuance of any interest is restricted by the terms of this Agreement and all issued and outstanding stock certificates or similar evidences of ownership must bear a legend reflecting or referring to the restrictions. Franchisee must furnish to Franchisor at any time upon request a certified copy of its organizational documents and a list of all owners of record and all persons having beneficial ownership in Franchisee, reflecting their respective interests in Franchisee, in a form attached as Exhibit A-1 or as Franchisor requires.

14.2 Principals and Guaranty. For purposes of this Agreement, “principals” will mean, if Franchisee is a business entity, any officer or manager of the entity or any person that owns, or later, owns or acquires, either legally or beneficially a ten percent (10%) or greater equity or voting interest in Franchisee (such as stock in a corporate franchisee, or a membership interest in an LLC franchisee). Notwithstanding anything to the contrary in this Agreement, each principal owner will be individually bound by all of the obligations in this Agreement, including payment obligations and covenants concerning confidentiality and noncompetition, and will personally guarantee Franchisee’s performance under this Agreement by signing Franchisor’s then-current form of guaranty, in the form attached hereto as Exhibit B. No principal owner may, within the term specified in this Agreement, hold an ownership interest in or perform services in any capacity for any other service food business that serves Fresh-Cut Fruit and Vegetables or related products. In the event a principal’s relationship with a Franchisee entity is terminated (by sale or otherwise), this Agreement shall be deemed to have been terminated with respect to that principal.

14.3 Acting Principal. Franchisee will provide the name, position and ownership interest of all principals as of the date of this Agreement and name an Acting Principal to interface with Franchisor. “Acting Principal” means, if Franchisee is a business entity, that principal who will be the designated operator who will oversee and supervise the JFE Fresh-Cut Fruit and Vegetable Unit’s management and operation. There may be more than one Acting Principal.

14.4 Assignment to Entity. If Franchisee is an individual, any assignment of this franchise to a corporation or limited liability company formed and controlled by Franchisee to operate the JFE Fresh-Cut Fruit and Vegetable Unit will require the express written consent of Franchisor. Franchisee will be and remain, together with said entity and the entity’s owners, jointly and severally liable for all obligations under this Agreement. Franchisee will continue to supervise the operation of the JFE Fresh-Cut Fruit and Vegetable Unit.

15. Covenant Against Competition.

(a) In consideration of Franchisor’s providing operations and management training to Franchisee and disclosing to Franchisee the System and other trade secrets, Franchisee and its principals covenant and agree that, during the term of the franchise and for two (2) years after its expiration or termination, Franchisee and its principals will not own or operate, directly or indirectly, or accept employment by, hold an interest in, or perform services in any capacity for

any service food business that serves Fresh-Cut Fruit and Vegetables or related products, except as a franchisee of Franchisor.

(b) During the term of the franchise, this covenant not to compete will apply anywhere in the United States; for the two-year period after the franchise expires or is terminated, the covenant will apply within 5 miles of the JFE Fresh-Cut Fruit and Vegetable Unit and within 5 miles of each other Franchisor-owned or franchised JFE Fresh-Cut Fruit and Vegetable Unit then operating or under development. For purposes of calculating the duration of the two-year period, any time during which Franchisee or its principals are in violation or breach of the covenant will be excluded.

(c) Franchisee and its principals acknowledge that their covenant not to compete is reasonable and necessary to protect the business and goodwill of the System and to avoid misappropriation or other unauthorized use of the System and Franchisor's other trade secrets. Franchisee and its principals acknowledge and confirm that they possess the education, training and experience necessary to earn a reasonable livelihood apart from operating a business that serves Fresh-Cut Fruit and Vegetables as its principal product.

## 16. Miscellaneous.

16.1 Incorporation of Recitals. The Recitals set forth in the first page of this Agreement are incorporated herein by this reference as though set forth herein.

16.2 Notices. All notices, requests, demands and other communications that may be given or are required to be given under this Agreement will be in writing and in the English language. All communications required or permitted to be given to either party hereunder shall be in writing and shall be deemed duly given if properly addressed on the earlier of: (i) the date when delivered by hand, (ii) the date when delivered by fax or e-mail if confirmation of transmission is received or can be established by the sender, (iii) one business day after delivery to a reputable national overnight delivery service, or (iv) 5 days after being placed in the U.S. Mail and sent by certified or registered mail, postage prepaid, return receipt requested. Notices will be directed to the address shown first above, or to such other address as each party hereto may from time to time designate by written notice to the other party as provided herein.

16.3 No Agency Relationship. Franchisor and Franchisee understand and agree that this Agreement does not create a fiduciary relationship between Franchisor and Franchisee, that Franchisor and Franchisee are and will be independent contractors throughout the term of this Agreement, and that nothing in this Agreement is intended to make either Franchisor or Franchisee a general or special agent, joint venturer, partner, or employee of the other for any purpose. It is acknowledged and understood that Franchisee is the independent owner of Franchisee's business, will be in full control thereof and will conduct Franchisee's business in accordance with its own judgment and discretion, subject only to the terms and conditions of this Agreement. Neither Franchisor nor Franchisee will be liable for the debts or obligations of the other unless expressly assumed in writing. Neither Franchisor nor Franchisee will make any express or implied agreements, warranties, guarantees or representations, or incur any debt in the name of or on behalf of the other, represent that their respective relationship is other than franchisor and franchisee, or be obligated by or have any liability under agreements or representations made by the other that are not expressly assumed in writing. Franchisee will not attempt to obligate Franchisor for purchases or other obligations incurred by Franchisee. Any and all agreements made by Franchisee will be executed in Franchisee's name alone, and will not purport to be executed by or

on behalf of Franchisor. Franchisor will not be liable for any damages to any person or property directly or indirectly arising out of Franchisee's operation of the JFE Fresh-Cut Fruit and Vegetable Unit or Franchisee's conduct of business pursuant to this Agreement.

16.4 Waiver. Any waiver granted by Franchisor to Franchisee excusing or reducing any obligation or restriction imposed under this Agreement will be in writing and will be effective upon delivery of such writing by Franchisor to Franchisee or upon such other effective date as specified in the writing, and only to the extent specifically allowed in such writing. No waiver granted by Franchisor, and no action taken by Franchisor, with respect to any third party will limit Franchisor's sole discretion to take action of any kind, or not to take action, with respect to Franchisee. Any waiver granted by Franchisor to Franchisee will be without prejudice to any other rights Franchisor may have. The rights and remedies granted to Franchisor are cumulative, and no delay on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude Franchisor from fully exercising such right or remedy or any other right or remedy Franchisor's acceptance of any payments made by Franchisee after a breach of this Agreement will not be, nor be construed as, a waiver by Franchisor of any breach by Franchisee of any term, covenant or condition of this Agreement.

16.5 Consents and Approvals. Whenever Franchisor's consent or approval is required under this Agreement, it may be granted or withheld in Franchisor's sole discretion. In no event will Franchisor be required to pay any claim, whether directly, by way of set-off, counterclaim, defense or otherwise, for money damages or otherwise by reason of any withholding or delaying of consent or approval by Franchisor. Franchisee's sole remedy for any such claim is to submit it to mediation or arbitration as provided in this Agreement.

16.6 Severability. The provisions of this Agreement are intended to be interpreted and construed in a manner so as to make such provisions valid, binding and enforceable. In the event that any provision of this Agreement is determined to be partially or wholly invalid, illegal or unenforceable, then such provision will be deemed to be modified or restricted to the extent necessary to make such provision valid, binding and enforceable, or, if such provision cannot be modified or restricted in a manner so as to make such provision valid, binding and enforceable, then such provision will be deemed to be excised from this Agreement and the validity, binding effect and enforceability of the remaining provisions of this Agreement will not be affected or impaired in any manner.

16.7 Entire Agreement; Amendments. This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee.

16.8 Binding Authority. Each of the undersigned represents that he or she is duly authorized to execute this Agreement on behalf of the respective Party and bind said Party to the terms of this Agreement.

16.9 Successors. The covenants, agreements, terms and conditions contained in this Agreement will be binding upon, and will inure to the benefit of, the successors, assigns, heirs and personal representatives of the parties hereto

16.10 Time of the Essence. Time is of the essence in the performance for the performance of each covenant and condition contained in this Agreement.

16.11 Force Majeure. In the event that either party is delayed or hindered in the performance of any obligation hereunder by reason of any cause beyond that party's reasonable control, then performance of such obligation will be excused for the period of the delay and the period for performance of any such obligation will be extended for a period equivalent to the period of such delay; provided, however, that any such extension will not exceed ninety (90) calendar days. The provisions of this Section will not operate to excuse either party from the prompt payment of any amounts due and owing to the other party pursuant to the provisions of this Agreement.

16.12 Governing Law; Dispute Resolution.

(a) Except as otherwise stipulated in subsections (c) and (d), or unless expressly prohibited by the franchising statutes of the state in which the JFE Fresh-Cut Fruit and Vegetable Unit is located, this Agreement will for all purposes be governed by and interpreted and enforced in accordance with the internal laws of the state of Texas, without giving effect to principles of conflicts or choice of law. Any Texas law regulating the sale of franchises or business opportunities or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

(b) The parties agree to use their best efforts to resolve and settle by direct, private negotiation any dispute that arises under or in relation to this Agreement or that concerns the relationship created by this Agreement. If the parties cannot resolve and settle a dispute by private negotiation within 30 days after one party gives the other written notice that a dispute exists, the parties mutually agree to submit the dispute to non-binding mediation.

(c) If the parties cannot fully resolve and settle a dispute through mediation within 30 days after the mediation conference concludes, all unresolved issues involved in the dispute will be submitted to binding arbitration, as follows: Arbitration will be instituted in accordance with the rules of the American Arbitration Association ("AAA") in Harris County, Texas, before a single arbitrator. In no event will the demand for arbitration be made after the date that institution of legal or equitable proceedings based upon such claim, dispute or other matter would be barred by the applicable statute of limitations. AAA will provide the parties with a list of at least three (3) neutral arbitrators from which the parties will select the arbitrator. Should the parties fail to agree upon and select an arbitrator therefrom, AAA will make the selection from said list. Each party shall, however, be given the right of one (1) peremptory challenge. Arbitration will be held and conducted before the one (1) selected arbitrator, whose decision will be final and binding on the parties. Any such arbitration proceeding will be completed expeditiously and without undue delay or expense, and the arbitrator will be directed to follow the terms of this Agreement in any arbitration proceeding. The costs and fees of the arbitrator will be borne equally by the parties. The losing party, as determined by the arbitrator, will pay the prevailing party's reasonable attorneys' fees. The arbitrator's award will be final and binding on all parties, and neither party will have any right to contest or appeal the arbitrator's award except on the grounds expressly provided by law.

(d) Notwithstanding subsections (b) and (c), Franchisor will not be obligated to mediate or arbitrate any claim arising from Franchisee's alleged infringement of the JFE Marks or other alleged misappropriation of Franchisor's intellectual property, including, but not limited to,

in enforcing its intellectual property rights upon the expiration (without renewal) or termination of the franchise. The parties agree that any action based on infringement of any of the JFE Marks or misappropriation of Franchisor's other intellectual property, will be governed by and interpreted and enforced in accordance with the United States Trademark (Lanham) Act, and will be litigated in any federal District Court sitting in Harris County, Texas. The parties further agree to submit to the jurisdiction of and venue in any such federal District Court and that service of process by certified mail, return receipt requested, will be sufficient to confer in personam jurisdiction over them in connection with any intellectual property litigation.

16.13 Attorney's Fees. In the event of any arbitration, lawsuit, or any other legal proceedings between the Parties hereto arising out of the obligations of Franchisor or Franchisee under this Agreement or concerning the meaning or interpretation of any provision contained herein, the losing Party will pay the prevailing Party's costs and expenses of such arbitration or suit, including, without limitation, reasonable attorney's fees.

16.14 Headings; Language. The paragraph and subparagraph headings contained in this Agreement are solely for convenience and will not be used to define or construe any of the terms or provisions hereof. The language used in this Agreement will in all cases be construed simply according to its fair meaning and not strictly for or against Franchisor, Franchisee or the drafter of the applicable language. Common nouns and pronouns will be deemed to refer to the masculine, feminine, neuter, singular and plural, as the context may require. The singular will include the plural and the masculine gender will include the feminine and neuter, and vice versa, as the context may require.

16.15 Survival of Certain Rights/Obligations. The respective rights and obligations of Franchisor and Franchisee, which by their nature would continue beyond the termination or expiration of this Agreement will survive termination or expiration of this Agreement.

16.16 Covenant and Condition. Each provision of this Agreement performable by Franchisee will be construed to be both a covenant and a condition.

16.17 Submission of Agreement. The submission of this Agreement to Franchisee does not constitute an offer to Franchisee, and this Agreement will become effective only upon execution by Franchisor and Franchisee.

16.18 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same agreement. A party's signature to this Agreement transmitted by facsimile or electronic mail will have the same legal force and effect as the original. Each of the undersigned represents and warrants that he is duly authorized by the contracting party to sign this Agreement on behalf of said party.

16.19 Franchisor's Right to Vary Terms and Standards. Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledges that Franchisor specifically reserves the right and privilege, as Franchisor considers to be best, to vary terms and standards for any franchise owner based upon the peculiarities of any condition that Franchisor considers important to that franchise owner's successful operation. Franchisee has no right to require Franchisor to grant Franchisee a similar variation or accommodation.

16.20 Limitation of Claims. Any and all claims arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal or arbitration proceeding is commenced within one (1) year from the date Franchisee or Franchisor knew of the facts giving rise to such claims. In addition, Franchisee must give Franchisor written notice of at least fourteen (14) days prior to filing arbitration or litigation. In the event Franchisee fails to give said notice, Franchisor is entitled to dismissal of the action, without prejudice, and Franchisee must reimburse Franchisor its costs and expenses incurred in connection with the action.

16.21 Limitation of Damages. The parties waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Paragraph 16.13 herein.

16.22 No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indian, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement as of the date first stated above.

**FRANCHISEE**

**JFE FRANCHISING, INC.**

By:

By:

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

Title:

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

Title:

**Exhibits:**

Exhibit A – Basic Information

Exhibit A-1 – Business Entity Information

Exhibit B – Guaranty

Exhibit C – Form of Employee Confidentiality Agreement

Exhibit D – General Release

**EXHIBIT A to Franchise Agreement  
BASIC INFORMATION**

1. **Location.** The JFE Fresh-Cut Fruit and Vegetable Unit to be operated by Franchisee pursuant to this Agreement will be located at the following premises:

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

**Store Owner:** \_\_\_\_\_

2. **Franchisee Name and Address.** If Franchisee is a business entity, Exhibit A-1 must be completed.

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

3. **Initial Term:** \_\_\_\_\_

4. **Initial Franchise Fee.** \_\_\_\_\_

**JFE Fresh-Cut Fruit and Vegetable Unit Type:** \_\_\_\_\_

5. **Opening Date.** Franchisee must open the JFE Fresh-Cut Fruit and Vegetable Unit for business by \_\_\_\_\_.

6. **Defined Terms** All capitalized or initial capitalized terms contained in this Exhibit and not defined in this Exhibit will have the same meaning as ascribed to them in the Agreement.

**FRANCHISEE**

**JFE FRANCHISING, INC.**

By:

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

By:

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



**EXHIBIT A-1 to Franchise Agreement  
BUSINESS ENTITY INFORMATION**

This form must be completed if Franchisee is a business entity (a corporation, limited liability company or similar entity). This form must also be re-signed whenever there is any permitted change in a “principal” as defined in the Agreement.

1. **Form of Franchisee.**

- Corporation
- Limited Liability Company
- Other, Specify \_\_\_\_\_

2. **Business Entity.**

Legal name of Franchisee: \_\_\_\_\_.  
 Incorporation or Formation Date: \_\_\_\_\_  
 State of Formation: \_\_\_\_\_.

3. **Business Entity Owners.** The following list includes the full name and mailing address of each person who is an owner of Franchisee (shareholders, members, etc.), including principals, and the nature of each owner's position and ownership interest in Franchisee.

Name and Address	Description/Amount of Ownership Interest (Shares)	Ownership %

- 4. **Acting Principal.** Provide the name, position and ownership interest of the Acting Principal as of the date of this Agreement: \_\_\_\_\_
- 5. **Entity Documents.** Franchisee must attach copies of articles of incorporation or organization, shareholder, or LLC operating agreements.
- 6. **Representation.** Franchisee represents and warrants that the information provided in this form is true, accurate and complete and that Franchisor may consider this statement as continuing to be true, accurate and correct until a written notice of change in ownership and/or in the status of any Principal is given to Franchisor by Franchisee.

**FRANCHISEE  
PRINCIPALS**

**JFE FRANCHISING, INC.**

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

By:

Title:

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

Title:

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

Title:

## **EXHIBIT B to Franchise Agreement**

### **GUARANTY**

In consideration for, and as an inducement for JFE Franchising, Inc. ("Company") to enter into the Franchise Agreement dated \_\_\_\_\_ (the "Agreement") (capitalized terms not defined herein will have the respective meanings as set forth in the Agreement) with \_\_\_\_\_ ("Franchisee"), and all other written agreements between Company and Franchisee relating to the JFE Fresh-Cut Fruit and Vegetable Unit and franchise granted under the Agreement (with the Agreement, collectively, the "Documents"), and for other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the undersigned (whether one or more, herein called "Guarantor"), each an owner of 5% or more of the outstanding equity interests in Franchisee under the Agreement to which this Guaranty is annexed, agree as follows:

1. Guarantor, jointly and severally, unconditionally, absolutely and irrevocably guarantees and promises to perform, discharge and pay to Company, its representatives, successors and assigns or any transferee of this Guaranty, on demand, in lawful money of the United States of America and in immediately available funds, any and all obligations (the "Guaranteed Obligations") of Franchisee to Company under the Documents. Guarantor agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the noncompetition, confidentiality, transfer, and arbitration requirements. Guarantor agrees that this Guaranty constitutes a guaranty of payment when due and not of collection, and is not conditional or contingent upon the genuineness, validity, regularity or enforceability of any underlying agreements or related documents or other instruments relating to the obligations hereby guaranteed or the pursuit by Company of any remedies which it may now have or may hereafter have with respect thereto.
2. This Guaranty is a continuing guaranty of the Guaranteed Obligations, including any and all Guaranteed Obligations which are renewed, extended, compromised, refinanced or restructured from time to time. This Guaranty will remain effective until the Guaranteed Obligations have been fully paid, performed and discharged, and Company has given written notice of that fact to Guarantor.
3. Each Guarantor represents that he or she owns an equity or beneficial interest in Franchisee and that he or she is receiving consideration from the Guaranteed Obligations that is a material, direct benefit to such Guarantor. Each Guarantor consents and agrees that: (1) his, her or its direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors.
4. Guarantor agrees that it is directly and primarily liable to Company, that their obligations hereunder are independent of the Guaranteed Obligations and that a separate action or actions may be brought and prosecuted against Guarantor, whether action is brought against Franchisee or whether Franchisee is joined in any such action or actions. Guarantor agrees that any releases which may be given by Company to Franchisee or any other guarantor or endorser will not release Guarantor from this Guaranty.
5. In addition to the payment of expenses, Guarantor agrees to indemnify, defend, exonerate, pay and hold Company and the partners, officers, directors, employees, agents and attorneys of Company, and officers, directors, employees, agents and attorneys of Company's affiliates (the "Indemnitees") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, causes of action, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the fees and disbursements of counsel to Company and expert witness fees and disbursements) for such Indemnitees in connection with any investigative, administrative or judicial proceeding, whether or not such Indemnitee will be designated a party thereto, that may be imposed on, incurred by or asserted against any such Indemnitee, in any manner relating to or arising out of or in connection with this Guaranty (the "Indemnified Liabilities"). Notwithstanding the foregoing, Indemnified Liabilities will not include liabilities, obligations, losses, damages, penalties, actions, causes of action,

judgments, suits, claims, costs, expenses and disbursements to the extent caused by or resulting from the willful misconduct or gross negligence of any Indemnitee.

6. Guarantor hereby authorizes Company, without notice or demand and without affecting the liability of Guarantor hereunder, from time to time to:

(a) Renew, compromise, extend, refinance, accept partial payments, accelerate or restructure the Guaranteed Obligations or otherwise change the time for payment or the terms of any of the Guaranteed Obligations,

(b) Waive, amend, rescind or modify any of the terms or provisions of the Documents;

(c) Settle, release, compromise, collect or otherwise liquidate the Guaranteed Obligations, or any part thereof, and any security or collateral therefor in any manner as Company may determine in its sole discretion,

(d) Take and hold collateral to secure the payment of the Guaranteed Obligations and exchange, enforce, waive and release any such collateral, and apply such collateral and direct the order or manner of sale thereof as Company in its sole discretion may determine,

(e) Release or substitute any one or more endorser(s) or other guarantor(s); and

(f) Assign, without notice, this Guaranty in whole or in part and Company's rights hereunder to any one at any time.

Guarantor agrees that Company may take any or all of the actions set forth in this Section 5 in such manner, upon such terms, and at such times as Company, in its sole discretion, deems advisable, without, in any way or respect, impairing, affecting, reducing or releasing Guarantor from its undertakings hereunder and Guarantor hereby consents to each and all of the foregoing acts, events and occurrences.

7. Guarantor hereby waives any right to assert against Company as a defense, counterclaim, setoff or crossclaim, any defense (legal or equitable), counterclaim, setoff or crossclaim which Guarantor may now or at any time hereafter have under applicable law, rule, arrangement or relationship against Franchisee, Company or any other party Guarantor waives all defenses, counterclaims and setoffs of any kind or nature arising, directly or indirectly, from the present or future lack of perfection, sufficiency, validity or enforceability of the Documents or any security interest thereunder

8. Guarantor hereby waives any defense arising by reason of any claim or defense based upon an election of remedies by Company, which in any manner impairs, affects, reduces, releases, destroys or extinguishes Guarantor's subrogation rights, rights to proceed against Franchisee for reimbursement, or any other rights of Guarantor to proceed against any other person or security, including, but not limited to, any defense based upon an election of remedies by Company.

9. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protests, notices of dishonor, notices of default, notice of acceptance of this Guaranty, diligence, and notices of the existence, creation or incurrence of the Guaranteed Obligations or of new or additional Guaranteed Obligations incurred or created after the date of this Guaranty, and all other notices or formalities to which Guarantor may be entitled under applicable law.

10. As a condition to payment or performance by Guarantor under this Guaranty, Company will not be required to, and Guarantor hereby waives any and all rights to require Company to, prosecute, seek to enforce, or exhaust any remedies against Franchisee or any other party liable to Company on account of the Guaranteed Obligations or to require Company to seek to enforce or resort to any remedies with respect to any security interests, liens or encumbrances granted to Franchisee by Company or any other party on account of the Guaranteed Obligations.

11. Guarantor will have no right of subrogation, reimbursement, exoneration, contribution or any other rights that would result in Guarantor being deemed a creditor of Franchisee under the federal Bankruptcy Code or any other law.

12. WAIVER OF TRIAL BY JURY. EACH OF COMPANY AND GUARANTOR HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND OR NATURE IN ANY COURT IN WHICH AN ACTION MAY BE COMMENCED BY OR AGAINST GUARANTOR OR COMPANY ARISING OUT OF THIS AGREEMENT OR THE GUARANTEED OBLIGATIONS OR BY REASON OF ANY OTHER CAUSE OR DISPUTE WHATSOEVER BETWEEN COMPANY AND GUARANTOR OF ANY KIND OR NATURE. EACH SUCH PARTY ACKNOWLEDGES THAT SUCH WAIVER IS MADE WITH FULL KNOWLEDGE AND UNDERSTANDING OF THE NATURE OF THE RIGHTS AND BENEFITS WAIVED HEREBY, AND WITH THE BENEFIT OF ADVICE OF COUNSEL OF ITS CHOOSING. EACH PARTY MAY WANT TO CONSULT WITH THEIR RESPECTIVE ATTORNEYS BEFORE WAIVING THEIR RIGHTS UNDER THIS SECTION.

13. Any and all present and future debts and obligations of Franchisee to Guarantor are hereby postponed in favor of and subordinated to the full payment and performance of all present and future debts and obligations of Franchisee to Company. Any instruments now or hereafter evidencing any indebtedness of Franchisee to Guarantor will be delivered to Company. Upon the liquidation, bankruptcy, or distribution of any of Franchisee's assets, Guarantor will assign to the Company all of Guarantor's claims on account of such indebtedness so that Company will receive all dividends and payments on such indebtedness until payment in full of the Guaranteed Obligations. This Section 12 will constitute such an assignment if Guarantor fails to execute and deliver such an assignment

14. Guarantor's obligations under this Guaranty will continue in full force and effect and this Guaranty will not terminate until the Guaranteed Obligations are fully paid, performed and discharged and Company gives Guarantor written notice of that fact The Guaranteed Obligations will not be considered fully paid, performed and discharged unless and until all payments by Franchisee to Company are no longer subject to any right on the part of any person whomsoever, including, but not limited to, Franchisee, Franchisee as debtor-in-possession, or any trustee or receiver in bankruptcy, to set aside such payments or seek to recoup the amount of such payments, or any part thereof.

15. If Franchisee is not liable on any of the Guaranteed Obligations because the act of their creation is *ultra vires*, or if the officers or persons incurring any of the Guaranteed Obligations acted in excess of their authority, and therefore the Guaranteed Obligations cannot be enforced against Franchisee, Guarantors will nevertheless be liable under this Guaranty. If any payment by Franchisee to Company is held to be a preference under the United States Bankruptcy Code, or if for any other reason Company is required to refund such payment or pay the amount thereof to any other person, such payment by Franchisee will not constitute a discharge of Guarantors from any liability under this Guaranty, and Guarantor agrees to pay such amount to Company upon demand.

16. If Franchisee's status should change through merger, consolidation or otherwise, this Guaranty will cover the Guaranteed Obligations of Franchisee under its new status, according to the terms of this Guaranty.

17. Each Guarantor agrees that this Guaranty is to be performed by Guarantor in Houston, Harris County, Texas, that this Guaranty will be deemed to be a contract made under the laws of Texas and that this Guaranty and the rights of the parties hereto will be governed by, interpreted in accordance with, and enforced under Texas law. In the event that Company should institute any suit against Guarantor for violation of or to enforce any of the covenants or conditions of this Guaranty or to enforce any right of Company hereunder, Guarantor agrees to pay reasonable attorney fees and all other costs and expenses incurred by Company in enforcing this Guaranty or in any action or proceeding arising out of, or relating to this Guaranty.

18. This Guaranty embodies the entire agreement and understanding between the parties pertaining to the subject matter of this Guaranty, and supersedes all prior agreements, understandings, negotiations, representations and discussions, whether verbal or written, of the parties, pertaining to that subject matter.

19. Neither this Guaranty nor any rights under this Guaranty may be assigned by Guarantor without the prior written consent of Company. The provisions of this Guaranty will bind and inure to the benefit of the parties hereto and their respective successors and permitted assigns

20. All notices or other communications required or permitted hereunder will be in writing to the other party at the address below, and will be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested. All notices to Company will include Guarantor's JFE Fresh-Cut Fruit and Vegetable Unit name, number and location. Notices will be addressed as follows:

If to Company:                 JFE Franchising, Inc.  
  2021 Bingle Road.  
  Houston, TX 77055

If to Guarantor:                 \_\_\_\_\_  
  \_\_\_\_\_  
  \_\_\_\_\_

Notice of change of address will be given by written notice in the manner detailed in this Section 17. Either party hereto may from time to time change its mailing address by written notice to the other. Notice will be deemed received upon personal delivery, three (3) days after the deposit in the United States mail if mailed as provided in this Section 18, or one (1) business day after deposit with a reputable overnight courier, provided that any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified will be considered to be effective as of the earlier of the date it is deemed delivered pursuant to the foregoing or the first date that notice was refused, unclaimed or considered undeliverable by the postal authorities, messenger or overnight delivery service.

21. This Guaranty may be amended, modified or supplemented only by a writing executed by each of the parties Any party may in writing waive any provision of this Guaranty to the extent such provision is for the benefit of the waiving party No waiver by any party of a breach of any provision of this Guaranty will be construed as a waiver of any subsequent or different breach, and no forbearance by a party to seek a remedy for noncompliance or breach by another party will be construed as a waiver of any right or remedy with respect to such noncompliance or breach.

22. Any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or of each other agreement entered into pursuant to this Guaranty or affecting the validity or enforceability of such provision in any other jurisdiction.

23. Guarantor hereby represents and warrants to Company that (a) Guarantor has the requisite power and authority to execute and deliver this Guaranty; (b) Guarantor's execution, delivery and performance of this Guaranty will not violate any law, rule, regulation or judgment applicable to or agreement binding upon Guarantor; and (c) this Guaranty constitutes Guarantor's legal, valid and binding obligation enforceable in accordance with its terms. Guarantor agrees to perform any further acts and to execute and deliver any other documents which may be reasonably necessary to effect the provisions of this Guaranty.

IN WITNESS WHEREOF, each of the undersigned executed this Guaranty effective as of the same day and year as the Agreement was executed.

**GUARANTOR SIGNATURES**

[For each Guarantor:]

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

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

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

Telephone Number: \_\_\_\_\_

% of Ownership Interest: \_\_\_\_\_

**EXHIBIT C to Franchise Agreement**  
**Form of**  
**EMPLOYEE CONFIDENTIALITY AGREEMENT**

THIS EMPLOYEE CONFIDENTIALITY AGREEMENT (this "Agreement") is entered into as of \_\_\_\_\_, by and between \_\_\_\_\_ ("Employee"), an individual residing at [Insert Address], and \_\_\_\_\_ ("Employer").

WHEREAS, Employer has been granted a franchise by JFE Franchising, Inc. ("Franchisor") and has the right to operate a JFE Fresh-Cut Fruit and Vegetable Unit, and Employer is obligated to obtain a written agreement from its employees who may have access to Confidential Information;

WHEREAS, in the course of Employee's employment with Employer, Employee will be exposed to and have access to confidential/proprietary information owned by Franchisor;

WHEREAS, Employer and Employee desire to set forth and memorialize Employee's obligations with respect to the non-disclosure of any such confidential information and in the absence of this Agreement, Employee understands that Employer would not hire or continue employment of Employee, or disclose such confidential information to Employee.

NOW THEREFORE, in consideration for the employment (and continued employment) of Employee by Employer, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Confidential Information. During the term of employment under this Agreement, Employee will have access to and become acquainted with various proprietary and confidential information of Franchisor. "Confidential Information" means all information of a non-public, confidential and proprietary nature relating to the Franchisor's business and operations, including, without limitation, recipes, products and services, food preparation methods, techniques, formats, specifications, procedures, information, systems, processes, know-how, teaching materials, sales techniques, financial data, product plans, costs, prices, business or marketing plans, Employer's and Franchisor's business relationships, supplier lists, financial data, trade secrets, product plans, historical operational data, manufacturing processes, technical data, equipment, projects, research and development data, customer identities, and any other information or materials considered proprietary by the Franchisor, in any form or medium and regardless of the presence or absence of any stamp or other designation of confidentiality accompanying such information.
2. Acknowledgment of Confidentiality. Employee acknowledges and agrees that during the term of employment, Employee will be exposed to, have access to, and become acquainted with such Confidential Information, whether inherently as a function of providing duties in the course of employment, incidentally, or otherwise. Prior to employment, Employee acknowledges that he or she had no experience or information regarding the operations of a Fresh-Cut Fruit and Vegetable Unit. Employee's knowledge of the Confidential Information was obtained solely through Employer during the course of employment. Employee understands and agrees that all Confidential Information disclosed or exposed to Employee, or which comes into Employee's possession, is the sole and exclusive property of Franchisor. Employee agrees that Employee has a duty to maintain the Confidential Information as confidential and secret during and after Employee's employment with Employer and during and after the term of employment with Employer. Employee further understands and acknowledges that if any Confidential Information becomes available to third parties, Employer and/or Franchisor will be adversely affected and suffer damages.
3. Nondisclosure and Obligation of Confidentiality. Employee may use Confidential Information for the sole purpose of performing Employee's duties in the course of employment or providing the services on behalf of Employer and will not utilize the Confidential Information beyond or outside such employment without first having obtained the written consent of Employer. Employee covenants that Employee (a) will not use the Confidential Information in any other business or capacity, (b) will maintain the absolute confidentiality of

the Confidential Information during and after the term of this Agreement, and (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form.

4. Effective Date. The parties agree that the provisions of this Agreement are effective as of the date Confidential Information is first disclosed to Employee. Employee represents and warrants that Employee has maintained the Confidential Information as provided for herein and has not otherwise violated the terms of this Agreement prior to its execution by Employee.

5. Intended Third Party Beneficiary. The parties acknowledge and agree that Employer's Franchisor, JFE Franchising Inc., is an intended third party beneficiary of this Agreement, and accordingly, that said JFE Franchising, Inc., as well as Employer, shall have the right to enforce the provisions of this Agreement against Employee. Neither this Confidentiality Agreement between Employer and Employee, nor this Paragraph 5, which makes Franchisor an intended third party beneficiary, constitutes control by Franchisor over the Employee's conditions of employment, or creates an employee or joint employee relationship between JFE Franchising, Inc. and Employee.

6. Breach. In the event Employee breaches the terms of this Agreement, Employee understands and agrees that Employee will be held personally liable for any damages, claims, and losses incurred by Employer as a result of any such breach by Employee, including Franchisor's reasonable costs and expenses, including attorneys' fees and costs incurred in such litigation, arbitration or proceeding. Employee understands and agrees that monetary damages would not be sufficient to compensate Employer or Franchisor for the damage it may incur as a result of a breach by Employee of this Agreement. Consequently, Employee agrees that Employer or Franchisor may enforce its rights by means of specific performance and injunctive relief (temporary, preliminary and permanent), and Employee agrees to pay the other party's costs of any such action, including reasonable attorneys' fees.

7. Return of Employer Materials. Upon termination of Employee's employment with Employer, Employee will not take or retain any physical property (e.g., documentation, printouts, computer files with or without data), both confidential and not confidential, which is owned by Franchisor, or which was made available or accessible to Employee as a consequence such employment.

8. General. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas, without regard to conflict of law principles. The recitals set forth above shall be deemed incorporated in full into and as part of this Agreement by this reference. The terms of this Agreement and the confidentiality covenants herein shall survive termination of employment. In the event that any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall be valid and enforceable to the maximum extent possible. This Agreement may not be modified, released, discharged or otherwise terminated in whole or in part except by a written instrument signed by an authorized official of Franchisor. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement. A party's signature to this Agreement transmitted by facsimile or electronic mail shall have the same legal force and effect as the original.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first seen above.

Employee

[Employer]

\_\_\_\_\_  
Name (print):

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



**EXHIBIT D to Franchise Agreement  
GENERAL RELEASE**

THIS GENERAL RELEASE (this “Release”) is made by as of \_\_\_\_\_, by the undersigned (“Releasor”) in favor of JFE Franchising, Inc. (“Franchisor”) and the other parties designated below. Releasor hereby agrees with Franchisor as follows:

1. Release. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Releasor, on behalf of itself and its successors and assigns, hereby irrevocably, unconditionally and fully releases and forever discharges Franchisor and each of its partners, officers, directors, employees, stockholders, agents, attorneys, successors, assigns, affiliates and all persons acting by, through, under or in concert with them (collectively, “Releasees”) from any and all actions, causes of actions, suits, debts, liens, contracts, agreements, obligations, promises, liabilities, claims, rights, demands, damages, judgments, losses, costs and expenses, including without limitation attorneys’ fees, of any nature whatsoever, whether in tort (including, without limitation, acts of active negligence), contract or any other theory of recovery in law or equity, whether for compensatory or punitive damages, equitable relief or otherwise, and whether now known or unknown, suspected or unsuspected, fixed or contingent (“Claim” or “Claims”) which Releasor now has, owns, holds, or claims to have, own or hold, or at any time heretofore had, owned, held or claimed to have, owned or held, against each or any of Releasees. Furthermore, it is understood and agreed that any and all rights granted to Releasor under California Civil Code Section 1542 or similar codes where the JFE Fresh-Cut Fruit and Vegetable Unit is located are hereby expressly waived. Such statute reads as follows.

“Certain claims not affected by general release 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.”

Notwithstanding said statutory provision, and for the purpose of implementing a full and complete release and discharge, Releasor hereby waives the benefit of the above code provision, and the law of any other state or jurisdiction to similar effect, and acknowledges that the release set forth herein is intended to include in its effect, without limitation, all claims which Releasor does not know or suspect to exist in its favor.

2. Full and Independent Knowledge. Releasor represents and warrants to the Releasees that it has carefully read and understands the scope and effect of each provision contained herein. Releasor further represents and warrants that it does not rely and has not relied upon any representation or statement made by any of Releasees or any of their representatives with regard to the subject matter, basis or effect of this Release, except to the extent contained herein.

3. Ownership of Claims. Releasor represents and warrants to Releasees that it has not assigned or transferred, or purported to assign or transfer, any Claim or any portion thereof or any interest therein, and agrees to indemnify, defend and hold Releasees harmless from and against any Claim based on or arising out of any such assignment or transfer or purported assignment or transfer.

4. Successors. This Release will be binding upon the successors and assigns of Releasor.

5. WAIVER OF TRIAL BY JURY. RELEASOR HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND OR NATURE IN ANY COURT IN WHICH AN ACTION MAY BE COMMENCED BY OR AGAINST EITHER PARTY ARISING OUT OF THIS AGREEMENT OR BY REASON OF ANY OTHER CAUSE OR DISPUTE WHATSOEVER BETWEEN THE PARTIES HERETO OF ANY KIND OR NATURE RELEASOR ACKNOWLEDGES THAT SUCH WAIVER IS MADE WITH FULL KNOWLEDGE AND UNDERSTANDING OF THE NATURE OF THE RIGHTS AND BENEFITS WAIVED HEREBY, AND WITH THE BENEFIT OF ADVICE OF COUNSEL OF ITS CHOOSING.

6. Further Assurances. Releasor, without further consideration, agrees to execute and deliver such other documents and take such other action as may be necessary to more effectively consummate the subject matter hereof.

7. Miscellaneous

(a) This Release will be construed in accordance with and all disputes hereunder will be governed by the internal laws of the State of Texas.

(b) In the event of any controversy or dispute arising out of this Release, the prevailing party or parties will be entitled to recover from the non-prevailing party or parties, reasonable expenses, including, without limitation, attorneys' fees and costs actually incurred.

(c) Should any provision of this Release be declared or determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions will not be affected thereby and said illegal or invalid part, term or provision will be deemed not to be a part of this Release.

(d) This Release sets forth the entire agreement between the parties hereto, and fully supersedes any and all prior agreements or understandings between the parties hereto pertaining to the subject matter hereof.

(e) Any provision of this Release which may be prohibited by law or otherwise held invalid will be ineffective only to the extent of such prohibition or invalidity and will not invalidate or otherwise render ineffective the remaining provisions of this Release.

IN WITNESS WHEREOF, the undersigned has executed this Release as of the date first written above

RELEASOR:

\_\_\_\_\_

ACCEPTED AND AGREED:

JFE Franchising, Inc., a Texas corporation

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

Name:

Title:

**JFE - SNOWFRUIT**

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**INITIAL TRAINING AGREEMENT**

**EXHIBIT C**

## INITIAL TRAINING AGREEMENT

THIS INITIAL TRAINING AGREEMENT (the “Agreement”) is made and entered into as of \_\_\_\_\_ (the “Effective Date”) by and between JFE Franchising, Inc., a Texas corporation having its principal business address at 2021 Bingle Road, Houston, TX 77055 (“Franchisor”), and \_\_\_\_\_, whose address is \_\_\_\_\_ (“Trainee”).

### RECITALS

A. Franchisor and/or our affiliates have developed distinctive business systems, operating formats, signs, methods, procedures, menu, recipes, trade dress, designs and marketing standards and formats, all of which Franchisor may improve, further develop or otherwise modify from time to time (collectively, the “System”) using the trademark “SNOWFRUIT” and other associated names, for the operation of Fresh-Cut Fruit and Vegetable units that are operated as departments within supermarkets, grocery stores, and other facilities (such as universities and corporate settings). For purposes of this Agreement, an “affiliate” of a person is anyone controlling, controlled by, or under common control with the specified person.

B. Franchisor has the right to grant franchises to third parties, who meet Franchisor’s qualifications, to operate Fresh-Cut Fruit and Vegetable units using the System, and in connection therewith Franchisor offers an initial training program regarding Franchisor’s System, which must be completed to Franchisor’s satisfaction.

C. Trainee desires to receive the initial training required by Franchisor.

NOW, THEREFORE, in consideration of the matters recited above, the mutual promises herein contained and other good and valuable consideration, Franchisor and Trainee agree as follows:

#### 1. Training.

1.1 Initial Training Program. Franchisor will provide the initial training program (the “Initial Training Program”) to Trainee, which must be completed by Trainee, any proposed manager of the Trainee, and any employee of Trainee who prepares or handles food items. Such persons will attend the Initial Training Program for the full number of scheduled hours and days as required by Franchisor. The Initial Training Program will be furnished at Franchisor’s headquarters or at another location place and time as may be designated by Franchisor. The Initial Training Program required for Trainee and any proposed managers or employees of Trainee will consist of 20 hours of training provided over a 1 week period. Trainee will exert, and cause any of its managers to exert, best efforts to complete the Initial Training Program to Franchisor’s satisfaction.

1.2 Fees. The 20-hour Initial Training Program required for Trainee and any proposed managers and employees of Trainee will cost \$500 per person. All training fees must be paid upon execution of this Agreement, are fully earned when paid, and no portion of it is refundable under any circumstances. Trainee will be responsible for all travel, meals, lodging, employee compensation, and all other expenses incurred in connection with attendance at the Initial Training Program.

1.3 No Obligation to Grant Franchise; Disclaimers. The parties acknowledge that Trainee desires to become a franchisee of Franchisor, and that attending and completing the Initial Training Program to Franchisor’s satisfaction is a prerequisite requirement to becoming a franchisee. Notwithstanding anything to the contrary in this Agreement, neither the execution of this Agreement nor the completion of training will create any obligation on the part of Franchisor to grant Trainee a franchise, as Trainee must complete the training to Franchisor’s satisfaction. If, after the Initial Training Program, Franchisor determines in its sole discretion that Trainee has not completed the training to Franchisor’s satisfaction and is not qualified to manage the JFE franchise, Franchisor may decline to grant a franchise to Trainee. Franchisor makes no warranty, guarantee or representation, either express or implied, with respect to any information disclosed during the Initial Training Program, or with regard to contents or results of the Initial Training Program. Franchisor is not responsible for any personal injury, damage, or loss to Trainee incurred during any training program, and Trainee agrees to indemnify and hold Franchisor harmless from any claims or actions arising out of the negligent acts, omissions, or willful misconduct of

Trainee during the training program. Franchisor does not warrant that the training will meet Trainee's expectations, needs or requirements.

## 2. Confidential Information.

2.1 Nondisclosure. Franchisor possesses certain confidential information consisting of the System, including recipes, methods, techniques, formats, specifications, procedures, information, systems, and knowledge of and experience in the operation and licensing of JFE Fresh-Cut Fruit and Vegetable units stores, including but not limited to, the Franchisor's operating manual (the "Confidential Information"). Franchisor will disclose the Confidential Information to Trainee during the training program and in the operating manual. Trainee acknowledges that the Confidential Information is proprietary and is a trade secret of Franchisor. Trainee covenants that Trainee (a) will not use the Confidential Information in any capacity as set forth herein, (b) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement, (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form, and (d) will adopt and implement all reasonable procedures prescribed by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Trainee acknowledges and agrees that this Agreement does not grant Trainee any right to use any of Franchisor's or its affiliates' marks, intellectual property rights, or the System, except for the sole purpose of attending and completing the Initial Training Program.

2.2 Operating Manual. During the Initial Training Program, Franchisor will loan to Trainee a copy of Franchisor's confidential operating manual, containing the specifications, standards and operating procedures prescribed by Franchisor for the System. The operating manual ("Operating Manual") may consist of one or more handbooks or manuals and will include one set of Standard Operating Procedures ("SOP") and one Operating Manual for JFE Franchise. Trainee will treat all information contained in the Operating Manual as confidential and will keep the information secret. Trainee may only use the Operating Manual for the sole purpose of attending and obtaining training pursuant to this Agreement. The Operating Manual and (and copies thereof) is, and will always remain, the sole property of Franchisor. Trainee will not make any copies of the Operating Manual and will return the Operating Manual upon completion of training.

2.3 Enforcement. Trainee acknowledges that Franchisor would have difficulty protecting its trade secrets against unauthorized use or disclosure and would be unable to provide training. Trainee acknowledges and agrees that disclosure or misappropriation of Confidential Information in violation of this Agreement may cause Franchisor irreparable harm, the effect of which may be difficult to ascertain, and agrees therefore that Franchisor will be entitled to injunctive relief and/or specific performance in addition to all other remedies otherwise available to Franchisor at law and/or equity. If it becomes necessary to enforce the terms of this Agreement, Trainee will be obligated to pay all costs reasonably incurred by Franchisor in pursuing such enforcement, including attorneys' fees, court costs, collection costs and any and all costs incurred.

## 3. General.

(a) Binding. The obligations contained in this Agreement are binding upon Trainee and Trainee's directors, officers, employees, agents and representatives.

(b) Choice of Law; Venue. This Agreement will be governed by the laws of the State of Texas, and the parties hereto agree that the venue of any action arising in regard to this Agreement will be Harris County, Texas, and the parties hereto agree to the jurisdiction and venue of the courts of said state and county to the exclusion of any other courts which otherwise may have had jurisdiction.

(c) Arbitration. Except as provided in Section 2.3 of this Agreement, if the parties cannot resolve and settle a dispute arising under or in relation to this Agreement by private negotiation

within 30 days after one party gives the other written notice, the parties mutually agree to submit and resolve all issues involved in the dispute to binding arbitration. Arbitration will be instituted before the American Arbitration Association (“AAA”) in Harris County, Texas, before a single arbitrator. In no event will the demand for arbitration be made after the date that institution of legal or equitable proceedings based upon such claim, dispute or other matter would be barred by the applicable statute of limitations. AAA will provide the parties with a list of at least three (3) neutral arbitrators from which the parties will select the arbitrator. Should the parties fail to agree upon and select an arbitrator therefrom, AAA will make the selection from said list. Each party shall, however, be given the right of one (1) peremptory challenge. Arbitration will be held and conducted before the one (1) selected arbitrator, whose decision will be final and binding on the parties. Any such arbitration proceeding will be completed expeditiously and without undue delay or expense, and the arbitrator will be directed to follow the terms of this Agreement in any arbitration proceeding. The costs and fees of the arbitrator will be borne equally by the parties. The losing party, as determined by the arbitrator, will pay the prevailing party’s reasonable attorneys’ fees. The arbitrator’s award will be final and binding on all parties, and neither party will have any right to contest or appeal the arbitrator’s award except on the grounds expressly provided by law.

(d) Waiver. The failure of any party in any one or more instances to insist upon strict performance of any of the terms or provisions of this Agreement, or to exercise any option herein conferred, will not be construed as a waiver or relinquishment, to any extent, of the right to assert or rely upon any such terms, provisions or options on any future occasion.

(e) No Exclusive Remedy. No remedy or election hereunder will be deemed exclusive but will be cumulative with all other remedies available at law or in equity.

(f) Severability. If any term or provision of this Agreement is determined to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, then to the extent necessary to make such provision or this Agreement legal, valid or otherwise enforceable, such term or provision will be limited, construed or severed and deleted from this Agreement, and the remaining portion of such term or provision and the remaining other terms and provisions hereof will survive, remain in full force and effect and continue to be binding, and will be interpreted to give effect to the intention of the parties hereto insofar as that is possible.

(g) Entire Agreement. This Agreement represents the entire agreement between the parties with respect to the subject matter hereof and replaces and supersedes any and all prior or contemporaneous agreements or understandings, written, oral or otherwise with respect to the subject matter hereof. This Agreement and any of its terms and provisions may only be amended, modified, supplemented or waived in writing signed by both parties hereto.

(h) Assignment; Successors. None of the rights created under this Agreement may be assigned by Trainee without the prior written consent of Franchisor. This Agreement will be binding upon and inure to the benefit of Franchisor, its successors and assigns, and Trainee and its successors and permitted assigns.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same agreement. A party’s signature to this Agreement transmitted by facsimile or electronic mail will have the same legal force and effect as the original. Each of the undersigned represents and warrants that he is duly authorized by the contracting party to sign this Agreement on behalf of said party.

(j) Force Majeure. In the event that either party is delayed or hindered in the performance of any obligation hereunder by reason of any cause beyond that party’s reasonable control, then performance of such obligation will be excused for the period of the delay and the period for performance of any such obligation will be extended for a period equivalent to the period of such delay; provided, however, that any such extension will not exceed thirty (30) calendar days. The provisions of

this Section will not operate to excuse either party from the prompt payment of any amounts due and owing to the other party pursuant to the provisions of this Agreement.

(k) Modification. Trainee acknowledges and agrees that, as required by business conditions, geographic area including expansion, and/or other business factors as may be reasonably determined by Franchisor in its sole discretion, Franchisor may waive or modify the terms of the initial training agreement to other trainees, the terms and conditions of which may differ from those set forth in this Agreement. Trainee further understands and agrees that Franchisor has made no representations regarding the uniformity of its training agreements or arrangements.

(l) FDD. Trainee acknowledges having had an opportunity to review Franchisor's Franchise Disclosure Document for at least 14 calendar days before signing any agreement with Franchisor or making any payment to Franchisor, to consult with an attorney and other professional advisors of Trainee's choice, and Trainee has made the decision whether to consult with such advisors. Trainee represents and warrants that no person acting on Franchisor's behalf has made any representations or promises to Trainee about actual or potential sales, earnings, gross profits or net profits of a JFE Fresh-Cut Fruit and Vegetable unit, and Trainee is not relying on any representations or promises in entering into this Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first seen above.

**Trainee**

**JFE FRANCHISING, INC.**

\_\_\_\_\_  
Name (print):

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

**JFE - SNOWFRUIT**

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**PURCHASE AGREEMENT AND EXHIBITS**

**EXHIBIT D**



## PURCHASE AGREEMENT

This PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of \_\_\_\_\_ (the “Effective Date”) by and between JFE Franchising, Inc., a Texas corporation having its principal business address at 2021 Bingle Road, Houston, Texas 77055 (“Seller”), and \_\_\_\_\_, whose address is \_\_\_\_\_ (“Buyer”).

### RECITALS

A. Seller or its affiliate, owns a license to operate and grant franchises to third parties to operate, within supermarkets, grocery stores, and other facilities Fresh-Cut Fruit and Vegetable units using the trademark “SNOWFRUIT”.

B. Seller is the owner of certain furniture, equipment, inventory (collectively, the “Assets”) related to a JFE Fresh-Cut Fruit and Vegetable unit located within the supermarket, grocery store or third party facility set forth in Exhibit A (the “Location”).

C. Seller desires to sell to Buyer, and Buyer is desirous of purchasing from Seller the Assets, terms and conditions set forth in this Agreement. Buyer further desires to use the Assets to operate the Fresh-Cut Fruit and Vegetable unit under a franchise obtained from JFE Franchising, Inc. (“Franchisor”).

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants set forth below, the parties hereby agree as follows:

### Article 1.

#### Asset Sale and Purchase Transaction

**1.1 Sale and Purchase of Assets.** On the terms and subject to the conditions set forth herein, at the Closing (as defined below in Section 2.1) Seller will sell, assign, convey, transfer, and deliver to Buyer, and Buyer will purchase from Seller, the Assets set forth in Exhibit A. Buyer agrees that the Assets do not include, and this Agreement does not sell or transfer to Buyer, any right, title or interest in or to, the trade name “SNOWFRUIT” or any of the other trade names or service marks which are proprietary to Franchisor, or any permits, licenses or regulatory approvals issued to, or used by, Seller to conduct the business that is presently being conducted within the Location.

**1.2 Purchase Price; Payment of Purchase Price.** Buyer has delivered or will deliver to Seller the purchase price of \_\_\_\_\_ for the Assets (the “Purchase Price”). Seller and Buyer agree to negotiate in good faith with respect to the allocation of the Purchase Price among the Assets; provided, however, that such agreement shall not constitute a condition to either party's obligation to consummate the transactions contemplated by this Agreement. Buyer and Seller agree that their agreed upon allocation shall be used, reported and implemented for all federal, state, local and other tax purposes.

**1.3 Assumption of Liabilities.** Except as excluded in Exhibit B, Buyer will assume and perform and pay when due all the debts, liabilities, obligations, and contracts of the Assets of every kind, character, or description, whether accrued, absolute, contingent, or otherwise, existing as of the date of this Agreement. In addition, Buyer shall bear and pay, and shall hold harmless and indemnify Seller and each of the directors, officers, shareholders, employees, agents and other affiliates of Seller from and against, all sales taxes, use taxes and other similar taxes incurred in connection with the sale and conveyance of the Assets, and Buyer will pay its

portion, prorated as of the closing date, of state and local real and personal property taxes of the business.

**1.4 Franchise.** Buyer shall contemporaneously enter into a franchise agreement with Franchisor and pay all amounts due under such franchise agreement. Buyer acknowledges that the Location is in a supermarket, grocery store or other venue owned, leased, and/or operated by a third party (“Facility Owner”). Buyer further acknowledges that Buyer’s right to operate any business at the Location is subject to an agreement between Facility Owner and Franchisor, and that the Facility Owner may object to or require adjustments to Buyer’s operation of the franchised business. Franchisee acknowledges and agrees that termination of the agreement with Facility Owner may result in the termination of the rights to operate the business at the Location.

**Article 2.  
Closing**

**2.1 Closing.** The closing of the sale and transfer of the Assets (the “Closing”) and the consummation of the other transactions contemplated by this Agreement shall take place on or before \_\_\_\_\_ (the “Closing Date”) provided, however, that the Closing Date

may be any other date that is mutually agreed upon in writing by Buyer and Seller. The Closing shall be deemed to be effective for tax, financial and accounting purposes as of 5:00 P.M. (PST) on the Closing Date.

**2.2 Deliveries by Seller.** Seller will deliver to Buyer on the Closing Date, in consideration for receipt of the Purchase Price, an executed Bill of Sale attached as Exhibit C, and possession and control of all of the Assets to Buyer.

**2.3 Deliveries by Buyer.** Buyer will deliver to Seller on the Closing Date, a check or confirmation of wire transfer in the amount of the Purchase Price, and all consents, agreements, and other instruments and documents, required to be delivered at or prior to the Closing Date or otherwise required to implement the intent of this Agreement;

**Article 3.  
Seller’s Representations and Warranties**

Seller warrants to Buyer as follows:

**3.1 Due Organization.** Seller warrants to Buyer that Seller is a corporation duly organized and existing under the laws of the State of Texas, and is in good standing in the State of Texas.

**3.2 Title to Assets.** Seller warrants that it has good and marketable title to all assets covered by this Agreement.

**3.3 Authority to Sell.** Seller has full power and authority to sign, deliver and perform this Agreement and sell the Assets to Buyer.

**Article 4.  
Representations and Warranties of Buyer**

Buyer represents and warrants to Seller as follows:

**4.1 Due Organization.** Buyer represents and warrants to Seller that Buyer is a \_\_\_\_\_ duly organized and existing under the laws of the State of \_\_\_\_\_, is

duly qualified to transact business in the State of [ \_\_\_\_\_ ], and is in good standing in the State of [ \_\_\_\_\_ ].

**4.2 Power.** Buyer has the power and authority to enter into this Agreement and any agreements related hereto to which it is or is to become a party and perform its obligations under this Agreement and under such agreements contemplated hereby.

**4.3 Authorization; Enforceability.** This Agreement and all agreements contemplated hereby to which Buyer becomes a party, has been duly executed and delivered by Buyer, and constitutes the legal, valid and binding obligations of Buyer enforceable against it in accordance with their respective terms. Each agreement contemplated hereby to which Buyer is to become a party, when executed and delivered by Buyer, will constitute the legal, valid and binding obligation of Buyer, enforceable against it in accordance with the terms of such legal agreement. All agreements contemplated hereby to which Buyer is or is to become a party have been duly and validly authorized by all necessary limited liability company proceedings by Buyer.

**4.4 No Breach or Violation.** Neither the signing nor delivery of this Agreement nor the consummation of the transactions contemplated hereby will conflict with or result in a violation or breach of, or constitute a default under, any mortgage, lease or agreement, pursuant to which Buyer is a party or violate any judgment, order, permit, or decree binding on Buyer. Buyer represents that no consent, approval, or authorization of, or declaration, filing, or registration with, any United States federal or state governmental or regulatory authority is required to be made or obtained by Buyer in connection with the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated by this Agreement.

**4.5 Inspection.** Buyer acknowledges and agrees that it, prior to the execution of this Agreement, have had the right to (i) inspect and investigate each and every aspect of the Assets, and all factors relevant thereto, including, without limitation, the value of said Assets, (ii) review all information in the possession of Seller pertaining to the Assets, (iii) the cooperation of Seller's officers, employees, and agents, with respect to such information, and (iv) conduct and perform valuations regarding each of the Assets. Buyer has agreed to the Purchase Price on the basis of its own independent investigation and credit evaluation of the Assets.

**4.6 As-Is Condition.** BUYER HAS THOROUGHLY INSPECTED THE ASSETS AND AGREES TO ACCEPT THE ASSETS CONTEMPLATED TO BE TRANSFERRED BY THIS AGREEMENT IN AN "AS IN" AND "WHERE IS" CONDITION, WITHOUT ANY REPRESENTATION OR WARRANTY FROM SELLER REGARDING CONDITION, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE. BUYER'S EXECUTION OF THIS AGREEMENT SHALL BE DEEMED A CONCLUSIVE PRESUMPTION THAT BUYER HAS ACCEPTED THE PHYSICAL CONDITION OF THE ASSETS. Buyer further represents to Seller that Buyer has diligently studied and analyzed the market for Fresh-Cut Fruit and Vegetable units. Buyer further expressly acknowledges that neither Seller, nor any agents, representatives, employees or attorneys of Seller have made any representations of any kind, nature, or description, direct or implied, verbal or written, with respect to said Assets. Buyer hereby waives the benefit of any statute, law, or decision that would in any way detract, reduce or diminish from giving full force and effect to the provisions of this Section.

**4.7 Finders' Fees; No Existing Discussions.** Neither Buyer nor any of its respective officers, members or employees has employed any broker or finder or incurred any liability for any brokerage fee, commission or finders' fee in connection with any of the transactions contemplated by this Agreement. As of the date of this Agreement, Buyer is not engaged, directly or indirectly, in any discussions or negotiations with any other party with respect to a proposal to acquire, in any manner, the assets of Buyer or the capital stock of Buyer .

## **Article 5. Covenants**

**5.1 Further Assurances.** After the date of this Agreement, and for no further consideration except as set forth herein, the parties shall execute and deliver such additional documents and take such additional actions as may be deemed reasonably necessary or advisable by any party in order to consummate the transactions contemplated by this Agreement.

**5.2 Confidential Information.** Buyer agrees that, unless and until the purchase and sale of the Assets has been consummated, Buyer and its officers, directors, and other representatives will hold in strict confidence all confidential data and information with respect to the Assets and Seller's business obtained in connection with this Agreement; and if the transactions contemplated by this Agreement are not consummated, Buyer will return to Seller all confidential written data and information obtained from Seller as it may reasonably request.

**5.3 Bulk Sales.** The parties mutually agree to waive compliance with the bulk sales provisions of the Uniform Commercial Code of the State in which the Assets are located, or any other applicable "bulk transfer" law in connection with the sale of the Assets. Buyer agrees that Buyer shall be solely liable for any and all damages arising from Buyer's non-compliance with the bulk sales law and hereby waives any and all rights of reimbursement Buyer may have against Seller arising under any law, statute or regulation. Buyer agrees to indemnify Seller from any loss, cost or expense (including attorneys' fees and costs) of Seller which arises from Buyer's failure to comply with all such applicable laws. Nothing herein contained shall be construed as an acknowledgment by any person that any such law is applicable to such sale.

**5.4 Obligations to Personnel.** Seller shall be solely responsible for payment of and shall pay all compensation due or to become due to personnel of the JFE Fresh-Cut Fruit and Vegetable unit operated at the Location for services performed through the Closing Date.

**5.5 Condition Precedent.** On or before the Closing, the following conditions must be satisfied or this Agreement will be terminated and no longer have any force or effect: (i) no statute, rule, regulation, order, stay, injunction, or decree shall have been promulgated, enacted, entered, or enforced by any United States federal or state government, governmental authority, governmental agency or court of competent jurisdiction, which would prevent or make illegal the sale of the Assets to Buyer and the payment of the Purchase Price, (ii) Buyer must have entered into a franchise agreement with Franchisor.

**5.6 Default.** If Buyer breaches its duties, covenants and/or obligations that are required to be performed under the terms of this Agreement or franchise agreement (each, a "default"), Seller may seek to enforce any remedy to which Seller may be entitled, whether at law or in equity, except as otherwise provided in this Agreement.

## Article 6

### Survival of Representations, Warranties and Covenants; Indemnification.

**6.1 Survival of Representations, Warranties and Covenants.** All warranties, representations, covenants, obligations and agreements contained in this Agreement shall survive the deliveries made pursuant to Section 2.

**6.2 Indemnification.** Buyer shall indemnify, defend, save and hold harmless Seller and its officers, directors, employees, and agents (each, a “**Indemnitee**”) from and against any and all damages (collectively, “**Damages**”) directly or indirectly asserted against, imposed upon, resulting to, or incurred or required to be paid by Indemnitee from or in connection with, (i) any breach or inaccuracy of any representation or warranty made by Buyer in this Agreement or in any certificate or document delivered by Buyer in connection with this Agreement or any other agreement to which Buyer is a party, and (ii) a breach or nonperformance of any covenant made or obligation undertaken by Buyer in or in connection with this Agreement or any other agreement to which Buyer is or is to become a party.

## Article 7 Miscellaneous

**7.1 Costs and Expenses.** Except as set forth herein, Buyer and Seller shall each pay its respective legal and other transactional fees and expenses incurred by or on behalf of it in connection with this Agreement and the transactions contemplated hereby.

**7.2 Notices.** All notices given or made in connection with this Agreement shall be in writing. Delivery of written notices shall be effective upon receipt. All deliveries shall be made to the following addresses:

(i) if to Buyer:

(ii) if to Seller:

Any party may change the address to which notice (or copies) to it shall be addressed by giving notice of that change to the other parties in accordance with this Section.

**7.3 Assignment.** This Agreement and all the rights and powers granted by this Agreement shall bind and inure to the benefit of the parties and their respective successors and permitted assigns. Neither party shall have any right to assign, transfer, alienate, encumber or hypothecate any of its rights or obligations hereunder without the express prior written consent of the other party; provided that Seller may assign this Agreement and its rights, interests or obligations hereunder to any affiliate of Seller.

**7.4 Consideration; Recitals; Governing Law; Jurisdiction.** The parties acknowledge the mutual receipt and sufficiency of valuable consideration for the formation of the legally binding contract represented by this Agreement. The consideration includes all of the representations, warranties, covenants and obligations contained in this Agreement. The recitals

set forth on page one of this Agreement are incorporated into this Agreement and made a part of this Agreement. Except with respect to injunctive relief, for any disputes arising between the parties in connection with this Agreement and the transactions contemplated hereby, the parties shall make a good faith effort to reach an amicable resolution for a period of thirty (30) days. Any dispute arising from or related to this Agreement and the transactions contemplated hereby shall be decided by a court of law in Harris County, Texas, without regard to venue, *forum nonconveniens* or personal jurisdiction issues, all challenges to which are hereby waived. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas without regard to its conflict of law doctrines.

**7.5 Amendment and Waiver; Cumulative Effect.** To be effective, any amendment or waiver under this Agreement must be in writing and signed by the parties hereto. Neither the failure of any party to exercise any right, power or remedy provided under this Agreement or to insist upon compliance by any other party with its obligations under this Agreement, nor any custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver by such party of its right to exercise any such right, power or remedy or to demand such compliance. The rights and remedies of the parties are cumulative and not exclusive of the rights and remedies that they otherwise might have now or hereafter at law, in equity, by statute or otherwise.

**7.6 Attorneys' Fees.** In the event of any suit or other proceeding between the parties with respect to this Agreement or the subject matter of this Agreement, the prevailing party shall, in addition to such other relief as may be awarded, be entitled to recover its reasonable attorneys' fees, expenses, and costs as actually incurred.

**7.7 Entire Agreement; No Third-Party Beneficiaries.** This Agreement constitutes the entire agreement between Buyer and Seller concerning their rights and obligations with respect to the sale and purchase of the Assets. Any agreements or representations respecting the Assets or sale to Buyer not expressly set forth in this Agreement shall have no effect, except for a subsequent written modification signed by the party to be charged.

**7.8 Headings.** The section headings in this Agreement herein are for convenience of reference only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

**7.9 Severability.** If any term or other provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced under any applicable legal requirement in any particular respect or under any particular circumstances, then, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party, (a) such term or provision shall nevertheless remain in full force and effect in all other respects and under all other circumstances, and (b) all other terms, conditions and provisions of this Agreement shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner so that the transactions contemplated hereby are fulfilled to the fullest extent possible.

**7.10 Incorporation of Recitals.** The Recitals set forth in the first page of this Agreement are incorporated herein by this reference as though set forth herein.

**7.11 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall be deemed to be one and the same instrument.

The parties, each intending to be legally bound by this Agreement, have executed this Agreement as of the first date identified in the first sentence of this Agreement.

**Seller**

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

**Buyer**

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

## **Exhibit A to Purchase Agreement - Assets**

Location:

Assets:



## **Exhibit B to Purchase Agreement – Excluded Liabilities**

**Exhibit C to Purchase Agreement – Bill of Sale**

**BILL OF SALE**

Pursuant to and in compliance with that certain Purchase Agreement dated \_\_\_\_\_, \_\_\_\_\_, by and between [-----] (“**Seller**”) and [-----] (“**Buyer**”), the undersigned Seller, for the good and valuable consideration as set forth in the Purchase Agreement, the receipt and sufficiency of which is hereby acknowledged, does hereby sell, assign, transfer, convey and deliver to Buyer all of Seller's right, title and interest in and to the Assets as defined in the Purchase Agreement.

SELLER MAKES NO WARRANTY OF MERCHANTABILITY NOR OF FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ASSETS. BUYER ACCEPTS THE ASSETS IN "AS-IS" AND "WHERE IS" CONDITION WITH ALL FAULTS.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Seller

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

Buyer

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

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**SOP (Standard Operating Procedures) – Fresh-Cut Fruit Program**

**In-Store Cut Fruit Program Guidelines**

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**JFE - SNOWFRUIT**

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**LIST OF FRANCHISE OUTLETS**

Fresh-Cut Fruit and Vegetable Franchisees as of the issuance date of this Disclosure Document:

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LIST OF FRANCHISE OUTLETS AS OF NOVEMBER 28, 2022 (390)

	Customer Name	Store Address	City	State	Zip Code	Telephone
1	Ceu Lian Hmung	4498 Chamblee Dunwoody Rd	Dunwoody	GA	30338	309-278-7242
2	Van Peng Bawi Tlung	2205 Lavista Rd NE	Atlanta	GA	30329	678-320-7864
3	Van Siang Cer	4880 Lower Roswell Rd	Marietta	GA	30068	904-442-3220
4	Steven Bawi Tlung	564 Crosstown Dr.	Peachtree City	GA	30269	678-520-7039
5	Van Mawi Zi	8020 Cumming Hwy	Canton	GA	30115	480-848-8967
6	Par Bawi	7380 Spout Springs Rd	Flowery Branch	GA	30542	404-337-8866
7	Kimberly Biakthapar Sakhong	400 Peachtree Industrial Blvd.	Suwanee	GA	30024	317-453-0623
8	Van Biak Thawng	191 Alps Rd.	Athens	GA	30606	404-399-6409
9	Ngun Tha Zi	1227 Rockbridge Rd SW	Stone Mountain	GA	30087	309-317-7032
10	Jering Lal Hnin	1365 W Walnut Ave	Dalton	GA	30720	762-204-5267
11	Thang Sian Khai	2875 N. Decatur Rd.	Decatur	GA	30033	904-365-0645
12	Hyunjeong Song	1225 Caroline St NE	Atlanta	GA	30307	818-425-0730
13	Henry Tlan	2295 Towne Lake Pkwy	Woodstock	GA	30189	770-379-3065
14	Van Lalnun Lian	227 Sandy Springs Pl NE.	Sandy Springs	GA	30328	317-494-5161
15	Sui Khing Tial	3871 Peachtree Rd NE	Atlanta	GA	30319	913-313-3786
16	Ngun Hlei Tial	700 US Hwy 29 N	Athens	GA	30601	240-586-1540
17	Maung Maung	5550 Bethelview Rd.	Cumming	GA	30040	309-716-0541
18	Tan Lian	125 Main St Market Pl	Cartersville	GA	30121	317-652-8471
19	Ro Hmun Lian	2460 Enterprise Dr	Opelika	AL	36801	317-629-1390
20	Chris Par En Chin	505 Dacula Rd	Dacula	GA	30019	309-317-1994
21	Ngun Khar Lian	3093 Steve Reynolds Blvd	Duluth	GA	30096	309-282-6019
22	Hniar Chin Thluai	1685 Old Pendergrass Rd	Jefferson	GA	30549	317-775-2883
23	Lal Nun Mawii	774 SR 96	Bonaire	GA	31005	206-458-4302
24	Dawt Hlei Sung	1476 Turner McCall Blvd SW	Rome	GA	30161	762-204-5317
25	Ngun Thang Liang	378 Marketplace Pkwy.	Dawsonville	GA	30534	309-550-6622
26	Ngun Thang Liang	42 Shelter Cove Ln.	Hilton Head Island.	SC	29928	309-550-6622
27	Hyunjeong Song	800 Glenwood Ave SE	Atlanta	GA	30316	818-425-0730
28	Biak Tha Sung	4753 Atlanta Hwy	Loganville	GA	30052	678-656-7480
29	David Ngun Liang Mang	1931 Jesse Jewell Pkwy	Gainesville	GA	30501	470-209-9723
30	Amos Thang	33559 Chamblee Tucker Rd	Atlanta	GA	30341	404-664-6688
31	Khan Taung	6001 Cumming Hwy NE	Sugar Hill	GA	30518	770-855-6784
32	Bawi Cung	725 Ponce De Leon Ave NE	Atlanta	GA	30306	762-251-9453

33	Sui Tin Tial	318 Mall Blvd.	#100, Savannah	GA	31406	309-368-4536
34	Chun Tei Vanbiak Lian	3240 S. Cobb Dr.	Smyrna	GA	30080	309-269-3951
35	Sui Tin Tlem	1155 N 21st St	Newark	OH	43055	614-591-2908
36	Ni Par Chin	6580 E Main St	Reynoldsburg	OH	43068	309-429-7238
37	Mah Khin Sung	1621 N Memorial Dr	Lancaster	OH	43130	240-370-4100
38	Pang Ki	1585 Georgesville Square Dr	Columbus	OH	43228	614-902-8109
39	Dawttin Rem	300 S Hamilton Rd	Gahanna	OH	43230	614-956-9242
40	John Van Lian	1045 Hill Rd N	Pickerington	OH	43147	614-363-9130
41	Van Biak Hmun	800 W Coshocton St	Johnstown	OH	43031	859-866-9648
42	Thla Nawn	1501 W 5th St	Marysville	OH	43040	614-969-8946
43	Samuel Ram Thawng	1350 N High St	Columbus	OH	43201	614-620-9398
44	Ram Thang	1745 Morse Rd	Columbus	OH	43229	270-370-4100
45	Mary lang	131 State Route 3	Sunbury	OH	43074	614-972-4371
46	Sem Ci	801 N Houk Rd	Delaware	OH	43015	614-288-1354
47	Biak Lian Sang	6417 Columbus Pike	Lewis Center	OH	43035	614-632-2162
48	Boi Hu Thang	7100 Hospital Dr	Dublin	OH	43016	614-735-9745
49	Van Tha Bor	2090 Crown Plaza Dr	Columbus	OH	43235	614-641-5040
50	Taylor James Heckman	199 Graceland Blvd	Columbus	OH	43214	419-376-3117
51	Paul Nunceu	1177 Polaris Pkwy	Columbus	OH	43240	614-747-5427
52	Ngun Thawng Senia	5965 Hoover Rd	Grove City	OH	43123	614-902-6936
53	Tial Kil	175 Lancaster Pike	Circleville	OH	43113	919-827-3679
54	Van Tha Thang	7345 S.R. 3	Westerville	OH	43082	859-206-8693
55	Zaw Hteih	919 E State St	Athens	OH	45701	614-674-8848
56	Hrang Kil	1141 E Main St	Lancaster	OH	43130	614-549-1706
57	Thalian Cung	1375 Chambers Rd	Columbus	OH	43212	614-483-2005
58	Langh Khan Gen	11390 Montgomery Rd.	Cincinnati	OH	45249	515-422-0182
59	Soyoung Her	130 Pavilion Pkwy.	Newport	KY	41071	614-581-4747
60	Za Kung Hai Bil	9001 U.S. Hwy. 42	Union	KY	41091	859-916-0336
61	Dongmei An	4613 Marburg Ave.	Cincinnati	OH	45209	513-855-3981
62	Mang Tin Par	2150 Dixie Hwy.	Fort Mitchell	KY	41017	859-287-8822
63	Kaung Myat	1095 S. Main St.	Centerville	OH	45458	541-900-9079
64	Kaung Myat	2921 W. Alex Bell Rd.	Moraine	OH	45459	541-900-9079
65	Hui Jia	8000 Princeton Glendale Rd.	West Chester Township	OH	45069	937-782-8495
66	Cung Lian Hup	6 Town Plaza	Durango	CO	81301	432-235-2134



67	Chan Kip Thang	1825 Central Park Plaza.	Steamboat Spgs	CO	80477	319-936-4012
68	Tuan Hmung	711 E Cooper Ave	Aspen	CO	81611	432-661-0552
69	Nai Suit Poug Chan	880 N Main St	Gunnison	CO	81230	432-289-8408
70	Joel Cimang	300 Dillon Ridge Rd.	Dillon	CO	80435	972-598-2486
71	Dawt Len Sung	3130 Main Ave.	Durango	CO	81301	432-260-6100
72	Ci Mang	72 Beaver Creek Pl.	Avon	CO	81620	317-993-4217
73	Hram Bik	103 Market St.	Eagle	CO	81631	214-845-2085
74	Van Bawi Lian	16400 S. Townsend Ave.	Montrose	CO	81401	432-638-7640
75	Thawng Lian Thang	905 Highway 133	Carbondale	CO	81623	432-230-7687
76	Tuan Thang	4701 W 6th St	Lawrence	KS	66049	641-691-6694
77	Bawi Cungnung	7707 E Central Ave	Wichita	KS	67206	317-658-9603
78	Ming Thang	6829 SW 29th St	Topeka	KS	66614	463-230-4023
79	Sui Thang	10222 W 21st St	Wichita	KS	67205	317-728-6575
80	Ming Thang	800 NW 25th St	Topeka	KS	66618	463-230-4023
81	Sui Nuam Par	3707 N Woodlawn Blvd	Wichita	KS	67220	817-996-3174
82	Bawi Khua Thang	1902 Vine St	Hays	KS	67601	317-918-9983
83	Rung Hnin	10515 W Central Ave	Wichita	KS	67212	913-293-5564
84	Rung Hnin	1624 N Rock Rd	Derby	KS	67037	913-293-5564
85	Ceu Dun	225 E Cloud Ave	Andover	KS	67002	913-326-4932
86	Sai Hliang	5311 SW 22nd Pl	Topeka	KS	66614	317-690-6501
87	Sui Nuam Par	1101 Westloop Pl	Manhattan	KS	66502	817-996-3174
88	Sui Nuam Par	1235 E Cloud St	Salina	KS	67401	817-996-3174
89	Lian Zakham Thluhlawng	3200 Plaza East Dr	Hutchinson	KS	67502	716-867-7226
90	Dinmai Dingrin	13250 W Maple Rd	Omaha	NE	68164	402-321-4266
91	Bawi Par	888 S Saddle Creek Rd	Omaha	NE	68106	402-536-0837
92	Bawi Par	17370 Lakeside Hills Plaza	Omaha	NE	68130	402-536-0837
93	Rosy Sui Hlawn Tial	10250 TX 6	Missouri City	TX	77459	281-662-0872
94	Chan Chuah Moya	12605 IH 45 North	Willis	TX	77318	713-820-1453
95	Claire Hyunju Bae	1440 Studemont St.	Houston	TX	77007	832-722-0736
96	Uk Lian Thang	25050 FM 1093	Richmond	TX	77406	346-221-2093
97	Heeyoung Youn	9703 Barker Cypress Rd.	Cypress	TX	77433	832-466-8461
98	Cung Lian Bik	24350 Kuykendahl Rd.	Tomball	TX	77375	469-630-5470
99	Ja Young Kim	9806 Gaston Rd.	Katy	TX	77494	832-875-1830
100	Min Ho Kim	2700 W. Grand Pkwy N.	Katy	TX	77449	213-820-2082

101	Aaron Ngun Sui Khal	14221 E. Sam Houston Pkwy N.	Houston	TX	77044	317-801-4788
102	Jonathan Bawi	18861 University Blvd.	Sugar Land	TX	77479	319-591-3322
103	James Van Bawi Uk	316 S. Loop 336 W.	Conroe	TX	77304	469-602-1676
104	Lal Crosshlu Cross	3731 Riley Fuzzel Rd.	Spring	TX	77386	828-279-7236
105	Ivan Itoya Take	22030 Market Place Dr.	New Caney	TX	77357	319-450-3369
106	Par Dawh Sung	20168 Eva St.	Montgomery	TX	77356	214-815-7902
107	Sui Mawi	1920 W. League City Pkwy.	League City	TX	77573	346-932-7672
108	Rosey Tial	223 IH 45 South	Huntsville	TX	77340	317-696-2175
109	Lwin Lwin Htike	1712 Spring Green Blvd.	Katy	TX	77494	832-977-0435
110	Sui Mawi	800 Dixie Dr.	Clute	TX	77531	214-723-1739
111	Lal Hruai Tluang	6315 Garth Rd.	Baytown	TX	77521	832-265-3913
112	Pathang Kualsim	20355 Cypresswood Dr.	Cypress	TX	77433	832-988-2921
113	Ivan Itoya Take	9475 Farm to Market 1960 Bypass Rd. W.	Humble	TX	77338	319-450-3369
114	Sui Cer lang	313 E Pioneer Pkwy	Grand Prairie	TX	75051	309-317-8849
115	Bei Lo Tla	1950 El Dorado Blvd.	Houston	TX	77062	469-432-6624
116	Ro Zar Puia	5730 Seawall Blvd.	Galveston	TX	77551	713-933-5574
117	John Hram Zel	15802 Champion Forest Dr.	Spring	TX	77379	832-439-8639
118	Myint Hein	11003 Shadow Creek Pkwy.	Pearland	TX	77584	832-966-4804
119	Heeyoung Youn	1801 S. Voss Rd.	Houston	TX	77057	832-466-8461
120	Tha Sung	3410 Northpark Dr.	Kingwood	TX	77345	832-989-2856
121	Jae O Lee	1035 N. Shepard Dr.	Houston	TX	77008	713-437-7334
122	Jeong Lyong Seo	10306 S. Post Oak Rd.	Houston	TX	77035	832-486-0912
123	Claire Hyunju Bae	5150 Buffalo Speedway	Houston	TX	77005	832-722-0736
124	Par Dawh Sung	4747 Research Forest Dr.	The Woodlands	TX	77381	214-815-7902
125	Jonathan Bawi	4825 Sweetwater Blvd.	Sugar Land	TX	77479	319-591-3322
126	Dawt Hlei Tial	3100 S. Gordon St.	Alvin	TX	77511	832-378-5632
127	Aa Cung	13135 Louetta Rd.	Cypress	TX	77429	412-629-5435
128	Pa Kuk Ceu	8323 West Broadway St.	Pearland	TX	77584	713-894-4051
129	Min Ho Kim	1520 Eldridge Pkwy.	Houston	TX	77077	213-820-2082
130	Jae O Lee	1938 W. Gray St.	Houston	TX	77019	713-437-7334
131	Engmawia Hnginglo	1352 W. 43rd St.	Houston	TX	77018	346-208-9316
132	Suan Thang Mung	25651 Highway 59 N.	Kingwood	TX	77339	832-407-1929
133	Van Tin Hmun	2303 Boonville Rd.	Bryan	TX	77808	469-269-4073
134	Chan Chuah Moya	6616 FM 1488 Rd.	Magnolia	TX	77354	713-820-1453

135	Mang Thio Lian	14060 FM 2920 Rd.	Tomball	TX	77375	281-662-0430
136	Sang Cung Lian	2010 Country Club Rd.	Lake Charles	LA	70605	651-500-3179
137	Jin Lee	8011 W. Grand Pkwy. S.	Richmond	TX	77407	832-613-4688
138	Hrang Peng	2750 E. League City Pkwy.	League City	TX	77573	713-815-8155
139	Hlawn Tin Sung	950 E. Sandy Lake Rd.	Coppell	TX	75019	214-713-5312
140	Hruai Ceu Lian	1060 N. Main St.	Eules	TX	76039	817-818-7242
141	Jerku Khenglawt Santisi	2709 Cross Timbers Rd.	Flower Mound	TX	75028	469-888-1881
142	James Lian	4038 Old Denton Rd.	Carrollton	TX	75007	214-500-4337
143	Van Ni Or	5190 Hwy 78	Sachse	TX	75048	469-632-2443
144	Biak Tha Lian	500 W University Dr	Denton	TX	76201	469-929-3017
145	Van Ceu Lian	4901 Maple Ave.	Dallas	TX	75235	972-358-0275
146	Tial Sung	10677 E. NW Hwy. #300	Dallas	TX	75238	254-229-2327
147	Dawt Rem	2110 E. Southlake Blvd.	Southlake	TX	76092	214-705-5574
148	Ester Par Mawi	976 Keller Pkwy.	Keller	TX	76248	469-836-2592
149	Lilian Ngunvang	5665 E. Mockingbird Ln.	Dallas	TX	75206	469-510-9469
150	Sui Bawi Thang	3120 S. University Dr.	Fort Worth	TX	76109	817-874-7425
151	Ca Len Sung	7100 Independence Pkwy.	Plano	TX	75025	214-437-4126
152	Mang Za Hliang	536 Centennial Blvd	Richardson	TX	75081	469-835-4511
153	Thang Chin Mang	4142 Cedar Springs Rd.	Dallas	TX	75219	214-783-0158
154	Biak Par	4241 Capitol Ave. Dallas	Dallas	TX	75204	214-680-0541
155	Lal Dik	1653 Basswood Blvd	Fort Worth	TX	76131	214-607-5817
156	Nomi Biak Nawn Sung	5241 N Tarrant Pkwy	Fort Worth	TX	76244	972-537-7049
157	Ngun Tha Mawi	9150 N. Tarrant Pkwy.	North Richland Hills	TX	76182	682-215-5922
158	Sui Tha	3305 Dallas Pkwy.	Plano	TX	75093	469-877-8459
159	Mang Peng Lian	3300 Texas Sage Trail	Fort Worth	TX	76177	817-609-2424
160	Za Peng Lian	945 W. Lamar Blvd.	Arlington	TX	76012	469-254-1224
161	Timothy Cung Bik	1212 E. Bethany Dr.	Allen	TX	75002	469-661-6666
162	Kap Hlei Thang	4851 Legacy Dr.	Frisco	TX	75034	214-326-8834
163	Bawi Bik Cung	3205 W. Main St.	Frisco	TX	75034	651-373-0080
164	Tluang Hnin Thang	1210 N. Greenville Ave.	Allen	TX	75002	469-618-7926
165	Kap Lian	6850 N. Shiloh Rd.	Garland	TX	75044	214-530-1143
166	Ngun Thar Bor	7500 Preston Rd.	Frisco	TX	75034	214-686-8789
167	Anthony Martinez	12221 Custer Rd.	Frisco	TX	75035	361-244-9638
168	Mang Peng Lian	12600 N Beach St	Fort Worth	TX	76244	817-609-2424

169	Kei Lian Kap	4017 14th St.	Plano	TX	75074	214-854-0806
170	Tial Chum Ling	1801 N. Lake Forest Dr. McKinney	McKinney	TX	75071	469-835-4311
171	Bor Te	2901 Lake Forest Dr.	McKinney	TX	75070	214-753-6184
172	Hniang Tha Sung	1320 W. McDermott Dr.	Allen	TX	75013	972-827-5568
173	Ngun Dim	5021 Teasley Ln.	Denton	TX	76210	702-764-7627
174	Jerku Santisi	3400 FM 407	Bartonville	TX	76226	469-888-1881
175	Tial Chum Ling	1250 N. Preston Rd.	Prosper	TX	75078	469-835-4311
176	Van Lian Hmung	1950 N. Goliad St.	Rockwall	TX	75087	469-463-7916
177	Ro Sung Hniang	2935 Ridge Rd.	Rockwall	TX	75032	214-541-4708
178	Za Bik	4750 W Bailey Boswell Rd.	Fort Worth	TX	76179	469-237-6120
179	Lai Ram Thang	7505 N. MacArthur Blvd.	Irving	TX	75063	972-877-0910
180	Thang Awi	2608 FM 544	Wylie	TX	75098	214-907-9603
181	Chan Hram	500 Marketplace Blvd.	Forney	TX	75126	469-618-7947
182	Chae Soo Hong (Jayoung Park)	2671 Little Elm Pkwy.	Little Elm	TX	75068	972-439-7803
183	Ming Yang	2925 Custer Rd.	Plano	TX	75075	469-321-1123
184	Than Tluang	3001 Matlock Rd	Mansfield	TX	76063	504-516-4127
185	Jerku Khenglawt Santisi	1101 Flower Mound Rd.	Flower Mound	TX	75028	469-888-1881
186	Chan Uk	1592 S. Loop 288	Denton	TX	76205	214-574-0351
187	Zai Sung	3939 Frankford Rd.	Dallas	TX	75287	469-394-0575
188	Johan Sang	4650 W. University Dr.	Prosper	TX	75078	972-522-8253
189	Sonia Van Pen Sung	1631 SW Wilshire Blvd. Burleson	Burleson	TX	76028	469-888-1881
190	Zun Nuam Tling	5101 W Sublett Rd	Arlington	TX	76017	817-230-9597
191	William Gin Sian Sang	3300 E. Broad St.	Mansfield	TX	76063	469-771-9750
192	Nelson Tinthang Biak	2200 FM 663	Midlothian	TX	76065	469-867-7264
193	Zathawngthu Sangpi	9700 Coit Rd.	Plano.	TX	75025	469-671-4686
194	Van Run Iang	4620 State Highway 121	Lewisville	TX	75056	469-386-9380
195	Sui Khua Ly	17194 Preston Rd. Dallas	Dallas	TX	75248	469-713-9515
196	Tial Lian Thang	5701 W Pleasant Ridge Rd	Arlington	TX	76016	214-200-5967
197	Lal Nei Thuama	8745 Spring Cypress Rd.	Spring	TX	77379	713-459-2830
198	Bawi Tha Tawng	9125 West Sam Houston Pkwy. N.	Houston	TX	77064	936-414-5172
199	Jeong Lyong Seo	7747 Kirby Dr.	Houston	TX	77030	832-486-0912
200	Biak Tin Sui	3135 E. FM 528 Rd.	Friendswood	TX	77546	469-548-4317
201	Lai Zama	1421 Beglis Pkwy.	Sulphur	LA	70663	515-314-1903
202	Johan Van Uk Thang	2525 W. Interstate 20	Grand Prairie	TX	75052	469-254-5178

203	Sui Cer lang	3915 E. US Highway 377	Granbury	TX	76049	309-317-8849
204	Zo Pa Lian	1477 W. Main St.	Salem	VA	24153	540-892-8522
205	Chay Aye	1904 Emmet St.	Charlottesville	VA	22901	434-960-2226
206	Ruth Nitha Hliang	112 Sunset Dr.	Johnson City	TN	37604	585-230-9558
207	Hkun Awng Malut Nlu	1790 E Market St	Harrisonburg	VA	22801	804-665-6811
208	Zo Pa Lian	915 Hardy Rd	Vinton	VA	24179	540-892-8522
209	Lal Lian	2012 Wards Rd	Lynchburg	VA	24502	757-732-3041
210	Tial Hnin Thang	7805 Timberlake Rd.	Lynchburg	VA	24502	240-440-0272
211	Sai Leng	1980 Rio Hill Center	Charlottesville	VA	22901	434-327-7285
212	Hkun Awng Malut Nlu	850 Statler Blvd	Staunton	VA	24401	804-665-6811
213	William Lee Edwards	555 N. Franklin St.	Christiansburg	VA	24073	540-505-4253
214	Chay Aye	1159 Emmet St.	Charlottesville	VA	22901	434-960-2226
215	Zo Pa Lian	72 Kingston Dr	Daleville	VA	24083	540-892-8522
216	Ruth Nitha Hliang	1805 W. State of Franklin Rd.	City	TN	37604	585-230-9558
217	Thla Thawng	15069 Forest Rd.	Forest	VA	24551	463-207-8797
218	Narantsetseg Batjargal	3970 Valley Gateway Blvd.	Roanoke	VA	24012	540-354-4823
219	Olonbayar Ravdandorj	80 Westlake Rd.	Hardy	VA	24101	540-798-4153
220	Zo Pa Lian	614 Brandon Ave.	Roanoke	VA	24015	540-892-8522
221	Sui Hlawn Rem	4404 Brambleton Ave.	Roanoke	VA	24018	540-892-8469
222	Bawi Nun Tluang	9480 W. Broad St.	Richmond	VA	23294	380-213-5468
223	Mi Hwa Kim	3001 Polo Parkway	Midlothian	VA	23113	804-909-7615
224	Yoon Sup Shim	1601 Willow Lawn Dr.	Richmond	VA	23230	302-465-4234
225	Yoon Sup Shim	6335 Mechanicsville Turnpike	Mechanicsville	VA	23111	302-465-4234
226	Yoon Sup Shim	901 N. Lombardy St.	Richmond	VA	23220	302-465-4234
227	Hram Uk Bawi	7000 Tim Price Way	Richmond	VA	23225	380-212-9462
228	Moon Kwon Song	9351 Atlee Rd.	Mechanicsville	VA	23116	201-281-8366
229	Brang Nan Marip	9000 Staples Mill Rd.	Henrico	VA	23228	757-876-2170
230	Bawi Nun Tluang	12726 Jefferson Davis Hwy	Chester	VA	23831	380-213-5468
231	Insoon Kye Kim	10800 Iron Bridge Rd.	Chester	VA	23831	804-971-6993
232	Austin Zaw	4625 Shore Dr	Virginia Beach	VA	23455	757-602-8568
233	Tai Romano	1800 Republic Rd	Virginia Beach	VA	23454	757-799-6540
234	Myo Min Kyaw	975 Providence Square Shopping Center	Virginia Beach	VA	23464	757-933-3580
235	The Dy	3330 Virginia Beach Blvd.	Virginia Beach	VA	23452	404-551-6320
236	Kyoung Hwan Kim	3901 Holland Rd.	Virginia Beach	VA	23452	703-973-1636

237	Thang Hlei	1301 Frederick Blvd.	Portsmouth	VA	23707	301-256-1505
238	Kai San Lahpai	1050 W. Mercury Blvd.	Hampton	VA	23666	757-217-6028
239	Francesca Lainez	1017 University Blvd.	Suffolk	VA	23434	757-755-0764
240	Dim Piang	5007-2 Victory Blvd.	Yorktown	VA	23693	415-603-8193
241	James Dawt Lian	1653 Sentinel Dr.	Chesapeake	VA	23320	469-559-7092
242	Ah Mi Lu Khaw	309 S. Battlefield Blvd.	Chesapeake	VA	23322	804-999-1275
243	Kai San Lahpai	1282 Smithfield Plaza	Smithfield	VA	23430	757-416-8385
244	Ah Mi Lu Khaw	1464 Mt. Pleasant Rd.	Chesapeake	VA	23320	804-999-1275
245	Zaam Ngaih Cing	1401 N. Main St.	Suffolk	VA	23434	757-291-6381
246	Joseph Ram Bik Ceu	2007 7th St	Parkersburg	WV	26101	740-860-5470
247	Chan Hre Lian	5 River Walk Mall	South Charleston	WV	25303	317-457-7560
248	Chan Hre Lian	5717 MacCorkle Ave SE	Charleston	WV	25304	317-457-7560
249	Lian Ching Hram Uk	711 Martin Luther King Jr Blvd	Ashland	KY	41101	309-221-5270
250	Elton Za Lyan	1100 Fledderjohn Rd.	Charleston	WV	25314	312-722-1482
251	Myo Min	6360 US-60	Barboursville	WV	25504	331-575-6814
252	Lian Ching Hram Uk	370 Diederich Blvd	Ashland	KY	41101	309-221-5270
253	Joseph Ram Bik Ceu	1008 Washington Blvd	Belpre	OH	45714	740-860-5470
254	Biak Sung	500 Suncrest Town Centre Dr.	Morgantown	WV	26505	317-690-3893
255	Ngun Za Thluai	1015 S. Taft Hill Rd.	Fort Collins	CO	80521	903-841-9374
256	Siang Peng	2100 35th Ave.	Greeley	CO	80634	240-409-5016
257	Tyres Par	1375 E. South Boulder Rd.	Louisville	CO	80027	720-921-4492
258	Moe Moe San	6550 Lokout Rd.	Boulder	CO	80301	430-666-4983
259	Thla Cung	3600 Table Mesa Dr.	Boulder	CO	80305	580-406-6370
260	Chan Lianuk Phunthang	253 E. 29 St.	Loveland	CO	80538	765-336-9076
261	Moe Moe San	1650 30th St.	Boulder	CO	80301	430-666-4983
262	Stanly Van Biak Lian	1173 Bergen Pkwy.	Evergreen	CO	80439	720-244-5220
263	Jose Ricardo Martinez Gomez	3801 E. 120th Ave.	Thornton	CO	80233	720-250-6612
264	Van Ngeih Lian	4503 JFK Pkwy.	Fort Collins	CO	80525	816-294-1444
265	Lian Bawi Mang	1275 Eagle Dr.	Loveland	CO	80537	317-525-6900
266	Beauty Fam Tin Par	12959 S. Parker Rd.	Parker	CO	80134	469-655-6975
267	Ngunkar Phuting	1070 W. Baptist Rd.	Monument	CO	80132	463-212-9227
268	Sui Bik	3702 Dell Range Blvd.	Cheyenne	WY	82009	802-421-9119
269	Sang Ceu Lian	995 S. Hover St.	Longmont	CO	80501	720-998-9580
270	Aung Moe	17031 Lincoln Ave.	Parker	CO	80134	720-862-9769

271	Tei Cung	7284 Lagae Rd.	Castle Pines	CO	80108	270-599-7508
272	Ngun Hnem Par Sang Te	2602 S. Timberline Rd.	Fort Collins	CO	80526	563-283-3025
273	Nawi Iap	1842 N. College Ave.	Fort Collins	CO	80524	641-691-2289
274	Ngun Thawn Bik	13700 Colorado Blvd.	Thornton	CO	80602	720-382-4703
275	Biak Lian Thawng	1611 Pace St.	Longmont	CO	80504	317-830-9156
276	Dawt Bawi Ceu	1520 Main St.	Windsor	CO	80550	317-445-6353
277	Hmun Lian	6110 Firestone Blvd.	Firestone	CO	80504	214-558-5572
278	Jonah Cung Tha Lian	25701 E. Smoky Hill Rd.	Aurora	CO	80016	614-668-6264
279	Kuang Kye Oo	1045 S 1st St	Bennett	CO	80102	720-548-8339
280	Satin Hre	6922 10th St.	Greeley	CO	80634	720-530-9851
281	Enoch Lal Ni Eng	2355 W. 136th Ave.	Broomfield	CO	80023	720-840-6655
282	Ngun Hlawn Tial	5544 Promenade Pkwy.	Castle Rock	CO	80108	720-382-9480
283	Par Tha Hnem	17761 Cottonwood Dr.	Parker	CO	80134	720-324-6479
284	Cung Lian	1891 State Highway 7	Erie	CO	80516	720-838-9348
285	Hnem Te Hlawning	750 N. Ridge Rd.	Castle Rock	CO	80104	270-599-6041
286	Bawi Lian Thang	480 N. Highway 287	Lafayette	CO	80026	309-989-2315
287	Van Lian Thang	100 N. 50th Ave.	Brighton	CO	80601	720-394-9417
288	Chan Cung Lian	2440 Bardstown Rd	Louisville	KY	40205	270-777-7425
289	John Sang Za Lian Lyan	3039 Breckenridge Ln	Louisville	KY	40220	317-332-3498
290	Ko Myo	4101 Tates Creek Centre Dr	Lexington	KY	40517	317-457-2733
291	Van Biak Mang Bawihrin	12501 Shelbyville Rd.	Middletown	KY	40243	317-840-9095
292	Cer Uk Thang	6900 Bardstown Rd	Louisville	KY	40291	502-450-4994
293	Nunu Zothang	9080 Taylorsville Rd	Louisville	KY	40299	317-966-4318
294	Mang Cem	291 N Hubbards Ln #130	St Matthews	KY	40207	317-746-5161
295	Henry Vandawt Lyan	5929 Timber Ridge Dr	Prospect	KY	40059	206-960-3955
296	Biak Hmun Ceu	2034 KY-53	La Grange	KY	40031	317-702-1998
297	Tha Hlei Zing	300 Brighton Park Blvd	Frankfort	KY	40601	317-354-6963
298	Siang Lian Thawng	3101 Richmond Rd	Lexington	KY	40509	317-714-0734
299	Sui Men Tial	102 W John Rowan Blvd	Bardstown	KY	40004	716-533-6788
300	Soe Cung	890 Richmond Plaza	Richmond	KY	40475	317-675-8486
301	Mang Ceu Lian	9440 Brownsboro Rd	Louisville	KY	40241	317-828-2695
302	Biak Thawng	12450 La Grange Rd	Louisville	KY	40245	317-616-8947
303	Solomon Lian Khup	12611 Taylorsville Rd Ste 102	Louisville	KY	40299	502-851-9194
304	Nunu Zothang	3165 S 2nd St	Louisville	KY	40208	317-966-4318

305	Julia Iang	234 Eastbrooke Pkwy	Mt Washington	KY	40047	317-900-2441
306	Maung Ling	9501 Westport Rd	Louisville	KY	40241	410-300-0945
307	Ko Myo	3175 Beaumont Centre Cir	Lexington	KY	40513	317-457-2733
308	Van Cung Bik	1600 Leestown Rd	Lexington	KY	40511	317-739-9774
309	Chan Hmung Ling Zaathang	212 Kroger Way	Versailles	KY	40383	317-970-5575
310	Benjamin Zaathang	311 Boone Station Rd	Shelbyville	KY	40065	317-354-9320
311	Tial Tin Rem	106 Marketplace Cir	Georgetown	KY	40324	317-987-4269
312	Thiang Ceu Thawng	704 Euclid Ave	Lexington	KY	40502	317-308-8517
313	Hmangaih Sang	4915A Dixie Hwy	Louisville	KY	40216	317-313-4534
314	Ngun Hlei Cuai	711 Campbell Ln	Bowling Green	KY	42104	469-347-4319
315	Sang Bil	2615 Franklin Pike	Nashville	TN	37204	816-749-3647
316	Rozal Van Kim Mawi	5544 Old Hickory Blvd.	Hermitage	TN	37076	317-689-9812
317	Bawi Khamh Sang	143 Henslee Dr	Dickson	TN	37055	317-599-0997
318	Hranglian Mawia	9501 S Northshore Dr	Knoxville	TN	37922	515-718-6891
319	Sui Bawi Thang	2020 Mallory Ln.	Franklin	TN	37067	716-463-1956
320	Win Htat Htun	7087 Hwy 70 S.	Nashville	TN	37221	917-882-1628
321	Ngun Hlei Cuai	350 U.S. 31 W Bypass	Bowling Green	KY	42104	469-347-4319
322	Lynda Lian Sian Kim	220 Wears Valley Rd	Pigeon Forge	TN	37863	806-576-5276
323	Sui Bawi Thang	5713 Edmondson Pike	Nashville	TN	37221	716-463-1956
324	Gideon Thang	2100 Lowes Dr	Clarksville	TN	37040	317-665-0346
325	Bawi Thawng Sang	123 Northcreek Blvd	Goodlettsville	TN	37072	716-816-5724
326	Clara Bawi Nei Kim	61 E. Thimpson Ln.	Nashville	TN	37221	208-981-6267
327	Ciin Don Niang	2946 S Church St	Murfreesboro	TN	37127	615-919-4925
328	Win Htat Htun	8141 TN-100	Bellevue	TN	37221	917-882-1628
329	Rohming Thang Thalop	1418 W Main St Ste. A	Lebanon	TN	37087	317-292-5215
330	Dlm Sian Huai	4432 Veterans Pkwy	Murfreesboro	TN	37128	615-982-4571
331	Tommy Khamh Thawng	2201 21st Ave. S	Nashville	TN	37212	248-860-2801
332	Hniang Hoi Sung	411 Whitman Rd.	Franklin	TN	37064	240-760-8885
333	Winnie Min	2011 Nashville Pike	Gallatin	TN	37066	615-496-0428
334	Esther Van Lal Siam Pui	3054 Columbia Ave.	Franklin	TN	37064	716-986-4403
335	Chan Uk	2600 Memorial Blvd	Springfield	TN	37172	317-446-0842
336	Hniang Hoi Sung	595 Hillsboro Rd #305	Franklin	TN	37064	240-760-8885
337	Anna Sung Chin Tial	401 S. Mt. Juliet Rd. #200	Mt. Juliet	TN	37122	317-209-6133
338	Van Lin Thang	2945 Scottsville Rd	Bowling Green	KY	42104	270-320-7279



339	lang Sung	6690 Nolensville Rd.	Brentwood	TN	37027	615-243-8945
340	Esther Van Lal Siam Pui	1203 Murfreesboro Rd.	Franklin	TN	37064	716-986-4403
341	Tial Bawi Lian	4900 Port Royal Rd	Spring Hill	TN	37174	240-760-9166
342	Win Htat Htun	210 Franklin Rd. #100	Brentwood	TN	37027	917-882-1628
343	Gin Kop Khai	237 E Main St	Hendersonville	TN	37075	615-609-6250
344	Deborah Dawt Sui	234 E Emory Rd	Powell	TN	37849	317-737-8027
345	Hranglian Mawia	507 N Foothills Plaza Dr	Maryville	TN	37801	515-718-6891
346	Nu Thluai	9225 Kingston Pike	Knoxville	TN	37922	269-832-6070
347	Mang Ceu	189 Brooklawn St	Farragut	TN	37934	317-675-7259
348	Biak Cin	1550 Oak Ridge Turnpike	Oak Ridge	TN	37830	254-855-6173
349	Kap Thang Sanga	5201 N Broadway St	Knoxville	TN	37918	865-455-5095
350	Sang Bil	4560 Harding Pike	Nashville	TN	37205	816-749-3647
351	Esther Dawt Chin Par	4918 Kingston Pike	Knoxville	TN	37919	773-639-7128
352	lang Sung	5771 Nolensville Pike	Nashville	TN	37221	615-243-8945
353	James Mangzahnin	711 Gallatin Ave.	Nashville	TN	37206	832-509-9754
354	Hrang Za Pum	3410 Gallatin Pike	Nashville	TN	37216	317-389-0245
355	Tommy Khamh Thawng	2131 Abbott Martin Rd.	Nashville	TN	37215	248-860-2801
356	Ram Thang	4275 Harrison Blvd.	Ogden	UT	84403	385-345-5397
357	Garroe Hoover Wah	876 E. 800 S.	Salt Lake City	UT	84102	801-918-6905
358	Van Ro Lian Uk	2039 E. 9400 S	Sandy	UT	84093	513-526-9122
359	Seng San Aung	1725 Uinta Way	Park City	UT	84098	385-420-2269
360	Dayday Lu	402 6th Ave	Salt Lake City	UT	84103	385-444-8384
361	Lal Ngaih	3470 Bengal Blvd	Salt Lake City	UT	84121	801-651-2119
362	Biak Za Thang	980 Fort Union Blvd	Midvale	UT	84047	317-529-9832
363	Van Bik Thawng	70 Yellow Creek Rd	Evanston	WY	82930	913-337-1907
364	Lal Nun Thara	175 E. 442 N	Logan	UT	84321	317-414-8290
365	Hla Maung Thein	14 W 2600 S	Woods Cross	UT	84010	801-971-7893
366	Van Ro Thang	455 S. 500	Salt Lakt City	UT	84102	385-259-8299
367	Dawt Tha lang	1550 E. 3500 N.	Lehi	UT	84043	385-419-8009
368	Deysi Orozco	937 E Main St	Burley	ID	83318	208-969-1638
369	Lynda Lian Kim	1485 Harrison Blvd.	Ogden	UT	84404	806-576-5276
370	Chung Uk Thang	845 E 4500 S	Salt Lake City	UT	84107	801-651-8088
371	Thain Win	1316 US 89	Farmington	UT	84025	801-979-3737
372	April Wah	350 N. Freedom Blvd.	Provo	UT	84601	385-444-5512

373	Thawng Lian Ceu	4643 4000 W	West Valley City	UT	84120	385-388-3834
374	Brang Tawng	1634 S Jordan Pkwy	South Jordan	UT	82930	469-268-6750
375	Rosa Siang Len Sung	7061 S Redwood Rd	West Jordan	UT	84084	907-331-8604
376	Zam Cung	45 S. State St.	Orem	UT	84058	317-445-6698
377	Zing Dawt Len	1170 E Gentile St	Layton	UT	84040	704-681-3014
378	Brang Tawng	10305 S 1300 E	Sandy	UT	84094	469-268-6750
379	Nancy Sui Tha Par	20 N. Bluff St.	St. George	UT	84770	317-447-2621
380	Tawkceu Hu	689 N Redwood Rd	Saratoga Springs	UT	84045	385-483-9405
381	Kan Thun	1117 W. 400 S.	Springville	UT	84663	806-420-8819
382	Doi La Sayaw	217 North 2000 West	West Point	UT	84015	904-405-8348
383	Fam Nawn lang	5710 W. 7800 S. West Jordan	Jordan	UT	84081	801-441-8987
384	Van Biak Zual Sang	5448 W. Daybreak Parkway	South Jordan	UT	84009	513-560-3275
385	Khin Yee	1370 W 200 N	Kaysville	UT	84037	317-414-8290
386	John Mang	565 S. Mall Dr.	St. George	UT	84790	435-922-9850
387	Mangcung Lian	2434 North 400 East	North Ogden	UT	84414	806-335-5284
388	Biak Cung Uk	555 S. 200 W.	Bountiful	UT	84010	385-237-7981
389	Hre Lian Ceu	3215 S. Valley St.	Salt Lake City	UT	84109	801-209-0359
390	Fam Nawn lang	1820 W 9000 S	West Jordan	UT	84088	801-441-8987

**JFE - SNOWFRUIT**

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**LIST OF TERMINATED FRANCHISES**

Fresh-Cut Fruit Terminated Franchisees as of the issuance date of this Disclosure Document: 0

**JFE - SNOWFRUIT**

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**LIST OF TRANSFERRED FRANCHISES**

Fresh-Cut Fruit Transferred Franchisees as of the issuance date of this Disclosure Document: 9

FRANCHISEE'S INFORMATION							STORE LOCATION			
	Store	CONTACT NAME	CITY	STATE	PHONE NO	DATE OF TERMINATION	CURCUMSTANCE OF TERMINATION	CITY	STATE	Status
1	ATL428F	Van Biak Thawng	Clarkston	GA	404-399-6409	11/19/2022	Sale to New Franchisee	Athens	GA	Left
2	CDMA353F	Langh Khan Gen	Dublin	OH	515-422-0182	06/18/2022	Sale to New Franchisee	Cincinnati	OH	Left
3	CDMA423F	Soyoung Her	Columbus	OH	614-581-4747	08/06/2022	Sale to New Franchisee	Newport	KY	Left
4	CDMA465F	Dongmei An	Cincinnati	OH	513-855-3981	09/24/2022	Sale to New Franchisee	Cincinnati	OH	Left
5	CDMA959F	Hui Jia	Fairborn	OH	937-782-8495	06/11/2022	Sale to New Franchisee	West Chester Township	OH	Left
6	CM426F	Ci Mang	Indianapolis	IN	317-993-4217	11/26/2022	Sale to New Franchisee	Avon	CO	Left
7	K121F	Ja Young Kim	Houston	TX	832-875-1830	08/20/2022	Sale to New Franchisee	Katy	TX	Left
8	K138F	Ivan Itoya Take	Cedar Rapids	IA	319-450-3369	10/01/2022	Sale to New Franchisee	New Caney	TX	Left
9	K190F	Ivan Itoya Take	Cedar Rapids	IA	319-450-3369	11/05/2022	Sale to New Franchisee	Humble	TX	Left
10	K594F	William Gin Sian Sang	Lewisville	TX	469-771-9750	11/26/2022	Sale to New Franchisee	Mansfield	TX	Left
11	KMA785F	Elton Za Lyan	Charleston	WV	312-722-1482	7/16/2022	Sale to New Franchisee	Charleston	WV	Left
12	KS075F	Beauty Fam Tin Par	Centennial	CO	469-655-6975	11/19/2022	Sale to New Franchisee	Parker	CO	Left
13	KS077F	Ngunkar Phuting	Indianapolis	IN	463-212-9227	11/26/2022	Sale to New Franchisee	Monument	CO	Left
14	LV356F	Van Biak Mang Bawihrin	Indianapolis	IN	317-840-9095	10/01/2022	Sale to New Franchisee	Middletown	KY	Left
15	NAS690F	Biak Cin	Indianapolis	IN	254-855-6173	11/12/2022	Sale to New Franchisee	Oak Ridge	TN	Left

**JFE – SNOWFRUIT**

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**FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit I are our audited financial statements as of November 28, 2021, November 29, 2020, and December 31, 2019. Our fiscal year in 2020 changed from December 31 to the last Sunday in November. Also attached are our unaudited balance sheet and statement of income as of July 23, 2022.

# **JFE Franchising, Inc.**

**Financial Statements**

**Years Ended November 27, 2022 and November 28,  
2021 and Period From January 1, 2020 to  
November 29, 2020**

# JFE Franchising, Inc.

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## **Report of Independent Auditors**

To the Management of JFE Franchising, Inc.

### ***Opinion***

We have audited the accompanying financial statements of JFE Franchising, Inc. (the “Company”), which comprise the balance sheets as of November 27, 2022 and November 28, 2021, and the related statements of income, of stockholders’ equity and of cash flows for the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020, including the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of November 27, 2022 and November 28, 2021, and the results of its operations and its cash flows for the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020 in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material

if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

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

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

A large, stylized handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style with a large initial 'P'.

Houston, Texas  
September 15, 2023

**JFE Franchising, Inc.**  
**Balance Sheets**  
**November 27, 2022 and November 28, 2021**

	November 27, 2022	November 28, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 8,778,657	\$ 11,949,553
Accounts receivable	5,014,704	2,800,351
Due from affiliates	1,879,578	4,048,783
Supplies inventory	1,675,910	651,231
Prepaid expenses and other current assets	804,811	335,358
Loan receivable from affiliates	38,292,343	30,520,797
Total current assets	56,446,003	50,306,073
Deferred tax asset	168,831	-
Property and equipment, net	1,855,227	1,872,875
Total assets	\$ 58,470,061	\$ 52,178,948
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 1,315,705	\$ 874,483
Due to franchisees	18,309,404	14,228,002
Due to affiliates, net	259,621	2,545,406
Current portion of deferred revenue	2,761,963	1,391,639
Employee benefit profit sharing	706,220	917,378
Income taxes payable	6,689,985	5,340,696
Other current liabilities	661,634	840,486
Total current liabilities	30,704,532	26,138,090
Deferred revenue, net of current portion	1,900,859	1,458,455
Deferred tax liability	-	208,825
Ice panel security deposits	437,850	335,400
Label machine deposits	878,999	1,161,000
Total liabilities	33,922,240	29,301,770
Commitments and contingencies (Note 8)		
Stockholders' equity		
Common stock, no par value, 1,000,000 shares authorized, 300,000 shares issued and outstanding	300,000	300,000
Retained earnings	24,247,821	22,577,178
Total stockholders' equity	24,547,821	22,877,178
Total liabilities and stockholders' equity	\$ 58,470,061	\$ 52,178,948

The accompanying notes are an integral part of these financial statements.

**JFE Franchising, Inc.**  
**Statements of Income**  
**Years Ended November 27, 2022 and November 28, 2021 and Period From**  
**January 1, 2020 to November 29, 2020**

	<b>Years Ended</b>		<b>Period From</b>
	<b>November 27, 2022</b>	<b>November 28, 2021</b>	<b>January 1, 2020 to November 29, 2020</b>
<b>Revenue</b>			
Franchise fees	\$ 2,216,892	\$ 1,634,055	\$ 1,377,922
Royalty revenues	43,483,551	33,620,298	21,253,992
Insurance revenues	7,634,129	6,060,501	3,632,865
Other revenues	<u>6,047,010</u>	<u>2,254,829</u>	<u>1,752,848</u>
Total revenue	59,381,582	43,569,683	28,017,627
Cost of goods sold	<u>3,354,142</u>	<u>2,116,736</u>	<u>1,310,722</u>
Gross profit	<u>56,027,440</u>	<u>41,452,947</u>	<u>26,706,905</u>
<b>Operating costs and expenses</b>			
Franchise expenses	7,961,314	6,151,361	4,370,139
Sales and marketing expenses	960,316	350,914	120,991
General and administrative expenses	8,213,653	5,312,034	3,504,384
Depreciation expense	<u>552,225</u>	<u>513,815</u>	<u>446,981</u>
Total operating costs and expenses	<u>17,687,508</u>	<u>12,328,124</u>	<u>8,442,495</u>
Income from operations	<u>38,339,932</u>	<u>29,124,823</u>	<u>18,264,410</u>
<b>Other income (expenses), net</b>			
Interest income	458,759	233,579	66,383
Other income	161,213	119,370	104,505
Other expenses	<u>(292,066)</u>	<u>(157,459)</u>	<u>(38,609)</u>
Total other income, net	<u>327,906</u>	<u>195,490</u>	<u>132,279</u>
Income before income tax expense	38,667,838	29,320,313	18,396,689
Income tax expense	<u>9,475,385</u>	<u>7,278,048</u>	<u>4,252,172</u>
Net income	<u>\$ 29,192,453</u>	<u>\$ 22,042,265</u>	<u>\$ 14,144,517</u>

The accompanying notes are an integral part of these financial statements.

**JFE Franchising, Inc.**  
**Statements of Stockholders' Equity**  
**Years Ended November 27, 2022 and November 28, 2021 and Period From**  
**January 1, 2020 to November 29, 2020**

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	<b>Common Stock</b>		<b>Retained Earnings</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>		
<b>Balances at December 31, 2019</b>	300,000	\$ 300,000	\$ 4,270,396	\$ 4,570,396
Distributions to stockholders			(14,230,000)	(14,230,000)
Net income			14,144,517	14,144,517
<b>Balances at November 29, 2020</b>	300,000	300,000	4,184,913	4,484,913
Distributions to stockholders			(3,650,000)	(3,650,000)
Net income			22,042,265	22,042,265
<b>Balances at November 28, 2021</b>	300,000	300,000	22,577,178	22,877,178
Distributions to stockholders			(28,000,000)	(28,000,000)
Share based payment expense			478,190	478,190
Net income			29,192,453	29,192,453
<b>Balances at November 27, 2022</b>	300,000	\$ 300,000	\$ 24,247,821	\$ 24,547,821

The accompanying notes are an integral part of these financial statements.

**JFE Franchising, Inc.**  
**Statements of Cash Flows**  
**Years Ended November 27, 2022 and November 28, 2021 and Period From**  
**January 1, 2020 to November 29, 2020**

	Years Ended		Period From January 1, 2020 to November 29, 2020
	November 27, 2022	November 28, 2021	
<b>Cash flows from operating activities</b>			
Net income	\$ 29,192,453	\$ 22,042,265	\$ 14,144,517
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	552,225	513,815	446,981
Net loss (gain) on sale of property and equipment	(12,862)	(21,402)	(16,297)
Share based payment expense	478,190	-	-
Inventory provision	480,319	488,956	368,534
Deferred taxes	(377,656)	81,483	65,049
Interest income from note receivable	(458,759)	(233,579)	(39,167)
Changes in operating assets and liabilities			
Accounts receivable	(2,214,353)	(791,955)	(661,311)
Due from affiliates	2,169,205	(390,168)	(53,093)
Supplies inventory	(1,504,998)	(741,733)	(463,285)
Prepaid expenses and other current assets	(469,453)	(43,780)	(51,487)
Accounts payable	441,222	(367,183)	745,669
Due to affiliates	(2,285,785)	2,082,351	428,281
Due to franchisees	4,081,402	6,436,561	(756,798)
Deferred revenue	1,812,728	1,423,694	(411,172)
Other current liabilities	(178,852)	477,792	117,618
Income taxes payable	1,349,289	1,932,974	1,447,319
Ice panel machine deposits	102,450	262,649	8,950
Label machine deposits	(282,001)	(19,500)	86,650
Employee benefit profit sharing	(211,158)	530,000	34,515
Net cash provided by operating activities	<u>32,663,606</u>	<u>33,663,240</u>	<u>15,441,473</u>
<b>Cash flows from investing activities</b>			
Loan receivable from affiliate	(35,312,787)	(26,248,051)	(4,000,000)
Purchases of property and equipment	(536,708)	(802,996)	(222,421)
Proceeds from sale of property and equipment	14,993	108,313	38,589
Net cash used in investing activities	<u>(35,834,502)</u>	<u>(26,942,734)</u>	<u>(4,183,832)</u>
<b>Cash flows from financing activities</b>			
Distributions to stockholder	-	(3,650,000)	(14,230,000)
Net cash used in financing activities	<u>-</u>	<u>(3,650,000)</u>	<u>(14,230,000)</u>
Net increase in cash and cash equivalents	<u>(3,170,896)</u>	<u>3,070,506</u>	<u>(2,972,359)</u>
<b>Cash and cash equivalents</b>			
Beginning of year	<u>11,949,553</u>	<u>8,879,047</u>	<u>11,851,406</u>
End of year	<u>\$ 8,778,657</u>	<u>\$ 11,949,553</u>	<u>\$ 8,879,047</u>
<b>Supplemental cash flows disclosures</b>			
Income taxes paid	\$ 7,717,956	\$ 3,824,796	\$ 2,307,850
<b>Noncash investing and financing activity</b>			
Distribution to stockholder	\$ 28,000,000	\$ -	\$ -
Accrued interest income	411,550	233,579	39,167

The accompanying notes are an integral part of these financial statements.

**JFE Franchising, Inc.**  
**Notes to Financial Statements**  
**Years Ended November 27, 2022, and November 28, 2021 and Period From**  
**January 1, 2020 to November 29, 2020**

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**1. Organization and Nature of Business**

JFE Franchising, Inc. (the “Company”), incorporated in the State of Texas on August 21, 2013, is primarily engaged in franchise operations to authorize and manage franchises sold by the Company. The franchisees are granted the right to operate sushi bars and fruit fridges under the brand names “SNOWFOX”, “SUSHI BOX” or “SNOWFRUIT” as separate departments in supermarkets.

Until June 28, 2019, JFE Franchising, Inc. was owned by JimKim Holdings, Inc. On June 28, 2019, SnowFox US Holdco, Inc. (“SnowFox US Holdco”) acquired 100 percent of the issued and outstanding shares in JFE Franchising, Inc. from JimKim Holdings, Inc. (the “Acquisition”). Subsequent to this acquisition, JFE Franchising, Inc. is a wholly owned subsidiary of SnowFox US Holdco, which is ultimately majority-owned by Mayfair Equity Partners. JFE Franchising, Inc. elected not to apply pushdown accounting in its separate financial statements.

The Company primarily generates revenues from the sales of new franchise agreements and ongoing royalty fees earned under JFE franchise agreements. The Company develops and operates a nationwide system of restaurants which prepare, package and sell a menu of competitively priced food items. On occasion, the Company will open up a location and operate it until a franchisee is approved by the related supermarket. However, the Company’s ownership is temporary and only for a few months. The Company-owned stores at November 27, 2022 and November 28, 2021, consist of the following:

	<b>Number of Stores</b>	
	<b>November 27, 2022</b>	<b>November 28, 2021</b>
<b>Stores at beginning of year</b>	1	2
Stores opened	123	5
Stores opened by the Company and transferred to Franchisees	(89)	(11)
Stores operated by Franchisees and transferred to the Company	7	5
Stores closed	-	-
<b>Stores at end of year</b>	<b>42</b>	<b>1</b>

During the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020, the revenue generated from the Company-owned stores was \$137,847 and \$144,515 and \$714,939, which is included in other revenues in the accompanying statements of income, while the related costs were \$124,785 and \$169,259 and \$545,131, which are included in cost of goods sold in the accompanying statements of income, respectively. As of November 27, 2022, the Company has 1,805 franchise locations in operation, which are located in the United States.

**JFE Franchising, Inc.**  
**Notes to Financial Statements**  
**Years Ended November 27, 2022, and November 28, 2021 and Period From**  
**January 1, 2020 to November 29, 2020**

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*Sushi*

The Company typically grants a franchisee the right to open one or more express sushi restaurants inside of grocery stores. Under the franchise agreement, a franchisee is required to pay a nonrefundable franchise fee, which could range from \$1,000 to \$100,000 depending on the factors such as store location and demographic data, store quality and amenities, in-store location, and type of sushi bar structure. Thereafter, the franchisee pays royalties between 5% to 20% of its gross sales to the Company for use of the “SNOWFOX” name, menus, processes, and procedures. Franchise agreements generally have an initial term of three years and a franchisee will have the right to extend the term of the agreement for another three years.

*Fruit*

The Company typically grants a franchisee the right to open one or more express fruit fridges inside of grocery stores. Under the franchise agreement, a franchisee is required to pay a nonrefundable franchise fee, which could range from \$3,000 to \$50,000 depending on the factors such as store location and demographic data, store quality and amenities, in-store location, and type of structure. Thereafter, the franchisee pays royalties between 5% to 20% of its gross sales to the Company for use of the “SNOWFRUIT” name, menus, processes, and procedures. Franchise agreements generally have an initial term of two years and a franchisee will have the right to extend the term of the agreement for another two years.

The total number of open stores including franchise and direct stores at November 27, 2022 and November 28, 2021 consist of the following:

	<b>Number of Stores</b>			<b>November 28, 2021</b>
	<b>November 27, 2022</b>	<b>November 27, 2022</b>	<b>November 27, 2022</b>	
	<i>Fruit</i>	<i>Sushi</i>	<i>Total</i>	
<b>Stores at beginning of year</b>	-	1,163	1,163	879
Stores opened	431	221	652	288
Stores closed	-	(10)	(10)	(4)
<b>Stores at end of year</b>	<b>431</b>	<b>1,374</b>	<b>1,805</b>	<b>1,163</b>

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition as of November 27, 2022 and November 28, 2021.

The Company uses a 52–53-week fiscal year in accordance with normal retail industry practice. The fiscal year ends on the last Sunday of November. Accordingly, the 2021 fiscal year ended on November 28, 2021, and the 2022 fiscal year ended on November 27, 2022. The fiscal years ended November 28, 2021 and November 27, 2022 included 52 weeks.



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In 2020, we changed our fiscal year end from a calendar year basis to a fiscal year ending on the last Sunday of November. Our 2020 fiscal year consisted of the eleven-month transition period beginning January 1, 2020 through November 29, 2020.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the allowances for doubtful accounts, the valuation of inventories, and the useful lives of property and equipment. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on deposit with banks and, at times, may exceed federally insured limits. The Company considers highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

**Accounts Receivable**

Accounts receivable at November 27, 2022 and November 28, 2021 primarily consist of the amounts due from franchisees for royalties. The amounts due are stated at their net estimated realizable value. The Company maintains an allowance for doubtful accounts to provide for the estimated amount of receivables that will not be collected. Allowance for doubtful accounts, if needed, is computed under the allowance method, based upon historical experience and management's estimates of uncollectible accounts. Ongoing credit evaluations of customers' financial conditions are performed, and collateral is generally not required. The Company believes accounts receivable as of November 27, 2022 and November 28, 2021 are fully collectible, and, therefore, no allowance for doubtful accounts has been provided.

**Due from Affiliates**

Amounts due from affiliates are any amounts funded to other subsidiaries of the parent entity (Note 5). The counterparties possess the intent and ability to repay these amounts to the Company.

The Company will remit excess cash flows from operations to its parent entity or to other affiliates to finance ongoing cash flow requirements (dividends, debt repayments, capital projects, etc.). When either the lack of intent or ability to repay exists between the Company's affiliates, the Company records these amounts as an equity receivable or payable, and any related cash flows are reflected within cash flows from financing activities.

**Supplies Inventory**

Supplies inventory is stated at the lower of cost or net realizable value, cost being determined using the first-in, first-out (FIFO) method. Appropriate consideration is given to obsolescence, slow moving items and other factors in evaluating net realizable value. The supplies inventory at November 27, 2022 and November 28, 2021 primarily consists of packaging materials such as labels and is held to be sold to the franchisees.

In 2018 the Company amended its agreement with a major supermarket chain which increased the percentage amount the supermarket withholds as a grocery fee from gross franchisee sales. In order to alleviate the reduction in franchisee earnings due to higher grocer withholdings, the Company elected to sell supplies inventory to these franchisees free of charge. Supplies inventory predominantly consists of blank product labels but can also include uniforms, sampling tables and sundry items.

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The Company continued to sell inventory to these franchisees in the respective major supermarket chain free of charge during the period from January 1, 2020 to November 29, 2020. As a result, the net realizable value of inventory sold to these franchisees during the period from January 1, 2020 to November 29, 2020 was \$0. Subsequent to the period from January 1, 2020 to November 29, 2020, the Company ended the holiday on most supplies and informed the franchisees it would sell most supplies inventory to the aforementioned franchises at cost. In accordance with Accounting Standards Codification (ASC) Topic No. 330 Inventory, the Company recognized \$368,534 as a reduction of inventory as of November 29, 2020, and a loss in earnings during the period from January 1, 2020 to November 29, 2020, due to the assessment of certain supplies inventory as slow-moving and obsolete and the assessment of the sale of inventory to these franchisees during the period subsequent to year end until the effective date of the change in policy, during which time the net realizable value of the supplies inventory sold was lower than its cost.

The Company recognized \$488,956 as a reduction of inventory as of November 28, 2021, and a loss in earnings during the year ended November 28, 2021, due to the assessment of certain supplies inventory as slow-moving and obsolete.

The Company recognized \$480,319 as a reduction of inventory as of November 28, 2022, and a loss in earnings during the year ended November 28, 2022, due to the assessment of certain supplies inventory as slow-moving and obsolete.

**Fair Value of Financial Instruments**

Under ASC Topic No. 820, *Fair Value Measurements and Disclosures*, fair value is defined as the price at which an asset could be exchanged, or a liability transferred in a transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset or liability. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or parameters are not available, valuation models are applied.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities are as follows:

- Level 1    Observable inputs such as quoted prices in active markets for identical assets at the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2    Observable inputs, other than quoted prices included in Level 1, that are either directly or indirectly observable for the asset or liability through correlation with market data at the reporting date and for the duration of the instrument's anticipated life.
- Level 3    Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and which reflect management's best estimate of what market participants would use in pricing the asset or liability at the reporting date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

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All the Company's financial instruments such as cash and cash equivalents, accounts receivable, due from affiliates, and accounts payable are of short-term duration. Their carrying value, therefore, approximates their fair value due to the short-term nature of these instruments.

**Loan Receivable From Affiliates**

Loan receivable agreements are without collateral, accrue interest according to the terms of the loan agreements, and are due on the specified maturity dates or sooner on demand. Refer to Note 5 for further detail.

Additionally, a loan receivable is considered to be impaired when, based upon current events, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms. If a loan receivable is considered to be impaired, the amount of loss is calculated by comparing the recorded investment to the value determined by discounting the expected future cash flows at its effective interest rate. No impairment charges were recorded for the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation on property and equipment is computed over the estimated useful lives of the related assets, generally ranging from five to seven years, using the straight-line method. Leasehold improvements are amortized on the straight-line method over the shorter of the lease term or estimated useful life of the assets. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is recorded as a component of other income or expenses in the accompanying statement of income.

**Impairment or Disposal of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less selling expenses. As of November 27, 2022 and November 28, 2021, the Company believes that no asset is impaired.

**Payable to Franchisees**

The Company collects revenue earned by the franchisee directly from the grocery store, net of the grocery fees, and holds it in cash. The Company records its royalties and remits the remaining revenues earned by the franchisee to each franchisee.

**Deferred Revenue**

Deferred revenue represents the initial franchise fees received, but the Company has not earned yet. The initial franchise services are not distinct from the continuing rights or services offered during the term of the franchise agreement, and will, therefore, be treated as a single performance obligation. As such, initial franchise fees received are recognized over the franchise term, which is generally three years.

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**Revenue**

***Revenue Recognition***

Revenue is recognized in accordance with Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (“ASC 606”) when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The Company recognizes revenue from contracts with customers as its performance obligations are satisfied at a transaction price reflecting an amount of consideration based upon a contractually agreed upon rate. The amount of revenue recognized may not equal customer cash payments because performance obligations may be satisfied ahead of or subsequent to cash receipt. The differences between revenue recognition and cash payments received are reflected in accounts receivable or deferred revenue, as appropriate. Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized and includes deferred revenue as well as amounts that will be recognized as revenue in future periods. Contracted but not yet recognized revenue was \$4,662,821 and \$2,850,094 as of November 27, 2022 and November 28, 2021, of which the Company expected to recognize approximately 59% and 49% over the next 12 months, respectively.

The Company is party to a contract with a third party grocery store to provide certain products and services for which the Company has arranged for JK959 Global, Inc., a sister company, to fulfill certain performance obligations, and the Company is considered an agent therefore related revenue and expenses are recorded net.

Franchise fee revenue is earned by entering into a franchise agreement with a franchisee and providing services during the term of the franchise agreement. Franchise fee revenue is recognized over the term of franchise agreement, which is generally three years.

Revenue related to royalty fees and insurance fees is earned based on a percentage of franchisee sales recorded when earned. Royalty and insurance revenue is recognized over time as franchisee sales occur.

Other revenues are earned primarily by selling supplies and providing other services to franchisees. Other revenues are recognized when the control of the promised goods or services is transferred.

***Contract Identification***

We account for a contract when it is approved, both parties are committed, the rights of the parties are identified, payment terms are defined, the contract has commercial substance, and collection of consideration is probable.

***Performance Obligations***

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer under ASC 606. In accordance with ASC 606, we do not assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer.

***Contract Value***

Revenue is measured based on the amount of consideration specified in the contracts with our customers and excludes any amounts collected on behalf of third parties. The estimation of total revenue from a customer contract is not subject to elements of variable consideration.

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***Timing of Recognition***

We recognize revenue when we satisfy a performance obligation by transferring control of a product or service to a customer. Our performance obligations are satisfied over time as services are provided or at a point in time when control of products is transferred. Revenue from services provided to customers over time accounted for 93% and 95% and 94% of the Company's revenues for the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020, respectively.

***Disaggregation of Revenues***

As a nonpublic entity, the Company has elected not to apply the quantitative disaggregation of revenue. The Company's franchise fee, royalty, and a majority of other revenues are recognized over time, whereas product sales revenues are recognized at a point in time. The location of the Company's customers and the types of contracts entered into may affect the nature, amount, timing, and uncertainty of revenue and cash flows.

***Operating Costs and Expenses***

Operating costs and expenses for the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020 primarily consist of franchising expenses, sales and marketing expenses, and general and administrative expenses, as follows:

- Franchising expenses represent the costs associated with the selling to and training of franchisees. These costs include salaries, wages and benefits for employees involved in the selling and training of franchisees including the use of professionals, such as consultants and legal firms.
- Sales and marketing expenses include advertising and promotion expenses, general marketing expenses, and related travel expenses.
- General and administrative expenses include corporate and administrative functions that support the Company's franchise operations, information systems, recruiting costs, professional fees, and insurance.

***Income Taxes***

The Company before the Acquisition was an "S" corporation under the provisions of the Internal Revenue Code ("IRC"). Under those provisions, the Company did not pay federal or state income taxes on its taxable income. Instead, the stockholders were liable for federal and state income taxes on the Company's taxable income.

After the Acquisition, the Company is a disregarded entity under the IRC. As a result, the Company must pay federal and certain state income and local franchise taxes on its taxable income. The Company is a member of a group which files a consolidated income tax return. Members of the group are allocated a portion of the group's income tax liability based on relative taxable income.

In accordance with the Company's accounting policy, the changes in penalties and interest related to income taxes are recognized within other expenses on the statement of income and within other current liabilities on the balance sheet.

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**Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)* (ASC 842): ASC 842 requires recognition of lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. For nonpublic entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2021. ASC 842 will require lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases of terms more than 12 months. ASC 842 will require both capital and operating leases to be recognized on the balance sheet. Qualitative and quantitative disclosures will also be required to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASC 842 will affect how operating leases are recognized by the Company compared to the current accounting policies. The Company is currently evaluating the impact that the adoption of ASC 842 will have on the Company's financial statements.

**3. Credit Risk**

The standard deposit insurance limit of the Federal Deposit Insurance Corporation (FDIC) is \$250,000 per depositor, per insured bank, for each account ownership category. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. The Company maintains its cash accounts with a high-quality financial institution, which, at times, may exceed federally insured coverage. At November 27, 2022 and November 28, 2021, the Company has \$8,528,657 and \$11,699,553 of cash and cash equivalents in excess of the FDIC insured limits, respectively.

**4. Concentration Risk**

The Company has a significant concentration of franchises with one grocery store conglomerate, which constitute 75% and 73% and 72% of gross sales for the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020, respectively. The potential for severe impact can result, for example, from total or partial loss of the business relationship, or from renegotiations with this grocery store conglomerate that result in significant margin erosion that could subsequently threaten the Company's business model.

**5. Related Party Transactions and Balances**

The Company has transactions with its affiliates in the normal course of business. Related party balances that relate to normal trading relationships have a right of offset. The Company also has lease agreements with the chairman of the Company for the Company's corporate offices and warehouse facility. During the year ended November 27, 2022, the Company recognized share based payment compensation expense of \$478,190 related to shares issued to employees in respect of the parent company.

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Transactions and balances with its affiliates and the Company's chairman as of and for the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020, are as follows:

	<b>November 27, 2022</b>	<b>November 28, 2021</b>	<b>November 29, 2020</b>
Due from affiliates	\$ 1,879,578	\$ 4,048,783	\$ 3,658,615
Loan receivable from affiliates	38,292,343	30,520,797	4,039,167
Rent paid to stockholder	267,000	282,566	253,720
Share based payment compensation	478,190	-	-
Due to affiliates	259,621	2,545,406	463,055

**Loans Receivable From Affiliates**

During the year ended November 27, 2022, the Company provided loans totaling \$35,359,996 to affiliate YO! Sushi USA, Inc. During the year, \$28,000,000 of the loans provided were converted into a formal dividend to the parent company. The remaining loans are assessed at period end for their recoverability.

During the year ended November 28, 2021, the Company provided loans totaling \$26,248,936 to affiliates SnowFox US Holdco and YO! Sushi, USA, Inc: \$2,000,000 to SnowFox US Holdco in December 2020; and \$3,000,000 in February 2021, \$1,400,000 in March 2021, \$1,312,732 in June 2021, \$10,000,000 in August 2021, \$3,935,055 in September 2021, \$2,000,000 in October 2021, and \$2,583,149 in November 2021 to YO! Sushi, USA, Inc.

During the period from January 1, 2020 to November 29, 2020, the Company provided loans totaling \$4,000,000 to SnowFox US Holdco: \$2,000,000 in August 2020, and \$2,000,000 in September 2020.

The loans mature between the three and five-year anniversary of the date of each loan. Under the agreements, the 2020 loans bear interest on the unpaid principal balances at a fixed rate of 3.75% per annum, while the 2021 and 2022 loans bear interest on the unpaid principal balances at a fixed rate per annum based on the short-term Applicable Federal Rate ("AFR") as set out by the US Treasury Regulations in the month of issuance. Interest accrues daily on the unpaid principal balance, computed on the basis of a 360- day year of twelve 30-day months. The principal, together with any accrued but unpaid interest, is due and receivable on demand, but in any event no later than the maturity date of each loan.

During the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020, the Company recognized interest income of \$411,550 and \$232,694 and \$39,167 on the loan receivable from affiliates, respectively. Accrued and unpaid interest on the loans totaled \$644,244 and \$232,694 as of November 27, 2022 and November 28, 2021, respectively.

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**6. Property and Equipment**

Property and equipment as of November 27, 2022 and November 28, 2021 consisted of the following:

	<b>November 27, 2022</b>	<b>November 28, 2021</b>
Automobiles	\$ 1,067,495	\$ 827,322
Furniture and fixtures	70,733	70,734
Office equipment	1,958,482	1,745,270
Leasehold improvements	1,380,428	1,364,775
	<u>4,477,138</u>	<u>4,008,101</u>
Less: Accumulated depreciation and amortization	<u>(2,621,911)</u>	<u>(2,135,226)</u>
Net property and equipment	<u>\$ 1,855,227</u>	<u>\$ 1,872,875</u>

The useful economic lives of the Company's assets are as follows:

- Automobiles – 5 years
- Furniture and fixtures – 7 years
- Office equipment – 5 years
- Leasehold improvements – 5 years

During the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020, depreciation and amortization expense was \$552,225 and \$513,815 and \$446,981, respectively.

**7. Income Taxes**

The Company and its related affiliates file a consolidated federal income tax return and state returns as required.

Federal and state income taxes have been provided by the Company on the basis of its separate Company income and deductions in accordance with established practices of the consolidated group.

The Company applies a more-likely-than-not recognition threshold for all tax uncertainties. Accordingly, only those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities are recognized. As applied to the Company, any tax uncertainties would principally relate to state income taxes, or uncertainties in its U.S. Federal income tax return that is used to determine state income tax liability. Management has reviewed the Company's tax positions and determined there were no significant outstanding or retroactive tax positions. The tax years which principally remain subject to examination by major tax jurisdictions as of November 27, 2022, are 2019 through 2021.



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**Income Tax Expense**

A breakout of the Company's provision for income taxes between federal and state current and deferred taxes is as follows for the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020:

	<b>November 27, 2022</b>	<b>November 28, 2021</b>	<b>November 29, 2020</b>
<b>Current income tax</b>			
Federal	\$ 8,197,345	\$ 5,865,446	\$ 3,737,015
State	1,655,696	1,346,867	450,108
Total current income tax	<u>9,853,041</u>	<u>7,212,313</u>	<u>4,187,123</u>
<b>Deferred income tax, net</b>			
Federal	(327,359)	65,735	65,049
State	<u>(50,297)</u>	<u>-</u>	<u>-</u>
Total deferred income tax	<u>(377,656)</u>	<u>65,735</u>	<u>65,049</u>
Total income tax expense	<u>\$ 9,475,385</u>	<u>\$ 7,278,048</u>	<u>\$ 4,252,172</u>

A reconciliation of the provision for income taxes at the statutory federal tax rates to the Company's actual provision for income taxes is as follows for the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020:

	<b>November 27, 2022</b>	<b>November 28, 2021</b>	<b>November 29, 2020</b>
Computed at federal statutory rates	\$ 8,191,512	\$ 6,138,984	\$ 3,863,305
Permanent difference	65,695	82,363	12,052
State taxes	1,257,702	1,067,331	360,385
Other current adjustment	<u>(39,524)</u>	<u>(10,630)</u>	<u>16,430</u>
Total provision for income taxes	<u>\$ 9,475,385</u>	<u>\$ 7,278,048</u>	<u>\$ 4,252,172</u>

The Company's deferred tax asset / (liability) in the amount of \$168,831 and \$(208,825) related to the difference between book and tax depreciation, inventory provision, and deferred revenue as of November 27, 2022 and November 28, 2021, respectively.

The amount of tax-related balances due to affiliates as of November 27, 2022 and November 28, 2021 is \$1,964,413 and \$1,964,413, respectively, as included in due to affiliates, net in the accompanying balance sheets.

For the years ended November 27, 2022 and November 28, 2021, interest and penalties related to income taxes were charged to expense, offset by reversals of previously accrued interest and penalties on income taxes, resulting in a net benefit / (cost) of (\$283,729) and \$12,116, respectively. For the period from January 1, 2020 to November 29, 2020, \$190,624 of interest and penalties related to income taxes was charged to expense.

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**8. Commitments and Contingencies**

**Guarantees**

As a result of the June 28, 2019 transaction discussed in Note 1, the Company, along with 20 other affiliate companies, became a co-guarantor of its parent company SnowFox Midco 1 Limited's debt, totaling \$138.1 million as of November 27, 2022. SnowFox Midco 1 Limited's debt does not come due until November 30, 2024 and no covenant breaches are projected through at least one year from financial statement issuance. If Snowfox Midco 1 Limited were not able to make its debt service payments as they come due over the debt term, the Company could become jointly responsible with 20 other affiliate companies for repayment of the debt. This could result in a material adverse impact on the financial position or results of operations of the Company. The maximum potential amount of future payments that the Company could be jointly required (with 20 other affiliate companies) to make under the guarantee is \$138.1 million. No liability has been reported in the Company's financial statements in accordance with ASC 460 since the guarantee represents a subsidiary's guarantee of the debt owed to a third party by its parent.

The Company has also guaranteed the rental commitment for JK959 Global, Inc., a sister company. This rental commitment is a total of \$1,296,000 and expires in March 2026.

**Operating Leases**

The Company leases certain property and equipment in the ordinary course of business. The leases are classified as either capital leases or operating leases. Lease payments under operating leases are recognized as an expense in the Statement of Income on a straight-line basis over the lease term. The Company leases its offices under noncancelable operating leases, expiring at various times during the course of the next 9 years. Future minimum lease payments under the noncancelable operating leases as of November 27, 2022, are summarized as follows:

<b>Year Ending</b>	
2023	\$ 503,515
2024	432,769
2025	359,116
2026	317,883
2027	298,758
Thereafter	<u>1,263,165</u>
	<u>\$ 3,175,206</u>

Rent expense under these noncancelable operating leases was \$474,273 and \$523,233 and \$398,200 for the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020, respectively.

**Litigation and Claims**

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. It is the opinion of management that the liability, if any, arising from the ultimate disposition of such legal proceedings will not have a material impact on the Company's financial position or results of operations. Any current pending litigations are currently covered by the Company's insurance carrier and settled directly by the insurance carrier. As a result, no provision or asset is recognised within these financial statements.

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**9. Employee Benefit Plans**

On December 24, 2015, the Company adopted the JFE Franchising, Inc. Pension Plan (the "Pension Plan") and JFE Franchising, Inc. Retirement Plan (the "Retirement Plan") to provide retirement benefits for its employees who are at least 21 years of age and are employed for at least one year with the Company. Under the Retirement Plan, the Company makes contributions to the plan at the minimum of 3% of each eligible employee's annual compensation. The Pension Plan and Retirement Plan were combined under a floor-offset plan arrangement for tax advantage purposes. In 2018, two participants associated with the Pension Plan who were previously employed by JFE Franchising, Inc. were transferred to employment with an affiliated entity, and the Pension Plan became effectively a multi-employer plan. Accordingly, in accordance with an agreement with the affiliated entity, the affiliated entity makes annual contributions to the Pension Plan for benefit amounts associated with participants under or retired from its employ as of the end of the plan year. Similarly, the Company would make annual contributions to the Pension Plan for any benefit amounts associated with participants under or retired from its employ as of the end of the plan year. As the Company's participants in the Pension Plan have not accrued any pension benefits, there is no liability related to the Pension Plan for the Company as of November 27, 2022 and November 28, 2021. The Company recognized a current liability of \$706,220 and \$917,378 associated with the Retirement Plan contribution as of November 27, 2022 and November 28, 2021, respectively.

**10. Equity**

The Company paid cash dividends throughout the years ended November 27, 2022 and November 28, 2021 and the period from January 1, 2020 to November 29, 2020 of \$28,000,000 and \$3,650,000 and \$14,230,000, respectively.

**11. Subsequent Events**

Subsequent events are events or transactions that occur after the balance sheet date, but before financial statements are issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements.

The Company has identified a number of subsequent events which require disclosure within this set of financial statements.

*Intercompany loans and proposed transaction with Bento, Inc.*

Subsequent to the balance sheet date, the Company provided loans totaling \$41,000,000 to affiliate YO! Sushi USA, Inc and \$3,000,000 to Bento Nouveau Inc.

The Company entered into an agreement to purchase Bento, Inc. from Sushi UK Holdco Limited on November 26, 2022 to be completed during the fiscal year ending 26 November 2023. The amount in relation to this transaction is to be determined during a final valuation process and the amounts agreed will be net settled in cash, which will be used by the parent company to reduce the intercompany receivable balance accordingly.

**JFE Franchising, Inc.**  
**Notes to Financial Statements**  
**Years Ended November 27, 2022, and November 28, 2021 and Period From**  
**January 1, 2020 to November 29, 2020**

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*Snowfox Retail Services, Inc.*

A new affiliate legal entity, Snowfox Retail Services, Inc., was established in January 2023. Snowfox Retail Services, Inc. is wholly owned by Snowfox US Holdco Limited, which is the immediate parent company of JFE Franchising, Inc.

As part of the capital structure of this entity, JFE Franchising, Inc. issued a distribution of \$500,000 in May 2023 to Snowfox US Holdco, which then distributed this amount to Snowfox Retail Services, Inc. in the form of a capital contribution.

*Agreement of a transaction by the parent company*

The shareholders of Snowfox Topco Limited, the ultimate parent company, announced on June 13, 2023, that they had reached an agreement to sell the group to Zensho Holdings Co. Ltd, a company registered in Japan. This agreement is subject to a number of customary closing conditions.

The Company has evaluated subsequent events through September 15, 2023, which is the date the financial statements were available to be issued. There were no other subsequent events requiring disclosure.

**THE FINANCIAL STATEMENTS ON THE FOLLOWING PAGES ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENTS OR FORM.**

JFE Franchising Inc  
**Balance Sheet**  
As of July 23, 2023

	<u>Jul 23, 23</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
11000 · CASH	17,551,828.22
<b>Total Checking/Savings</b>	<u>17,551,828.22</u>
Accounts Receivable	
13000 · Account Receivable	8,332,649.02
<b>Total Accounts Receivable</b>	<u>8,332,649.02</u>
Other Current Assets	
14000 · Other Current Assets	11,415,572.97
<b>Total Other Current Assets</b>	<u>11,415,572.97</u>
<b>Total Current Assets</b>	<u>37,300,050.21</u>
<b>Fixed Assets</b>	
15000 · Fixed Assets	2,584,288.27
<b>Total Fixed Assets</b>	<u>2,584,288.27</u>
<b>Other Assets</b>	
16000 · Other Asset	104,266,429.78
<b>Total Other Assets</b>	<u>104,266,429.78</u>
<b>TOTAL ASSETS</b>	<b><u><u>144,150,768.26</u></u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
21000 · Account Payable	1,579,127.41
<b>Total Accounts Payable</b>	<u>1,579,127.41</u>
Credit Cards	
21100 · Credit card	338,065.22
<b>Total Credit Cards</b>	<u>338,065.22</u>
Other Current Liabilities	
22000 · Other Current Liabilities	58,734,409.96
22970 · Deferred Rent	25,801.04
<b>Total Other Current Liabilities</b>	<u>58,760,211.00</u>
<b>Total Current Liabilities</b>	<u>60,677,403.63</u>
<b>Total Liabilities</b>	60,677,403.63
<b>Equity</b>	
31000 · Common Stock	300,000.00
32000 · Dividend	-77,085,811.40
33000 · Retained Earnings	132,733,515.63
34000 · Capital Contribution Reserve	815,243.00
Net Income	26,710,417.40
<b>Total Equity</b>	<u>83,473,364.63</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u><u>144,150,768.26</u></u></b>

**JFE Franchising Inc**  
**Profit & Loss**  
 November 28, 2022 through July 23, 2023

	Nov 28, '22 - Jul 23, 23
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
41000 · Revenue	63,590,299.23
<b>Total Income</b>	63,590,299.23
<b>Cost of Goods Sold</b>	
51000 · Cost of Goods Sold	4,630,937.87
<b>Total COGS</b>	4,630,937.87
<b>Gross Profit</b>	58,959,361.36
<b>Expense</b>	
61200 · Bank Service Charges	-214.43
61300 · Depreciation Expense	526,592.05
61400 · Donation	51,155.83
61500 · Education & Training	78,852.89
61600 · Employees Benefit	1,851,616.07
61700 · Insurance	401,914.26
61900 · License & Permit	24,059.42
62000 · Marketing Expenses	1,923,894.40
62100 · Meals and Entertainment	277,341.95
62200 · Office Expenses	737,841.60
62300 · Other Services	545,100.42
62400 · Payroll Expenses	8,241,918.77
62500 · Professional Fee	482,137.42
62600 · Rent or Lease	389,376.36
62700 · Repair & Maintenance	46,457.00
62800 · Supplies	69,190.04
62900 · Suspense Account	338,065.19
63000 · Tax expenses	135,633.58
63100 · Travel & Meal	809,976.23
63200 · Utilities	142,515.51
63300 · Freight & Delivery	643,060.83
<b>Total Expense</b>	17,716,485.39
<b>Net Ordinary Income</b>	41,242,875.97
<b>Other Income/Expense</b>	
<b>Other Income</b>	
71100 · Interest Earned	1,223,377.57
71400 · Gains on Disposition of Propert	14,964.73
71500 · Other Ordinary Income	-879.91
71600 · Violation income	127,259.72
72700 · Gain or loss on FX valuation	-45,279.63
<b>Total Other Income</b>	1,319,442.48

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Accrual Basis

**JFE Franchising Inc**  
**Profit & Loss**  
November 28, 2022 through July 23, 2023

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	<u>Nov 28, '22 - Jul 23, 23</u>
<b>Other Expense</b>	
71700 · Other Expense	0.00
72300 · Tax Penalties & Interests	1,898,738.43
72400 · Exceptional Cost	222,273.75
72501 · Pre-opening costs - Kiosk	12,650.86
72502 · Pre-opening costs - Fruit	2,744,810.40
72600 · Income Tax	6,403,008.48
72800 · Group Management Charge	626,594.37
	<hr/>
<b>Total Other Expense</b>	11,908,076.29
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<b>Net Other Income</b>	-10,588,633.81
	<hr/>
<b>Net Income</b>	<b>30,654,242.16</b>
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**JFE - SNOWFRUIT**

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**DISCLOSURE ACKNOWLEDGEMENT STATEMENT**

**EXHIBIT J TO FRANCHISE DISCLOSURE DOCUMENT**  
**JFE FRANCHISING, INC.**  
**DISCLOSURE ACKNOWLEDGEMENT STATEMENT**

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

**Franchisee**

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

JFE Franchising, Inc (“Franchisor”) and you are preparing to enter into a franchise agreement for the operation of a franchised JFE Fresh-Cut Fruit and Vegetable unit. Franchisor requires that you complete and sign this Disclosure Acknowledgement Statement. If you are purchasing an existing franchised business from another franchisee, you may have received information from the transferring franchisee, who is not an employee or representative of Franchisor. These statements do not apply to any communication you may have had with the transferring franchisee.

You make the following representations to us. If any statement is not correct, or if you are aware of exceptions to them, note them in #7 below.

1. I received a copy of the Franchisor’s FDD (and all exhibits and attachments) with at least 14 calendar days between the date of receipt and the date of signing.
2. I signed a receipt for the FDD indicating the date I received it.
3. I received a copy of the final form of the franchise agreement with at least 7 calendar days between the date of receipt and the date of signing the franchise agreement.
4. I have not signed any binding agreement with JFE concerning the purchase of this franchise prior to today.
5. I have not paid JFE any money concerning the purchase of this franchise prior to today.
6. I have conducted an independent investigation of the business venture contemplated by the Franchise Agreement and recognize that the success of the venture involves substantial business risk and will be dependent primarily on my ability as an independent businessperson. I hereby acknowledge my willingness to undertake these business risks.
7. I acknowledge that the initial investment costs in Item 7 of JFE’s FDD are based on JFE’s current design concepts, which are always subject to change, and that if JFE changes the design concept after I sign my Franchise Agreement, my investment costs may be affected. JFE is a wholly owned subsidiary of Snowfox US Holdco, Inc. (“Holdco Inc.”), a Delaware corporation. Holdco Inc. is a publicly traded company. As a result of being a public company, there is a substantial amount of financial and other information available to the public about Holdco Inc., including information provided to potential investors in Holdco Inc.
8. I acknowledge that I have received the receipt page with the names completely filled in of all the franchise sellers that were involved in my purchase of the franchise.
9. I understand that Franchisor and its affiliates may conduct, own and operate, and license others to conduct, own and operate businesses that offer services similar to the services I will

provide under names other than "JFE" and "SNOWFRUIT" in geographical locations close to me.

10. I understand that the Agreements contain the entire agreement between the Franchisor and me concerning the franchise rights for the JFE franchise.

11. **THE FOLLOWING CORRECTIONS AND/OR EXCEPTIONS TO THE ABOVE STATEMENTS ARE AS FOLLOWS (IF NO CORRECTIONS OR EXCEPTIONS, WRITE "NONE" AND INITIAL):**

Description or Write "None"

Initial

\_\_\_\_\_

(Attach additional sheets if necessary)

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

Franchisee:  
Corporation (or other entity)

Individual

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

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

**JFE - SNOWFRUIT**

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**STATE SPECIFIC ADDENDA**

**STATE SPECIFIC ADDENDA**

The laws of several states require that we provide this Franchise Disclosure Document to you at the following earlier dates:

For franchises that we sell for locations In CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, RHODE ISLAND, VIRGINIA, WASHINGTON and WISCONSIN, applicable state law requires us to disclose additional information. Please refer to the separate state addenda pages in this Exhibit for the additional disclosures that may apply to you.

Each provision of these Addenda to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the respective state's laws are met independently, without reference to these Addenda to the Disclosure Document.

**CALIFORNIA**  
**ADDENDUM TO DISCLOSURE DOCUMENT**

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the franchise disclosure document for JFE Franchising, Inc. in connection with the offer and sale of franchisees for use in the State of California shall be amended to include the following:

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTIN AND INNOVATION MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.
2. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
3. OUR WEBSITE, WWW.JFEFOODS.COM, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTIN AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at
4. Item 3, "Litigation" of the Disclosure Document, shall be amended by the addition of the following paragraphs:

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.

Neither we nor any person identified in Item 2 above, or an affiliate or franchise broker offering franchises under our principal trademark, 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, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

5. Item 17, "Renewal, Termination, Transfer and Dispute Resolution" of the Disclosure Document, shall be amended by the addition of the following paragraph(s) at the conclusion of the Item:

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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur in Harris County, Texas according to the rules of the American Arbitration Association, with attorneys' fees being borne by the losing party and the arbitrator costs being borne by equally by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code §20040.5, Code of Civil Procedure §1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§(20000-20043)).

6. In California, the highest rate of interest permitted by law is 10%. We will not charge you interest greater than 10%.
7. Spousal liability: Your spouse will be 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.
8. The Franchisor is a co-guarantor for the parent company and that note becomes due August 31, 2023.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.**

## **CALIFORNIA**

### **ADDENDUM TO FRANCHISE AGREEMENT FOR USE IN CALIFORNIA**

The highest rate of interest allowed in the State of California is 10%. We will not charge you interest greater than 10%.

The undersigned agree to amend and restate Section 12 of the Franchise Agreement as follows:

#### 12. Termination.

##### 12.1 Termination By Franchisor With Notice of Default.

(a) Franchisor may terminate this Agreement only for good cause, which means Franchisee's failure to substantially comply with the lawful requirements imposed upon it by this Agreement after being given notice at least 60 days in advance of the termination and a reasonable opportunity, which in no event will be less than 60 days from the date of the notice of noncompliance, to cure the failure (provided that this section 12.1(a) does not apply when there are grounds for immediate termination without notice pursuant to section 12.2 below).

(b) If Franchisor is in material breach of this Agreement, Franchisee may terminate this Agreement by giving Franchisor prior written notice setting forth the asserted breach of this Agreement and giving Franchisor 60 days in which to cure the default. A material breach of this Agreement by Franchisor means any unauthorized action or omission seriously impairing or adversely affecting Franchisee or the relationship between Franchisor and Franchisee created by this Agreement. However, if Franchisor becomes insolvent or declares bankruptcy, Franchisee will continue to have the right to operate under this Agreement until and unless a court orders otherwise.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor has the right to exercise any and all remedies available to Franchisor at law or in equity, including without limitation specific performance and damages (including without limitation punitive damages). Franchisor also has the option, to be exercised in its sole discretion, to choose alternative remedies to Franchisor's right to terminate the entire Agreement. All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

12.2 Immediate Termination By Franchisor. Franchisor may terminate this Agreement, and all other agreements between Franchisor and Franchisee, in its sole discretion and election, effective immediately upon Franchisor's delivery of written notice of termination to Franchisee based upon the occurrence of any of the following events which will be specified in Franchisor's written notice, and Franchisee will have no opportunity to cure a termination based on any of the following events:

(a) Franchisee or the business to which the Franchise relates has been the subject of an order for relief in bankruptcy, is judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or Franchisee admits its inability to pay its debts as they come due;



(b) Franchisee abandons the Franchise by failing to operate the JFE Unit for five (5) consecutive business days during which Franchisee is required to operate the business under the terms of the Franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the franchise, unless (i) such failure to operate is due to fire, flood, earthquake or other similar causes beyond the franchisee's control or (ii) Franchisee obtains Franchisor's written consent to close the JFE Unit for a specified period of time;

(c) Franchisor and Franchisee agree in writing to terminate the Franchise;

(d) Franchisee makes any material misrepresentations relating to the acquisition of the Franchise or Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the System;

(e) Franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;

(f) After curing any failure in accordance with section 12.3 below, Franchisee engages in the same noncompliance whether or not corrected after notice;

(g) Franchisee repeatedly fails to comply with one or more requirements of the Franchise, whether or not corrected after notice;

(h) The JFE Unit, Location or Store is seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against Franchisee remains unsatisfied for 30 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the JFE Unit, and it is not discharged within five days of such levy;

(i) Franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the Franchise; or

(j) Franchisor makes a reasonable determination Franchisee's continued operation of the Franchise will result in an imminent danger to public health or safety, including but not limited to Franchisee's violation of any health, safety or sanitation law, ordinance or regulation, or any rules, procedures or food safety requirements of the Store Owners.

Franchisor's right to terminate this Agreement pursuant to this Section will be in addition to all other remedies that Franchisor may have against Franchisee under this Agreement, or otherwise.

### 12.3 Termination After Notice.

(a) Except as provided in section 12.2 above, Franchisor may terminate this Agreement only for good cause (as defined in section 12.1(a) above) after giving Franchisee prior written notice setting forth the asserted breach of this Agreement and giving Franchisee 60 days in which to cure the default. Upon receipt of a notice of default, Franchisee must

immediately commence diligently to cure said breach, and if Franchisee cures said breach within 60 days, Franchisor's right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for Franchisee to be able to cure the default within 60 days, Franchisee will be given additional time (up to 15 additional days) as is reasonably necessary in Franchisor's determination to cure said breach, upon condition that Franchisee must, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use best efforts to do so.

(b) If Franchisee's rights under this Agreement are terminated by Franchisor for material breach, Franchisor may, at Franchisor's option, (i) declare Franchisee in default of all of the other franchise agreements or other agreements Franchisee has with Franchisor, and (ii) terminate Franchisee's rights under those other agreements as well.

12.4 Early Termination By Franchisee. Subject to Section 3.14, Franchisee will have the right to terminate this Agreement at any time for any reason upon 90 days prior written notice to Franchisor, or such earlier date as may be agreed by Franchisor and Franchisee.

12.5 Effects of Termination.

(a) Upon termination or expiration of the franchise, Franchisee's right and privilege to use the JFE Marks, Franchisor's trade secrets, all components of the System and the Operating Manuals will absolutely and unconditionally cease.

(b) Upon termination or expiration of the franchise, Franchisee will immediately (i) cease operations of the JFE Unit, (ii) discontinue use of the JFE Marks, Franchisor's trade secrets, the System, and the Operating Manuals, (iii) return the Operating Manuals and delete electronic copies of the Operating Manuals, if any, (iv) pay to Franchisor all amounts owed pursuant to this Agreement and any other agreements between Franchisor and Franchisee, and (v) vacate the Location and provide all necessary assistance and cooperation with Franchisor in the orderly wind down of Franchisee's operations.

(c) The termination or expiration of this Agreement will result in the concurrent, and automatic, termination of all agreements between the parties pertaining to the JFE Unit or the franchise granted by this Agreement and will also permit Franchisor to enforce any guaranty of Franchisee's obligations given to Franchisor as required by this Agreement. Notwithstanding the termination or expiration of this Agreement, the parties agree that any other franchise agreements then in effect between the parties concerning other JFE Fresh-Cut Fruit and Vegetable units owned by Franchisee will remain in full force and effect, unless the grounds which Franchisor has relied upon to terminate this Agreement also constitute grounds for terminating the other franchise agreements and Franchisor has satisfied all requirements to terminate the other franchise agreements. All agreements and obligations of Franchisee, which by their nature would continue beyond the termination or expiration of this Agreement will survive termination or expiration of this Agreement.

(d) Upon a lawful termination or nonrenewal of this Agreement, Franchisor will purchase from Franchisee, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of this Agreement or any ancillary or collateral agreement by Franchisee to Franchisor or Franchisor's approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in Franchisee's possession or used by Franchisee at the JFE Unit. Franchisor is not required to

purchase any personalized items, inventory, supplies, equipment, fixtures, or furnishings not reasonably required to conduct the operation of the JFE Unit in accordance with this Agreement or any ancillary or collateral agreement or to which Franchisee, at the cessation of operation of the JFE Unit by Franchisee, cannot lawfully, or does not, grant us clear title and possession upon our payment to Franchisee for the inventory, supplies, equipment, fixtures, or furnishings (Franchisor has the right to receive clear title to and possession of all items purchased from Franchisee under this section 12.5(d)). Franchisor may offset against the amounts owed to Franchisee under any such purchase under this section 15.2(d) any amounts Franchisee owes to Franchisor. Notwithstanding the foregoing however, Franchisor's requirement to purchase from Franchisee under this section 12.5(d) will not apply:

(i) if and when Franchisee declines a bona fide offer of renewal from Franchisor;

(ii) if Franchisor does not prevent Franchisee from retaining control of the JFE Unit;

(iii) to any termination or nonrenewal of a franchise due to a publicly announced and nondiscriminatory decision by Franchisor to completely withdraw from all franchise activity within the relevant geographic market area in which the Franchise is located;

(iv) if Franchisor and Franchisee mutually agree in writing to terminate and not renew the Franchise; or

(v) to any inventory, supplies, equipment, fixtures, or furnishings that are sold by Franchisee between the date of the notice of termination or nonrenewal, and the cessation of operation of the JFE Unit by Franchisee, pursuant to the termination or nonrenewal.

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

**FRANCHISEE:**

**JFE FRANCHISING, INC.**

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

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

Name:

Name:

Title:

Title:

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation , or endorsement by the Commissioner.**

**HAWAII**  
**ADDENDUM TO DISCLOSURE DOCUMENT**

The JFE Franchising, Inc. Disclosure Document for use in the State of Hawaii is modified in accordance with the following:

1. For Hawaii franchisees, the conditions under which the franchise can be terminated and rights upon nonrenewal may be affected by Hawaii Revised Statutes, Section 482E-6.

**ILLINOIS**  
**ADDENDUM TO DISCLOSURE DOCUMENT**

The Franchise Disclosure Document (“FDD”) for JFE FRANCHISIGN, INC. for use in the State of Illinois is modified in accordance with the following:

The following are added to the Franchise Disclosure Document:

Illinois law governs the franchise agreements.

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

Franchisee’s rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

**ILLINOIS**

**ADDENDUM TO FRANCHISE  
AGREEMENT  
FOR ILLINOIS FRANCHISES**

The undersigned hereby acknowledge and agree that:

1. Paragraph 16.21 (waiver of punitive damages) is hereby modified by adding the following to the end thereof:

However, the waiver in this paragraph 16.21 relating to punitive damages shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 200.609.

2. Section 16.4 of the Franchise Agreement is hereby modified by adding the following paragraph:

"Nothing contained in Section 16.4 of the Franchise Agreement shall constitute a waiver under the Illinois Franchise Disclosure Act."

3. The following provisions are added to the Franchise Agreement and replace any provisions that are in conflict with the following:

Illinois law governs the franchise agreements.

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

Franchisee's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

**FRANCHISEE:**

**JFE FRANCHISING, INC.**

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

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

Name:

Name:

Title:

Title:

**INDIANA**

**ADDENDUM TO FRANCHISE  
AGREEMENT  
FOR INDIANA FRANCHISES**

The Indiana Securities Division requires the following specific disclosures to be made to prospective Indiana franchisees:

1. Notwithstanding anything different in the Disclosure Document or Franchise Agreement, please note that you do not have to sign any general release to renew or assign your franchise.

2. Notwithstanding anything different in the Disclosure Document or Franchise Agreement, any arbitration or litigation arising under the Franchise Agreement shall take place in Indiana or other place mutually agreed by you and the franchisor. Under Indiana law, no litigation brought for breach of the Franchise Agreement may be limited in any manner whatsoever.

3. If there are any differences between Texas law and Indiana law regarding the franchise relationship, termination or renewal, franchise registration or franchise disclosure, the law of Indiana shall apply.

4. The rights of parties to punitive or exemplary damages in court proceedings in Indiana are not waived.

5. Notwithstanding anything different in the Disclosure Document or Franchise Agreement, no action may be brought for a violation of the Indiana Deceptive Franchise Practices Act (Indiana Code 23-2-2.7) more than 2 years after the violation and no action may be brought to enforce any liability created under the Indiana Franchise Law (Indiana Code 23-2-2.5) more than 3 years after discovery by the plaintiff of the facts constituting the violation.

6. Notwithstanding anything different in the Disclosure Document or Franchise Agreement, Franchisor may not require a franchisee to covenant not to compete with Franchisor in an area greater than the exclusive area granted by the Franchise Agreement, or in the absence of such provision, an area of reasonable size, upon termination or failure to renew the franchise.

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

**FRANCHISEE:**

**JFE FRANCHISING, INC.**

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

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

Name:

Name:

Title:

Title:



## **MARYLAND**

### **ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

## MARYLAND

### **ADDENDUM TO FRANCHISE AGREEMENT FOR MARYLAND FRANCHISEES**

The undersigned hereby acknowledge and agree that:

1. Section 4.2 of the Franchise Agreement on Right to Obtain Successor Franchise Agreements and Section 11.2 of the Franchise Agreement on Transfer by the Franchisee are amended by the addition of the following language to the original language that appears therein:

"Any provision requiring Franchisee to execute a general release of any and all claims against Franchisor as a condition of renewal, sale, and/or assignment/transfer shall not apply under Maryland Franchise Registration and Disclosure Law."

2. Section 12 of the Franchise Agreement on Termination is amended by the addition of the following language to the original language that appears therein:

"Termination upon bankruptcy of the Franchisor may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. Section 16.12 of the Franchise Agreement on Choice of Forum shall be amended by the addition of the following language to the original language that appears therein:

"Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Section 2.2 of the Franchise Agreement on Acknowledgements shall be amended by the addition of the following language to the original language that appears therein:

"The representations of this section 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 is amended by the addition of the following:

"Any limitation of claims provisions shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim 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."

6. Exhibit D of the Franchise Agreement is revised with the addition of the following:

"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."

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

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

**FRANCHISEE:**

**JFE FRANCHISING, INC.**

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

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

Name:

Name:

Title:

Title:

## MINNESOTA

### **ADDENDUM TO DISCLOSURE DOCUMENT**

The JFE Franchising, Inc. Franchise Disclosure Document for use in the State of Minnesota is modified in accordance with the following:

1. Item 13 of the Franchise Disclosure Document on "Trademarks" is amended by the addition of the following language:

"In the event Franchisee's right to the use of any name, mark or commercial symbol licensed hereunder is the subject of any claim, suit or demand (a "threat"), Franchisor shall either defend Franchisee against the threat or indemnify Franchisee from any loss, costs or expenses arising therefrom, provided and on condition, Franchisee:

- A. delivers to Franchisor prompt written notice of the threat;
- B. grants Franchisor written authorization to take unrestricted control over the defense and settlement of the threat with counsel of its choice;
- C. did not cause or give rise to the threat due to a material failure to comply with Franchisor's previously communicated trademark usage requirements;
- D. cooperates promptly and fully with Franchisor in the defense, mitigation, and/or settlement of the threat; and
- E. does not jeopardize or compromise any right, defense, obligation or liability of Franchisor, by making any statement to, or entering into any agreement with, the threatening party which does not have the advance written consent of Franchisor, unless required by applicable law."

2. Item 17 of the Franchise Disclosure Document is amended by the addition of the following language:

"With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subd. 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 franchise agreement."

3. Item 17.c. and 17.m. of the Franchise Disclosure Document are amended by the addition of the following language:

"The execution of a general release upon renewal or transfer shall be inapplicable to claims arising under the Minnesota Franchises law."

4. Item 17.u. and 17.v. of the Franchise Disclosure Document are amended by the addition of the following language:

"Minnesota Statutes, Section 80C.21 and Minn. Rule Part 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination, penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or franchisee's

rights to any procedure, forum or remedies provided for by the laws of the jurisdiction."

## MINNESOTA

### **ADDENDUM TO FRANCHISE AGREEMENT FOR MINNESOTA FRANCHISEES**

The undersigned hereby acknowledge and agree that:

1. Section 4.2 of the Franchise Agreement on Successor Franchises and Section 12 of the Franchise Agreement on Termination is amended by the addition of the following language to the original language that appears therein:

"Minnesota law provides franchisees with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement. These provisions of Minnesota law are hereby incorporated by reference in this Agreement."

2. Section 4.2 of the Franchise Agreement on Successor Franchises and Section 11.4 of the Franchise Agreement on Conditions to Transfer by Franchisee are each amended by the addition of the following language to the original language that appears therein:

"The execution of a general release upon renewal or transfer shall be inapplicable to claims arising under the Minnesota Franchises law."

3. Section 10 of the Franchise Agreement on Use of the Marks Properly is amended by the addition of the following language to the original language that appears therein:

"In the event Franchisee's right to the use of any name, mark or commercial symbol licensed hereunder is the subject of any claim, suit or demand (a "threat"), Franchisor shall either defend Franchisee against the threat or indemnify Franchisee from any loss, costs or expenses arising therefrom, provided and on condition, Franchisee:

- A. delivers to Franchisor prompt written notice of the threat;
- B. grants Franchisor written authorization to take unrestricted control over the defense and settlement of the threat with counsel of its choice;
- C. did not cause or give rise to the threat due to a material failure to comply with Franchisor's previously communicated trademark usage requirements;
- D. cooperates promptly and fully with Franchisor in the defense, mitigation, and/or settlement of the threat; and
- E. does not jeopardize or compromise any right, defense, obligation or liability of Franchisor, by making any statement to, or entering into any agreement with, the threatening party which does not have the advance written consent of Franchisor, unless required by applicable law."

4. Section 14.C. of the Franchise Agreement on Post-Termination Covenant Not to Compete is amended by the addition of the following language to the original language that appears therein:

"These provisions may not be enforceable under Minnesota law."

5. Section 16.12 of the Franchise Agreement on Governing Law/Consent to Jurisdiction. Is amended by the addition of the following language to the original language that appears therein:

"Minnesota Statutes, Section 80C.21 and Minn. Rule Part 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination, penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction."

6. Section 16.21 of the Franchise Agreement on Limitation of Claims is amended by the addition of the following language to the original language that appears therein:

"Notwithstanding the foregoing, any claim brought under the Minnesota Franchises Law shall not be barred unless an arbitration or legal proceeding is commenced within three (3) years after the cause of action accrues."

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

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

**FRANCHISEE:**

**JFE FRANCHISING, INC.**

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

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

Name:

Name:

Title:

Title:

## **RHODE ISLAND**

### **ADDENDUM TO DISCLOSURE DOCUMENT**

1. Item 17 of the Franchise Disclosure Document is amended by the addition of the following:

“Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that ‘A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.’”



**RHODE ISLAND**

**ADDENDUM TO FRANCHISE AGREEMENT FOR RHODE ISLAND FRANCHISEES**

The undersigned hereby acknowledge and agree that:

1. Section 16.12 of the Franchise Agreement on Governing Law/Consent to Jurisdiction is amended by the addition of the following language to the original language that appears therein:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that ‘A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.’”

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

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

**FRANCHISEE:**

**JFE FRANCHISING, INC.**

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

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

Name:

Name:

Title:

Title:

## **VIRGINIA**

### **ADDENDUM TO DISCLOSURE DOCUMENT**

In recognition of the requirements of the Virginia Retail Franchising Act, Va. Code Ann. § 13.1-564, the Franchise Disclosure Document for JFE Franchising, Inc. for use in the State of Virginia shall be amended as follows:

1. 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 do not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
2. 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.
3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

**VIRGINIA**

**ADDENDUM TO FRANCHISE  
AGREEMENT  
FOR USE IN VIRGINIA**

The undersigned hereby acknowledge and agree that:

1. All references in the Franchise Agreement which provide that the Franchise Agreement may be terminated for any reason are in violation of Section 13.1-564 of the Virginia Retail Franchising Act and are unenforceable.

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.

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

**FRANCHISEE:**

**JFE FRANCHISING, INC.**

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

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

Name:

Name:

Title:

Title:

## **WASHINGTON**

### **ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT and FRANCHISE AGREEMENT FOR USE IN WASHINGTON**

This Addendum is to the Franchise Disclosure Document and Franchise Agreement of JFE Franchising, Inc. (“JFE”) for the State of Washington.

1. The State of Washington has a Statute, RCW 19.100.180 which may supersede the JFE Franchise Agreement with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the JFE Franchise Agreement in your relationship within the franchisor including the areas of termination and renewal of your franchise.
2. 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.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable by a franchisor against an employee of the franchisee unless the employee's earnings from the party seeking enforcement, when annualized, exceed one hundred thousand dollars per year (an amount that will be adjusted annually for inflation). Pursuant to RCW 49.62.030, a noncompetition covenant is void and unenforceable by a franchisor against an independent contractor of the franchisee unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed two hundred fifty thousand dollars per year (an amount that will be adjusted annually for inflation). As a result, the franchisor will not require franchisees to have their employees and independent contractors sign any agreement that contains noncompetition covenants or the franchisor will direct franchisees to remove noncompetition covenants from agreements employees are required to sign.

7. 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 a franchisee or (ii) soliciting or hiring any employee of the franchisor. As a result, the franchisor will not require franchisees to sign any non-solicitation agreement or the franchisor will remove non-solicitation covenants from agreements franchisees are required to sign.

The undersigned does hereby knowledge receipt of this addendum.

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

**FRANCHISEE:**

**JFE FRANCHISING, INC.**

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

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

Name:

Name:

Title:

Title:

**WISCONSIN**

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR USE IN WISCONSIN**

The undersigned hereby acknowledge and agree that:

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provisions of the Franchise Contract or Agreement if such provisions are in conflict with that law.

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

**FRANCHISEE:**

**JFE FRANCHISING, INC.**

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

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

Name:

Name:

Title:

Title:

**EXHIBIT L**

**JFE - SNOWFRUIT**

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**STATE EFFECTIVE DATES**

**EXHIBIT L TO FRANCHISE DISCLOSURE DOCUMENT**

**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	October 13, 2023
Maryland	Not Registered
Michigan	October 4, 2023
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	December 21, 2022, as amended October 19, 2023

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.



**JFE - SNOWFRUIT**

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**RECEIPTS**

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If JFE Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If JFE Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and the state agency listed on Exhibit "A".

The franchisor is JFE Franchising, Inc., located at 2021 Bingle Road, Houston, Texas 77055. Its telephone number is (713) 463-7777.

Issuance date: September 20, 2023. See Exhibit L for effective dates in registration states.

The names, principal business address, and phone number of the franchise seller offering the franchise is Emma Deabill, JFE Franchising, Inc., 2021 Bingle Road, Houston, Texas 77055, (713) 463-7777.

We authorize Stacy Kwon at JFE Franchising, Inc., 2021 Bingle Road, Houston, Texas 77055 to receive service of process for us, or if you are located in a franchise registration state outside of Texas, the agents listed in Exhibit "A" are authorized to receive service of process on behalf of franchisor.

I received a disclosure document dated September 20, 2023, that included the following Exhibits:

- |   |  |
|---|--|
| A State Franchise Administrators –<br>Agents for Service of Process | F List of Franchised Outlets           |
| B. Franchise Agreement and Exhibits<br>(including General Release)  | G List of Terminated Franchises        |
| C Initial Training Agreement  | H List of Transferred Franchises       |
| D Purchase Agreement and Exhibits                                   | I Financial Statements                 |
| E Table of Contents of Manuals                                      | J Disclosure Acknowledgement Statement |
|   | K State Specific Addenda               |
|   | L State Effective Dates                |

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

\_\_\_\_\_  
Signature of Prospective Franchisee

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

KEEP THIS COPY FOR YOUR RECORDS.

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If JFE Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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| E Table of Contents of Manuals                                   | J Disclosure Acknowledgement Statement |
|  | K State Specific Addenda               |
|  | L State Effective Dates                |

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

\_\_\_\_\_  
Signature of Prospective Franchisee

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

Please date and sign this Receipt and return to:

JFE Franchising, Inc., Attn: Emma Deabill, 2021 Bingle Road, Houston, TX 77055-1435

Or email to [fdd@snowfruit.com](mailto:fdd@snowfruit.com)