

FRANCHISE DISCLOSURE DOCUMENT



DRIPBaR Franchising, LLC
A Delaware Limited Liability Company
236 Franklin Street
Wrentham, MA 02093
800-DRIPBaR
info@theDRIPBaR.com
www.TheDRIPBaR.com

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

Under this disclosure document, we offer qualified individuals the right to serve as our “Area Representative” within a given territory (a “Territory”). Under an Area Representative Agreement, you will serve as our independent Area Representative and recruit franchisees to own and operate DRIPBaR Businesses and provide support services to franchisees within your Territory (the “Area Representative Business”).

The total investment necessary to begin operation as an Area Representative with this franchise system is \$314,600 to \$1,052,675. This includes \$150,000 to \$600,000 that must be paid to the Franchisor or affiliate. The above figures represent an Area Representative selling a minimum of 10 units and a maximum of 40 units.

This disclosure document summarizes certain provisions of your area representative agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 for you. To discuss the availability of disclosures in different formats, contact Ben Crosbie at 236 Franklin Street, Wrentham, MA 02093 and 1-800-DRIPBaR.

The terms of your contract will govern your franchise relationship. Don’t rely on this 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 accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov 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: APRIL 12, 2023

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Massachusetts. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Massachusetts than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
4. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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

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

**NOTICE FOR PROSPECTIVE AREA REPRESENTATIVES WHO LIVE IN MICHIGAN OR
WHOSE AREA REPRESENTATIVES WILL OPERATE IN MICHIGAN**

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

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

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

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed

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

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

To simplify the language in this Franchise Disclosure Document, “Company,” “we,” “us,” “our,” or “Franchisor” means DRIPBaR Franchising, LLC doing business as “DRIPBaR”. “You,” “your,” or “Area Representative” means the person who buys the Area Representative rights from DRIPBaR Franchising, LLC and its owners, if the Area Representative is a business entity.

The Franchisor, and any Parents, Predecessors and Affiliates

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

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

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

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

Our Agent for Service of Process

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

Description of the Franchise Offered

We offer the opportunity to operate DRIPBaR franchises (“Franchise(s)” or “Franchised Business(es)” or “DRIPBaR Store(s)”) at a single, defined location within a specific territory that offer various proprietary products and services using our trademarks, trade names, service marks, commercial symbols and logos (“Proprietary Marks” or “Marks”), printed marketing materials, methods of operation, business formats, signs, equipment, procedures, designs, layouts, standards, recipes and specifications (together the “System”) for the operation of Franchised Businesses. The system may be changed or modified by us throughout your time as an Area Representative.

The franchise described is known as “DRIPBaR®”. DRIPBaR franchisees own and operate a business that provides intravenous vitamin therapies (“I.V. Vitamin Therapy Services”) under the direction of a medical director, subject to state law.

As set forth in a separate disclosure document, under our form of franchise agreement (the “Franchise

Agreement”), we grant System franchisees a territory for the operation of their Franchised Business.

Under this form of disclosure document, we offer qualified individuals the right to serve as our independent representative (each, an “Area Representative”) and coordinate the development of a Territory by: (i) recruiting others to own and operate Franchised Businesses under our System and Marks; (ii) providing continuing operational and supervisory assistance to our franchisees within the Territory, including, without limitation, site selection assistance, and supervision, and management of regional advertising cooperatives; and (iii) potentially owning and operating Area Representative-owned Franchised Businesses within the Territory, each of which would be operated pursuant to our then-current form of franchise agreement (a copy of which is enclosed in Exhibit C of this disclosure document).

When engaging in any recruitment activities, you must use our then-current form of franchise disclosure document that we approve for use in your Territory. Under the Area Representative Agreement, you must comply with all franchise disclosure laws and other legal requirements applicable to Area Representatives in your Territory. You must also register yourself as a franchise broker directly with the appropriate state authorities, where applicable. You may not use any third-party brokers other than those that we approve to assist with the offer or sale of franchises. You will receive certain territorial rights for so long as you comply with your obligations under your Area Representative Agreement, including a Development Schedule (“Development Schedule”). Area Representatives are not party to any Franchise Agreement entered into by any prospective franchisees it recruits.

The Market and Competition

The general market for I.V. Vitamin Therapy Services includes men and women the age of 18 and older. This market is developed and competitive. Sales are not seasonal. Franchisees will face competition from other businesses that are independently owned and operated, part of chains, and franchised or licensed.

Industry-Specific Laws and Regulations

If you are an Area Representative, then the Federal Trade Commission’s Rule on Franchising (16 C.F.R. §436 et seq.) requires you to deliver certain disclosure documents in a prescribed form to prospective franchisees before they purchase a franchise in your Development Area. Depending on your state, there also may be regulations requiring you to provide audited financial statements, to register our franchise disclosure documents with, and/or obtain licensure from, a particular state agency or authority to operate as a franchise broker or solicit prospective franchisees. You cannot offer franchises in a state that requires registration of the franchise opportunity unless we are effectively registered in that state. In the states of California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin, we are required to register the Disclosure Document before the offer or sale of any franchise. We will provide you with an electronic copy of our applicable Disclosure Document, which you will use to solicit franchises for us.

You must deliver an approved Disclosure Document to each prospective franchisee before any franchise sale and must comply with the requirements of federal and state franchise laws. You and your officers, directors, managers and employees are not our agents and may not contractually obligate us unless we specifically authorize you to do so in writing. Area Representatives do not offer franchises for sale in their territories, but instead, their officers and sales employees operate as our salespersons. Accordingly, in most states, you do not separately register a Disclosure Document. Instead, you deliver a salesman disclosure form along with our Disclosure Document to each prospective franchisee. If your state requires that you must separately register as a broker or seller of franchises, we will assist you in preparing your broker application or Disclosure Document, but you must pay the entire cost of preparing your broker application or Disclosure Document and registering as a broker or a subfranchisor.

You must comply with all federal, state and local laws and regulations which apply generally to all businesses, and health and sanitation codes that apply to DRIPBaR Stores generally. There may be state

and local laws, regulations and ordinances applicable to the operation and management of a DRIPBaR Area Representative business. We advise that Area Representatives consult with an attorney to ensure compliance with all relevant laws.

Some states have laws providing restrictions on ownership and control of medical practices by lay persons or corporations. You and our franchisees must ensure that your corporate structures comply with all state laws regarding the corporate practice of medicine (“CPOM”) and/or nursing, fee-splitting, and licensure, if applicable. Some states require our franchisees to be separate entities that contract with licensed practitioners and/or medical directors for the provision of medical supervision services. Our franchisees will sign our Franchise Agreement and, if necessary, a medical director agreement. The medical director will supervise and/or provide the medical director services related to any required supervision of the I.V. Therapy Services our franchisees offer.

For uniformity and consistent quality of service, however, we only make DRIPBaR franchises available under the condition that a properly licensed physician (or where allowable, nurse practitioner or naturopath) will provide supervisory services, regardless of whether state law imposes such a requirement. It is important to note that we do not control the practice of those supervisory licensed professionals; we merely refrain from making franchises available in the absence of such supervision. You will not make business or management decisions or engage in any activity that would constitute control over the licensed professional’s practice of medicine for any Franchised Businesses within the Territory.

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

Before you purchase DRIPBaR area representative rights, you should consult with an attorney who is familiar with the applicable state and federal laws and any others which may apply to DRIPBaR franchisees in your Territory. It is your responsibility to ensure that you do not violate any federal and state laws related to the practice of medicine, including all rules promulgated by state boards of medicine, and including those related to patient privacy such as the Health Insurance Portability and Accountability Act of 1996 and enabling regulations (“HIPAA”). In addition, there may be state and local laws that generally govern the business and employment aspects of a DRIPBaR franchise. You should consult with an attorney prior to signing your Area Representative Agreement to determine what those laws are and what impact, if any, they may have on your Area Representative business.

ITEM 2 - BUSINESS EXPERIENCE

Chief Executive Officer: Ben Crosbie

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

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

President: Kory Angelin

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

Chief Development Officer: Candace Byrnes

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

Director of Nurse Training: Leslie Smith

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

Vice President of Site Development: Kristian Meyers, CFE

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

Vice President of Xperience: Regan Cochran

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

Vice President of Site Launch: Emily Conrue

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

ITEM 3 - LITIGATION

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

Mark Taylor, Tammy Taylor, and Taylored Franchising LLC v. DRIPBaR Franchising LLC (AAA Case No. 01-22-0004-7942). On November 14, 2022, Mark Taylor, Tammy Taylor, and Taylored Franchising LLC (“Plaintiffs”), current DRIPBaR franchisees, filed a Demand for Arbitration with the American Arbitration

Association, claiming that we misstated and omitted certain information in the Franchise Disclosure Documents that the Plaintiffs received in connection with the sale of a Franchise Agreement and Area Representative Agreement under the (a) Florida Franchise Act, (b) Florida Deceptive and Unfair Trade Practices Act, (c) Massachusetts Chapter 93A Unfair Trade Practices Act, (d) New Jersey Franchise Practices Act, (e) Common Law Fraud and Intentional Omission, and (f) Common Law Breach of Contract. Plaintiffs are seeking (a) rescission of the Franchise Agreement and Area Representative Agreements, including expenses, counsel fees, interest and costs, or, in the alternative, damages for breach of contracts and fraud, and (b) an injunction against us. Arbitration is currently scheduled for July 10, 2023.

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

ITEM 4 – BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 – INITIAL FEES

Under your Area Representative Agreement, you must pay us the appropriate Area Representative Fee, which will range between \$150,000 and \$600,000 (based on 10 units of the low end and 40 units on the high end) and shall be based upon the number of Franchised Businesses involved and the term of your Development Schedule. The Area Representative Fee is calculated by multiplying the number of Franchised Businesses involved by \$15,000. The Area Representative Fee is due upon signing the Area Representative Agreement. You will be required to pay us our then-current Initial Franchise Fee for any Franchised Business(es) you open and operate in your Development Area, but you are not required to open or otherwise operate any Franchised Business(es). All fees described in this Item 5 will be deemed fully earned and non-refundable when paid.

ITEM 6 - OTHER FEES

Type of Fee	Amount¹	Due Date	Remarks
Digital Marketing Requirement	A minimum of \$1,000 per month within your Development Area	Monthly after Executing Area Representative Agreement	See Note 2
Transfer Fee	\$2,500 plus our legal fees and additional training costs not to exceed a total of \$10,000	Upon Submitting a Request for Transfer	See Note 3
Renewal Fee	\$5,000	Upon Renewal	You must also satisfy certain conditions described in the Area Representative Agreement in order to renew

Insurance	Cost of insurance. If you fail to maintain your insurance as required, we have the right to procure insurance on your behalf and charge an 18% administrative fee in addition to the cost of the insurance	As Required	See Note 4
Additional/Ongoing Training	Our then-current tuition fee; current fee is \$300 per person per day plus expenses for you, your employees and our expenses	At Time of Additional and/or Ongoing Training	See Note 5
Annual Conference Fee	\$1,000	Annually	Payable to us.
Relocation Fee	\$1,500	Upon Request	You must pay us a relocation fee at least 60-days prior to relocation
Audit/Inspection Costs	Cost of audit and/or inspection	As Required	See Note 6
Financial Records and Reports	Cost of preparing financial statements	As Required	See Note 7
Indemnification	Amount of claim or judgment	When Incurred	See Note 8
Default Fee	\$1,000 per occurrence of default	At Time of Occurrence	See Note 9
Post-Termination and Post-Expiration Expenses	Costs and expenses associated with your ceasing and de-identification of your Area Representative Business	When Incurred	See Note 10
Collection Costs, Attorneys' Fees, Interest	18% on overdue amounts; actual attorneys' fees and costs incurred	When Incurred	See Note 11

Note 1. Fees. Unless otherwise indicated below, all of the fees listed in this Item 6 are uniformly imposed by, payable to, and collected by us. All fees are non-refundable.

Note 2. Digital Marketing Requirement. Beginning with the month after you sign your Area Representative Agreement, you must spend a minimum of \$1,000 each month on digital marketing directed at recruiting potential franchisees within your Territory. You must spend this amount in accordance with our standards and specifications. You may spend any additional sums you wish on local advertising, tradeshows or other marketing methods. Once you have met your development obligations under the Area Representative Agreement (sold the total number of units), you do not have to spend any money on local or digital marketing.

Note 3. Transfer Fee. We have the right to condition our approval of any proposed sale or transfer of any

interest in your Area Representative Business or the Area Representative Agreement on various factors, including your payment of a transfer fee amounting to \$2,500 plus reimbursement of our legal fees incurred with properly documenting the transfer and additional training costs, which shall not exceed a total of \$10,000. Generally, we do not charge a transfer fee if you transfer your interest in the Area Representative Agreement to a wholly owned corporation or limited liability company formed by you solely for the purpose of operating the Area Representative Business.

Note 4. Insurance. You must maintain certain amounts and types of insurance in connection with your Area Representative Business, and we reserve the right to obtain this insurance on your behalf if you fail to do so, and charge you a service fee of 18% for obtaining your required insurance in addition to reimbursement of the costs incurred in connection with your premiums.

Note 5. Additional/Ongoing Training. We do not charge a fee for initial Area Representative training for the first three attendees. Subject to the availability of our training personnel, we will train your additional and/or replacement managers at our then-current tuition fee. We may also provide you with ongoing training and/or refresher training, at our sole discretion, at our then-current tuition fee. You shall be responsible for the costs of meals, lodging, and transportation associated with attending additional/ongoing training. We may provide you with additional on-site assistance, subject to the availability of our personnel, at our then-current tuition fee. You must also pay for any travel, meal, lodging, and payroll expenses we incur in connection with providing on-site assistance.

Note 6. Audit and Inspection Costs. You must maintain accurate business records, reports, accounts, books and data relating to the operation of the Area Representative Business. We and our designees have the right to inspect and/or audit your business records at any time during normal business hours. If any audit reveals that you: (a) improperly allocated revenues and expenses between any Franchised Business or the Area Representative Business and any other business; (b) understated royalty or Brand Fund fee payments, or local advertising expenditures, by more than 2% for any Franchised Businesses; or (c) failed to submit timely reports and/or remittances for any two reporting periods within any 12-month period, you must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent we incur such costs), together with amounts due for royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under the Area Representative Agreement.

Note 7. Financial Records and Reports. You must maintain all of the records and reports required under the Area Representative Agreement, as well as the records and reports of System franchisees in your Territory.

Note 8. Indemnification. You and your principals agree to indemnify, defend and hold us, our affiliates, and our respective shareholders, directors, officers, employees, agents, successors and assignees (“Indemnitees”) harmless against and to reimburse the Indemnities for all claims, including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) your solicitation of prospective franchisees and the provision by you of ongoing services to franchisees in your Territory; (b) the operation of the Area Representative Business and any Franchised Business(s), including the use, condition, construction and buildout, equipping, decorating, maintenance, or operation of any training facility or Area Representative-owned Franchised Businesses you may operate now or in the future; (c) your advertising; (d) the use of the Proprietary Marks and other proprietary material; (e) the transfer of any interest in this Agreement or your Franchised Business(s) in any manner not in accordance with this Agreement; (f) the infringement, alleged infringement, or any other violation or alleged violation by you or your principals of any patent, mark, or copyright, or other proprietary right owned or controlled by third parties; or (g) libel, slander or any other form of defamation of Franchisor, the System, other area representatives or developers operating under the System, by you or any of your principals or employees (the “Claims”). We shall have the right to defend any claim against us in the manner as we deem appropriate or desirable in our sole discretion. Our defense

of any action will not diminish your and each of your principals' obligation to indemnify the Indemnitees and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and regardless of the expiration or termination of the Area Representative Agreement.

Note 9. Default Fee. We may, in our sole discretion, charge you \$1,000 per Notice of Default for your being in default of the Area Representative Agreement. We may, but are not required to, seek a statement or explanation from you prior to issuing a Notice of Default and assessing this fee against you.

Note 10. Post-Termination and Post-Expiration Expenses. Upon termination, expiration, non-renewal, and/or transfer of the Area Representative Agreement for any reason, you must pay for all costs and expenses associated with ceasing operations and de-identifying yourself with the Area Representative Business and our System.

Note 11. Collection Costs, Attorneys' Fees, and Interest. Any late payment or underpayment of fees due to us under the Area Representative Agreement, and any other charges or fees you owe us, will bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which we may charge for commercial transactions in the state in which your Area Representative Business is located. If you are in breach or default of any monetary or non-monetary material obligation under the Area Representative Agreement or any related agreement between you and us, and we engage an attorney to enforce our respective rights (whether or not we initiate formal judicial proceedings), you must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of the Area Representative Agreement and your claim is denied or the action is dismissed, you must reimburse us our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the action. We are entitled, under the Area Representative Agreement, to have the costs listed above awarded as part of the judgment in the proceeding.

ITEM 7 - ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Area Representative Fee ¹	\$150,000 - \$600,000	Lump sum	Upon signing Area Representative Agreement	Us
Accounting System ²	\$0 - \$375	As agreed	As incurred	Suppliers
Furniture, Fixtures, and Equipment ³	\$0 - \$2,500	Lump sum	As incurred	Suppliers
Business Licenses ⁴	\$100 - \$1,000	Lump sum	As incurred	State and local agencies
Insurance ⁵	\$500 - \$3,000	As agreed	As incurred	Insurance company
Miscellaneous Training Expenses ⁶	\$1,500 - \$5,000	As agreed	As incurred	Third parties
Professional Fees ⁷	\$1,000 - \$2,500	As agreed	As incurred	Third parties
Additional Funds – 3 months ⁸	\$15,000 - \$30,000	As agreed	As incurred	Third parties
Franchised Business ⁹	\$146,500 - \$408,300	As agreed	As incurred	Varies
TOTAL ESTIMATED INITIAL INVESTMENT	\$314,600 - \$1,052,675			

Note 1. Area Representative Fee. You must pay an Area Representative Fee upon signing the Area Representative Agreement, which will generally range from \$150,000 to \$600,000 (based on 10 units on the low end and 40 units on the high end). The Area Representative Fee is calculated by multiplying the number of Franchised Businesses involved by \$15,000. See Item 5 for further information. We do not offer direct or indirect financing for your Area Representative Fee or any other items.

Note 2. Accounting System. This estimate includes the cost of purchasing required equipment. The low end estimates the cost if the Area Representative already owns items and/or software needed for the Accounting System.

Note 3. Furniture, Fixtures and Equipment. The costs of these items are dependent on the size and configuration of your Area Representative Business. You may, but are not required to, operate from an office. You may operate from your home. This estimate includes those items required in addition to the items required in your optional Franchised Business; i.e. computers, POS System, a phone system that meets our specifications and standards, a desk, filing cabinets, and related office supplies. The low end assumes that you already have all of these items or will have them in your optional Franchised Business.

Note 4. Business Licenses. This estimate includes any costs of registering as a broker or salesperson with any state agency.

Note 5. Insurance. Insurance must be obtained to meet the minimum requirements established by the System Standards.

Note 6. Miscellaneous Training Expenses. We provide initial training for up to three people without charge, but you are responsible for all compensation, travel, and living expenses.

Note 7. Professional Fees. This estimate includes your consultation with an attorney prior to entering into an Area Representative Agreement and afterward. Some states require Area Representatives to register or otherwise comply with state franchise laws. We expect that you will consult with an attorney in regard to any state-specific franchise laws or general business laws described in Item 1. This estimate also includes your consultation with an accountant or CPA in regard to the setup of your accounting system.

Note 8. Additional Funds. This estimate includes other initial start-up expenses. These expenses include payroll and your own compensation among other things. This range is an estimate and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how well you follow our methods and procedures, your management and sales skills, experience and business acumen, the local economic conditions, the local market for DRIPBaR products and services, the prevailing wage rate, competition, and the rate at which locate prospective franchisees. These estimates were based on our historical data for the operating expenses for the first three months.

Note 9. Franchised Business. This estimate includes all of the costs associated with developing and operating one DRIPBaR Franchised Business. For more information, please see Item 7 of our single-unit form of disclosure document. You must open at least one Franchised Business. This estimate does not include any additional Franchised Businesses that you may choose to develop and operate during your term as an Area Representative. We do not offer direct or indirect financing for these items.

Note 10. Refunds. Expenses collected by us are not refundable. If collected by a third-party then the third parties' policies will control.

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

To ensure that the highest degree of quality and service is maintained, you must operate the Area Representative Business in strict conformity with the methods, standards, and specifications that are specified in the Area Representative Agreement and as listed in our proprietary and confidential operating manual(s) (“Operations Manual” or “Manual”), which may exist in various parts, locations, and formats and may include a combination of audio, video, written material, electronic media, website content, and/or software components. You must neither (i) deviate from these methods, standards, and specifications without our prior written consent, nor (ii) otherwise operate in any manner which reflects adversely on our Proprietary Marks or the System. Our Manual states our specifications, standards, and guidelines for all goods and services that we require you to obtain in establishing and operating your Area Representative Business and any Franchised Business(es) you may develop and operate. We based these specifications on our experience and upon the experience of our officers, area representatives and franchisees.

We may change our methods, standards, and specifications in our sole discretion. We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you for approved and proposed suppliers, unless these standards and specifications contain our confidential information.

You must operate your Area Representative Business in a manner that will enhance the image intended by us for the System. We reserve the right to formulate and modify our standards and specifications for operating an Area Representative Business. Our standards and specifications are described in the Area Representative Agreement, the Operations Manual, and other written documents. We have the right, under the Area Representative Agreement, to change the standards and specifications applicable to the operation of the Area Representative Business by written notice to you or through changes in the Operations Manual. You may incur an increased cost to comply with these changes at your own expense; however, no change will materially alter your fundamental rights and obligations under the Area Representative Agreement.

We may require you to use a designated supplier for general marketing production and services. In addition, the terms of the Franchise Agreement and the Item 8 disclosures of the form of disclosure document that contains the single-unit franchise offering will apply to any and all Franchised Businesses that you open and operate as part of your Area Representative Business. Currently, we are not approved suppliers nor are we the only approved suppliers of any good or service area representatives are required to purchase; however, we and our affiliates are approved suppliers for certain equipment and products; however, we and our affiliates are currently not the only approved supplier for these products or services. Neither we nor any of our officers owns an interest in any supplier. We require that you purchase two iPads and an Apple desktop for operation of your Area Representative business. Additionally we require that your computer systems have Microsoft Office.

We estimate that your purchases from our approved suppliers will represent approximately 0% of your total purchases in establishing your franchised business and approximately 0% of your ongoing business. Though we do not anticipate that there will be required purchases from approved suppliers as a result of the operation of your Area Representative Business, we reserve the right to derive revenue from any required purchases from approved suppliers. To date, we have not derived any of our revenue from required area representative purchases. We are not aware of any rebates that are or have been received by any area representative. We do not presently receive rebates from vendors as a result of area representative purchases. If we receive any rebates or allowances from suppliers, these sums will not reduce any amounts owed to the suppliers by you. If we do receive rebates, there are no restrictions on how we can use these rebates. In our previous fiscal year ending December 31, 2022, neither we nor any of our affiliates derived revenue, rebates, or other

material consideration based on the required purchases or leases.

Advertising

We must approve all advertising before first publication or use. Our advertising requirements are discussed more fully in Item 11 of this Disclosure Document. You must participate in national promotional programs that we designate from time to time.

Insurance

You will be required to procure and maintain insurance in the amounts we prescribe in the Manual from time to time. You agree to provide us with proof of coverage on demand. For your Area Representative Business, we currently require you to obtain, at a minimum, Umbrella Liability coverage in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate. You will be required to obtain other amounts of insurance if you choose to develop and operate any Franchised Business(es). Those amounts are available in the single-unit franchise form of disclosure document and corresponding franchise agreement.

All insurance policies must be written by an insurance company with a Best's Insurance Guide minimum rating of A-VIII or better. All policies must include a waiver of subrogation in favor of us. In addition to the information listed above, you agree to carry such insurance as may be required, if applicable, by the lease of your location, by any lender or equipment lessor you select, and such workers' compensation insurance as may be required by applicable law. You must add us, and any parties we may designate, to all insurance contracts as additional insureds under your insurance policies at your cost.

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 Area Representative Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	1.6 and 1.8	Items 7, 11 and 12
b. Pre-opening purchases/leases	5.2	Items 7 and 8
c. Site development and other pre- opening requirements	4.1, 5.2, and 5.8	Items 6, 7, 8 and 11
d. Initial and ongoing training	1.7.6, 4.1, 4.6 5.8, 5.12 and 5.13	Item 11
e. Opening	1.6, 5.2, and 5.9	Items 11
f. Fees	Data Sheet, 1.6, 2, 3.5, 4.10, 5.13, 5.14, 5.2, 5.11, 6.2, 6.3, 8.1, 8.2, 8.3, 8.5, and 8.9	Items 5 and 6
g. Compliance with standards and policies/ operations manual	1.1, 3.3, 3.4, 4.2, 4.3, 4.4, 5.3, 5.4, 5.5, 5.6, 5.7, 5.9, 5.10, 5.12, 6.1, 7.1, and 16	Item 8 and 11
h. Trademarks and proprietary information	1.1, 1.3, 1.5, 4.7, 7 and 14	Items 13 and 14
i. Restrictions on products/ services offered	1.5, 5.5 and 5.9	Item 8, 12 and 16

j. Warranty and customer service requirements	5.9.10	Item 15
k. Territorial development and sales quotas	1.2, 1.6 and 3	Items 12 and 17
l. Ongoing product/service purchases	5.9	Item 8 and 11
m. Maintenance, appearance and remodeling requirements	5.9 and 10	Item 6, 8 and 11
n. Insurance	11	Items 6 and 8
o. Advertising	5.4, 5.9, 6, 10, 12.3.4 and 15.1.2	Items 6 and 11
p. Indemnification	10	Item 6
q. Owner's participation/management/staffing	5.3, 5.9.7 and 13.2	Items 11 and 15
r. Records and reports	5.9.9, 8.4, 8.5, 8.7 and 13.10	Item 6
s. Inspections and audits	4.11, 5.9, 5.12, 8.7 and 12.3	Items 6 and 11
t. Transfer	12.1.3 and 13	Item 17
u. Renewal	1.7	Item 17
v. Post term obligations	15	Item 17
w. Noncompetition covenants	14	Item 17
x. Dispute resolution	18	Item 17

ITEM 10 - FINANCING

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

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

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

Pre-Opening Obligations

Before you begin to develop your Territory, we will:

1. Designate your Territory. We will review the location of your territory and confirm the acceptability of your territory within 30 days of our receipt of your request, provided all required information has been submitted with the request. Factors considered in selection and confirmation of a territory include population, traffic count, foot traffic, accessibility, demographics and competition within the territory. If you and we cannot agree on a territory, and you have not begun operation of your Area Developer business within 24 months of signing the Area Development Agreement, we may terminate your Development Agreement. (Section 1.2 of the Area Representative Agreement ("ARA")).

2. Provide you, as we deem necessary in our sole discretion, with access to promotional materials developed by us or designated third parties used by other franchisees and corporate stores. (Section 4.2 of the ARA).

3. Loan you our Operations Manual, one copy of any additional manuals we provide to System franchisees, and any manuals we may have with respect to the operation of an Area Representative Business (collectively, the Operations Manual and all other manuals provided to Area Representative will be referred to collectively as the "Manuals"). The Table of Contents of the Operations Manual is included as Exhibit E to this Franchise Disclosure Document. The Operations Manual is presently 51 pages long and is subject to ongoing modifications and changes as we make changes to our procedures. We may provide the Manuals to you in hard copy or electronic format, and these Manuals may be transmitted to you via our

intranet, website and/or via email. The Manuals are a proprietary and a confidential trade secret owned by us, and you must take all reasonable steps to maintain the Manuals as confidential, restrict and prohibit unauthorized access to the Manuals, and prohibit any copying, duplication or recording of any information contained therein. We may from time to time update and revise the contents of the Manuals and distribute supplements containing these updates, and you must comply with each new or changed standard with respect to each Franchised Business operated within the Territory. (Section 4.3 of the ARA).

4. Provide a tuition-free training program for up to three people of your choosing that covers Area Representative Training that will be taught virtually. You must complete this training session, to our satisfaction, prior to recruiting prospective franchisees within the Territory. However, if there are existing franchisees within the Territory, we may require you to complete all initial training within thirty days of executing your Area Representative Agreement. All trainees whom you designate must attend the training course at the same time. All training related expenses, including you and your additional trainees' transportation to and from the training site, lodging, meals, and salaries during training, are your sole responsibility. (Section 4.1 of the ARA).

Our Area Representative Training Program is described below:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Franchise Development	5	0	Virtual
Franchisee Support & Operations	5	0	Virtual
Franchise Unit Training	17	9.5	Virtual
Total	27	9.5	

We have the right to reduce or extend the duration or content of the initial training program for any trainee based on our assessment of their skill level.

Our Area Representative training program does not take place on specific dates, but instead will be held subject to the availability of you and our instructors. The training program is provided primarily under the direction of Candace Byrnes. Candace Byrnes has served as our Chief Development Officer since January 2022. Each of our instructors has a minimum of one year of experience.

The training supervisors may utilize our employees and other individuals for various aspects of training. Training is conducted primarily utilizing our Manuals (described below) and other proprietary handouts we provide at training. Each of our instructors has a minimum of one year of experience.

Post-Opening Obligations

1. Upon request by you, we may review your operations and techniques in the area of franchise sales and support services and may suggest methods of improvement. We may provide you, from time to time, as we deem appropriate in our sole discretion, such merchandising, marketing and other information and advice as may from time to time be developed by us and deemed by us to be helpful in the management and operation of an Area Representative Business. (Section 4.4 of the ARA).

2. We will reasonably prepare and keep current our form of Franchise Disclosure Document for your Territory. We will also file our franchise documents in those states requiring pre- sale franchise registration. You must complete and keep current the salesman disclosure forms to be submitted with our registration applications, register yourself as a sales agent in those states requiring sales agent registration; and comply with any other federal, state, or local law governing your Area Representative Business. (Section 4.5 of the ARA).

3. We retain the sole right to negotiate with prospects and to formulate and make policy

decisions concerning every aspect of sales, promotions, advertising, and other programs. You may not make any statement, projection, or other description of potential earnings, costs, or profits to any third party other than as stated in our then-current form of Franchise Agreement and Franchise Disclosure Document for a single-unit franchise. (Sections 5.4 and 5.4.1 of the ARA).

4. You must submit to us written and completed applications of all qualified prospective franchisees together with any additional information and comments, including credit and criminal background information, which we may specify. We shall use best efforts to promptly process all prospective franchisee applications forwarded to us by you and shall not unreasonably withhold our approval of any prospective franchisee provided such prospect meets the educational, professional, managerial, business, financial and other qualifications as we may from time to time prescribe for new franchisees. Our determination, over which we will have complete discretion, will be final and binding. (Sections 4.8, 5.4.7, and 5.5 of the ARA).

5. We may provide you with assistance in all matters relating to the operation of an Area Representative Business, as we deem necessary in our sole discretion. Our advice and consultation may include addressing issues such as marketing and sales, management of multiple Franchised Businesses, operational problems, and providing you with an analysis of your performance in such areas. This operating assistance may be made available via telephone, email, or another method of communication selected by us. We may require you and your employees' attendance at additional or ongoing training programs. Such programs will be provided at our then-current tuition rate for such training. (Section 4.6 of the ARA).

6. We may, but are not required to, design and provide to you one webpage for the promotion of the Area Representative Business on our website. If we choose to create such a website, we will be the web master, either directly or through a third party, and will have sole discretion and control over such site. We will review and execute, subject to our approval, requested changes to your webpage. You are prohibited from conducting the following activities without our prior written approval: (i) maintaining an individual website related in any respect to the System; (ii) establishing a URL incorporating any variation of our name or the Proprietary Marks; or (iii) promoting or otherwise listing your Area Representative Business, the Proprietary Marks, or System on any social media or networking site, including without limitation, Facebook, LinkedIn, Instagram, Twitter or YouTube. We reserve the right to modify our policies and procedures regarding your use of social media and the Internet, as we deem appropriate for the best interests of the System and Proprietary Marks. (Section 4.7 of the ARA).

7. We shall provide for the collection of and distribution to you of your share of initial franchise, royalty, renewal and transfer fees received from each franchisee operating in the Territory excluding any pre-existing franchisees as described in your Area Representative Agreement. (Section 4.10 of the ARA). Based on your compliance with the Area Representative Agreement, and any other agreements between you and us or our affiliates, we will remit to you:

a) 50% of each new franchisee's Initial Franchise Fee upon the signing of each new franchisee's first franchise agreement regardless of where the new franchisee shall open its franchised business so long as you are the sole procuring source of the franchisee. You will not receive any remuneration whatsoever from a franchisee's initial franchise fee when we, a franchise broker, or other third-party franchise sales agent, was involved in the sale of that particular franchise. Broker is defined as any party, other than you, to whom a commission is due as a result of the broker procuring or introducing the franchisee candidate to us. If a franchisee signs an area development agreement, multi-unit agreement, or multiple franchise agreements, or any other combination of franchise agreements for more than one franchised business, your remuneration shall be as follows:

Number of Units	Remuneration to Area Representative
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1	50% of Initial Franchise Fee
2	\$35,000
3	\$45,000
4	\$50,000
5	\$55,000
10	\$65,000

Payments of remuneration shall be made when we have received all payments from franchise candidate in full. You understand and acknowledge that we may agree for any franchisee to relocate to another area within or outside of the Development Area and that you will only receive remuneration if franchisee candidate opens within the Development Area.

b) 3% out of the 7% royalty fees (as described in the individual Franchise Agreements of each franchisee in your Territory) collected from franchisees within the Territory, which will be calculated based on the amounts we actually collect from these franchisees in the form of ongoing royalty fees, less any broker fees. For clarification, you do not receive 3% of the 7% we collect. Rather, we split the 7% into 4% that we keep and 3% that is paid to you. The 7% royalty fee is based on each franchisee's gross revenue. We will remit these amounts to you monthly based on the royalties actually collected during the preceding month. You agree and acknowledge that you must pay the full amount of royalty fees owed in connection with your owned and operated Franchised Business(es) and that you will receive a share of the royalty fees earned by us from these locations; and

c) Your right to the remuneration described above is conditioned upon your providing all other pre-signing, initial, and ongoing services set forth in the Area Representative Agreement. (Section 8.3 of the ARA). Your right to receive remuneration will end upon termination, expiration, or transfer of the Area Representative Agreement. (Section 8.2 of the ARA). You may not receive any remuneration until after you have completed training. (Section 8.2.4 of the ARA). You are not entitled to any share of any other fees paid by franchisees you recruit within your Territory. (Section 8.6 of the ARA). You are not entitled to receive remuneration based on royalties or other fees we receive from franchisees that entered into franchise agreements with us prior to your execution of your Area Representative Agreement unless we agree otherwise. (Section 8.8 of the ARA). We will have sole discretion as to the terms and conditions of collections from System franchisees, including the right to defer or refund initial franchise fees, and any such deferred payments do not become payable to you until and unless such fees are paid to us by System franchisees. In the event we refund any amount collected or if a franchisee for any reason owes an amount to us, we have the right to either deduct from any payments due to you our portion of any amount so refunded or any amount owed to us, or to require you to remit any such portion of the refunded amount or other amounts to us immediately upon request. We have no liability to Area Representative for payments in the event that any System franchisee, for any reason, fails to pay any fee owed to us. (Section 8.10 of the ARA).

8. We will continue our efforts to maintain high standards of quality, professionalism, and service of the Area Representative Business, and to that end, may conduct inspections of any business premises operated hereunder by you in the Area Representative Business, and closely monitor your promotional efforts and service efforts, with may include, without limitation, contacting prospective and existing franchisees and monitoring your sales presentations. (Section 4.11 of the ARA).

9. We and our designees have the right to inspect and/or audit your business records at any time during normal business hours to determine whether you are current with suppliers and are otherwise operating in compliance with the terms of the Area Representative Agreement and the Manuals. (Section 8.7 of the ARA).

10. We have the right to establish regional advertising cooperatives and franchisee or area representative advisory councils. (Sections 6.3 and 6.4 of the ARA).

11. We have the right to establish an Advertising Fund. Currently, area representatives are not required to participate in any Advertising Funds.

Digital Marketing Advertising

You are required to spend not less than \$1,000 each month on advertising for the purpose of generating leads for franchises within your Territory (the “AR Local Advertising Requirement”). We may require you to provide us an annual plan for your expenditure of the AR Local Advertising Requirement. An advertising and promotional program budget will be submitted by you each quarter and we will work with you to mutually agree upon a budget at least 15 days prior to the beginning of each calendar quarter. You will not be permitted to create and use your own advertising materials. We will provide written permission, as we deem appropriate, prior to your attending any trade shows and prior to your engaging in any solicitations outside of your Development Area. We are not required to spend any amount on advertising in your Development Area but reserve the right to do so in our sole discretion. (Section 6.2 of the ARA).

Cooperative

We retain the right to designate any area, including your Development Area under an Area Representative Agreement, for the purposes of establishing an Advertising Cooperative. You will not be required to contribute to any Advertising Cooperative we establish; however, any franchised business owned by you will be required to contribute to the Advertising Cooperative. You must, at our option, administer any Advertising Cooperative we may create within your Development Area. No advertising cooperative has been established and franchisees are not currently required to participate in an advertising cooperative. (Section 6.3 of the ARA).

Time to Opening

The typical length of time between the signing of a Development Agreement and the opening of an Area Representative business is 1 month. This time estimate may vary depending on the timing of the confirmation of your territory, any lease negotiations, any delays in government approvals and other factors affecting the completion of training or obtaining insurance among other things.

Computer System

We may designate the information system used in your Area Representative business, including the computer hardware, software, other equipment, and enhancements (the “Information System”). In such event, in connection with the approved Information System, you agree to the provisions set forth below. You will be required to acquire the right to use the Information System, obtain peripheral equipment and accessories and arrange for installation, required maintenance and support services, and interfacing of your Information System with our accounting system, all at your cost. The estimated cost of the required computer system and peripheral equipment is \$1,500 to \$4,000. Installation must be performed by a person we have approved and trained. You must purchase and install certain components of your Information system, including certain computer hardware and software and networking equipment, from us, our affiliate or other mandatory supplier or vendor. You must also pay us, our affiliate or other mandatory supplier or vendor for the shipping, taxes, and installation of such components.

We will not have independent access to your computer or Information System. As upgrades to the hardware and/or software are developed, we may require you to obtain and install any or all of these upgrades. You are responsible for the cost of all upgrades, including any initial and/or ongoing license, support or service fees.

You are responsible for maintenance, repairs, updates and upgrades to your computer hardware. We will

assist you with software updates, however we are not contractually obligated to provide maintenance, repairs, updates or upgrades to your computer system. Currently, there are no contractual limits on the frequency and cost of your obligation to perform maintenance, repairs, updates or upgrades to your computer system. The frequency of computer updates will be based on the computer's ability to run required software.

ITEM 12 - TERRITORY

Approved Location and Relocation

The Area Representative Agreement grants you the right to act as our independent representative to coordinate the development of a Territory by: (i) recruiting franchisees to operate Franchised Businesses under the Proprietary Marks; (ii) providing initial and continuing operational and supervisory assistance to franchisees within the Territory; and (iii) otherwise administering the System within the Territory. The size of your Territory will vary greatly depending on the Area Representative Fee you agree to pay, as well as factors related to the geographical area of your Territory, including, but not limited to, population density and marketing penetrability (the ability to market and advertise in that area).

For so long as you comply with the terms and conditions of your Area Representative Agreement, including the Development Schedule discussed below, we will not contract with another third-party to serve as our Area Representative within your Territory; however, we do reserve the right to own or otherwise operate from non-traditional sites within your Territory.

You may not move or relocate the business without our prior written consent. In order to relocate your business, your request for relocation must be made in writing, stating the new location, and send to us at least 60-days prior to the date of intended relocation. You must pay us a relocation fee of \$1,500. The new location must be within the Territory, and it may not be located within any territory we grant to any other franchisee area representative. We will refund the relocation fee to you if we do not approve your new location.

All Franchised Businesses developed under the Area Representative Agreement will be operated under the terms and conditions of our then-current form of Franchise Agreement. Your Area Representative Agreement grants you no right to enter into any agreements with prospective franchisees. You must sign our then-current form of Franchise Agreement for any Franchised Business you wish to operate, whether inside or outside of your Territory.

Your failure to meet the Development Schedule will be considered a default under the Area Representative Agreement and will give us a right to terminate you as an Area Representative or terminate your protected rights within the Territory. You must also ensure that the total cumulative number of Franchised Businesses required under the Development Schedule remain open and operating within the Territory throughout the term of your Area Representative Agreement, or we may terminate your Area Representative Agreement. Any franchisees within the Territory that have signed franchise agreements with us before you sign an Area Representative Agreement, and any similar outlets operated by us or our affiliates will not count towards your obligations under the Development Schedule. You will not be entitled to any portion of the initial franchise fees paid to us or our affiliates by pre-existing franchisees, licensees, or affiliates within the Territory, and you are not entitled to receive the appropriate portion of the ongoing royalty, transfer, and renewal fees from these pre-existing franchisees, unless we agree otherwise. You will not receive any remuneration under your Area Representative Agreement until after you have completed training.

We reserve the right to operate Franchised Businesses at non-traditional sites in your Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control.

We may not otherwise modify your Territory. Other than meeting the Development Schedule, you are not

required to achieve or maintain any given level of sales. Upon termination or expiration of the Area Representative Agreement, we will have the right to open and operate, or license others to open and operate Franchised Businesses in your Territory without providing any compensation to you.

The Area Representative Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises or territories.

We retain the right to engage the services of franchise brokers to assist us in franchise sales on a regional or national level. Any sales generated by our franchise brokers within your Development Area will be counted towards your requirements under the Development Schedule, provided you afford franchisees recruited by our brokers with the initial and ongoing services outlined in the Area Representative Agreement. You may not engage or otherwise involve any third-party franchise broker in connection with the recruitment of prospective franchisees within your Territory other than those brokers we approve or designate in writing.

Reservation of Rights under the Area Representative Agreement

Under the Area Representative Agreement, we reserve the right to: (i) sell an Area Representative Business under the System and Proprietary Marks at any location outside of the Territory; (ii) own and operate Franchised Businesses or other businesses at any location(s) outside the Territory under the System and Proprietary Marks, which businesses will not count toward your development obligations under the Development Schedule and will not count toward any fees received by you; (iii) license to others the right to own and operate Franchised Businesses at any location(s) inside or outside the Territory under the System and Proprietary Marks, provided that you are entitled to receive the compensation described in this Item 11 for any Franchised Businesses licensed inside of your Territory; (iv) use the Proprietary Marks and System in connection with distributing and marketing services and products through any alternative channel of distribution, including the sale of products on the Internet or through supermarkets, grocery stores, other retail outlets, mail order catalogs, direct mail advertising, or other distribution methods, without regard to location; (v) own and operate businesses, or market similar products and services, at any location(s) inside the Territory under different marks, or to license to others the right to own and operate businesses, or market similar products and services at any location(s) inside Area Representative's Territory under different marks; (vi) negotiate and enter into agreements or approve forms of agreement to operate Franchised Businesses under the Proprietary Marks and System in non-traditional venues in any location, including but not limited to train and bus stations, entertainment and sports complexes, pop-up or other temporary locations, amusement parks, grocery stores and educational institutions, both within and outside of the Territory; (vii) offer mobile units both within and outside of the Territory; (viii) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by our franchisees, within or outside the Territory, or be acquired by any business of any kind; and (ix) engage in any other activities not expressly prohibited in the Area Representative Agreement. If we franchise, license or otherwise open any Franchised Businesses in non-traditional location(s) within your Territory, we may, in our sole discretion, require you to support such non-traditional locations. Such non-traditional location Franchised Businesses will count toward the unit obligations of your Development Schedule if we require you to support them. Outside of what is listed in this Item 12, we are not required to pay you if we exercise any of the rights specified above except as listed.

Alternative Channels of Distribution

Certain products or services from our affiliates, whether currently existing, in research and development, or developed in the future, may be distributed in your Territory by us or our affiliates, or our franchisees, licensees or designees, in the manner and through such channels of distribution as we determine at our sole discretion. Alternative channels of distribution include, but are not limited to, sale of products on the Internet or through supermarkets, grocery stores, other retail outlets, mail order catalogs, direct mail

advertising, or other distribution methods, without regard to location. Your right to solicit potential franchisees is limited to your Development Area. You are granted no rights to: (i) solicit potential franchisees through the use of alternative channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing, to solicit buyers outside of your territory; or (ii) share in any of the proceeds from our activities through alternate channels of distribution.

ITEM 13 - TRADEMARKS

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

Our affiliate has filed all affidavits required for our principal trademarks. As of the issuance date, none of the trademarks have yet to be renewed.

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

Mark	Registration/Serial Number	Registration/Filing Date
	6135528	Reg Date: August 25, 2020
Allstar	Reg: 6371895	Reg Date: June 1, 2021
Firm	Reg: 6385108	Reg Date: June 15, 2021
Flu Fighter	Reg: 6377648	Reg Date: September 7, 2021
Jetsetter	Reg: 6377648	Reg Date: June 8, 2021
Powerpack	Reg: 6377634	Reg Date: June 8, 2021
Restoration	Reg: 6371901	Reg Date: June 1, 2021
Shield	Reg: 6579423	Reg Date: December 7, 2021
Soother	Reg: 6377646	Reg Date: June 8, 2021
The Debut	Reg: 6377667	Reg Date: June 8, 2021
Time Machine	Reg: 6371907	Reg Date: June 1, 2021
CellVie	Serial: 90270097	Filing Date: October 21, 2020
DRIPonomics	Serial: 90270089	Filing Date: October 21, 2020
DRIPtopia	Serial: 90270076	Filing Date: October 21, 2020
DRIPify	Serial: 90270062	Filing Date: October 21, 2020

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

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

Our Affiliate, TDB IP Holding, LLC, has granted us a license to use and sublicense use of the above-mentioned Marks. The term of the license is perpetual. The license agreement may be terminated if we take any affirmative act of insolvency, if a receiver or trustee is appointed to take possession of our properties

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

There are currently no effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, no pending infringements, oppositions or cancellations, and no pending material litigation involving any of the Proprietary Marks. There is no pending material federal or state court litigation involving the use or ownership rights in our Marks.

No agreement significantly limits our right to use or license the Proprietary Marks in any manner material to the Franchised Business. We know of no superior rights or infringing uses that could materially affect your use of our Marks. However, we cannot guarantee that a store or other user operating under the name “DRIPBaR” or another confusingly similar name does not have priority over our marks. We reserve the right to restrict use of the Proprietary Marks in areas where we identify a senior user or where the potential for confusion exists with an existing user of the “DRIPBaR” name.

You must follow our rules when using the Proprietary Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the Marks relating to the sale of any product or service that is not previously authorized by us in writing. You must comply with the rules and guidelines we issue for using the Marks. You must indicate to the public in any contract, advertisement and with a conspicuous sign in your office that you are an independently owned and operated licensed area representative of ours.

You must notify us immediately when you learn about an infringing or challenging use of the Proprietary Marks. If you are in compliance with the Area Representative Agreement, we will defend you against any claim brought against you by a third party alleging your use of the Proprietary Marks, in accordance with the Area Representative Agreement, allegedly infringes upon that party’s intellectual property rights. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Proprietary Marks. We have no affirmative duty to protect your right to use the Proprietary Marks or to pursue any infringing users of our Proprietary Marks. If we learn of an infringing user, we will take the appropriate action, but we are not required to take any action if we do not feel it is warranted. We shall control all actions but are not obligated to take any action. You must not directly or indirectly contest our right to the Proprietary Marks. We may acquire, develop and use additional proprietary marks not listed here, and may make those proprietary marks available for your use and for use by other franchisees and area representatives of ours.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Proprietary Mark and/or use one (1) or more additional or substitute trademarks or service marks, we reserve the right to substitute different proprietary marks for use in your Area Representative Business. You must comply with our directions within a reasonable time after receiving notice. We have no obligation to compensate you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Proprietary Mark(s), or for your expenses of promoting a modified or substituted trademark or service mark.

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We own certain proprietary information that constitutes trade secrets that you may use in the operation of an Area Representative Business. The information in the Manual is proprietary and is protected by copyright and other laws. The designs contained in the Proprietary Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Manual, we claim common law and federal copyrights in our advertising materials, the content and format of our products, our menu, our website and its contents and any other writings and recordings. We grant you the limited, non-exclusive right to use this proprietary and copyrighted information (“Copyrighted Works”) for your operation of your Area Representative Business for so long as you are an Area Representative of ours, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works. Although not obligated under any express provision of the Franchise Agreement, we intend to protect our rights in our existing and future patents, copyrights and proprietary information.

Our Manual, electronic information and communications, sales and promotional materials, design software, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of Franchised Businesses, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Franchised Businesses and Area Representative Businesses, and other related materials are proprietary and confidential (“Confidential Information”) and are our property to be used by you only as described in the Area Representative Agreement and the Manual. Where appropriate, certain information has also been identified as trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Area Representative Business during training and in guidance and assistance furnished to you under the Area Representative Agreement and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Area Representative Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owner(s) and manager(s) if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Area Representative Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of your or other Franchised Businesses during the term of the Area Representative Agreement or any Franchise Agreement you enter into with us.

You must notify us within three (3) days after you learn about another’s use of design, a visual image, writing or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Area Representative Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets.

You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information

or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge or claim. We may take action as we deem appropriate regarding any infringement, challenge or claim, and retain the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets. If anyone institutes or threatens litigation involving any of our patents, copyrights or proprietary information against you, you must notify us promptly and cooperate fully with us in defending or settling the litigation.

If we must discontinue the use of any of our patents, copyrighted materials, or proprietary information relating to the System, we reserve the right to substitute different materials and/or information for use in your Area Representative Business, but we have no obligation to compensate you for the discontinuance or modification of any patents, copyrights material, or proprietary information. We know of no infringing rights that could materially affect you. No patents or patents pending are material to us at this time.

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

You or the manager you designate (with our approval) must devote best efforts and attention to the day-to-day operations of your Area Representative Business. If we approve of a manager for your Area Representative Business, they are not required to be a shareholder of your entity.

You and your spouse (or if you are a corporation, each of your shareholders and their spouses; or if you are a partnership, each of your general partners and their spouses; or, if you are a limited liability company, each of your members or managers and their spouses) must sign the form of personal guaranty attached as Exhibit B to the Area Representative Agreement.

ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must not offer or sell franchises or perform services for or in connection with a Competitive Business as defined in the Area Representative Agreement. Our System standards, as set forth in the Area Representative Agreement and the Manual, allow us to regulate the sales and marketing activities you engage in and the services your Area Representative Business is required or authorized to offer. We may periodically modify the System standards which may require you to invest additional capital in your Area Representative Business and/or incur higher operating costs.

You must meet or exceed the Development Schedule and our System standards for the sale of DRIPBaR franchises. You must replace any Franchised Business that terminates or expires or any Franchised Business that closes so that you maintain the number of Franchised Businesses required by the Development Schedule. If you do not, we may terminate the Area Representative Agreement or reduce your Territory, which may result in ending your rights to service some Franchised Businesses you have been servicing and assigning those servicing obligations and related compensation to others or assuming them ourselves. If we reduce your Territory, (1) you will continue to perform all of your duties and obligations under the Area Representative Agreement with respect to DRIPBaR franchises that opened in the Territory prior to the reduction until further notice from us, (2) you will no longer market or sell DRIPBaR franchises or provide related services outside of the reduced Territory, and (3) you will not be paid any compensation relating to DRIPBaR franchises operating outside of the reduced Territory after the date of the adjustment.

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Area Representative Agreement	Summary
a. Length of the franchise term	1.1	Initial term of 10 years.
b. Renewal or extension of the term	1.7	You may renew the agreement for up to 3 additional 10-year terms with our approval.
c. Requirements for you to renew or extend	1.7	The term “renewal” refers to extending our Area Representative relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor rights permit you to remain as an Area Representative after the initial term of your Area Representative Agreement expires. We will approve your right to renew your rights under the Area Representative Agreement for up to three consecutive, additional 10-year periods provided that you: (i) give notice of your intent to renew 6-12 months prior to expiration of current term; your compliance with System standards and the Area Representative Agreement during your current term; (ii) are in compliance with the terms of the Area Representative Agreement at the time of renewal and have substantially complied with the terms and conditions of the Area Representative Agreement; (iii) are not in breach of any other agreement with us, our affiliates or approved/designated suppliers; (iv) have satisfied all monetary obligations to us, our affiliates, or our approve/designated suppliers and vendors; (v) execute our then-current form of Area Representative Agreement, which may contain materially different terms from the Area Representative Agreement in this offering; (vi) complete our then-current training requirements; (vii) execute a general release in favor of us, our affiliates and other related parties; (viii) have satisfied the requirements to open Franchised Businesses required by the Development Schedule; (ix) pay a Renewal Fee of \$5,000; and (x) agree to continue assisting all franchisees in the Development Area in the manner required by Area Representative Agreement. The term renewal use herein refers to your ability to continue to operate under our marks and processes in accordance with our system standards under the then-current area representative agreement. You will be required to sign our then-current area representative agreement, which may have different material terms than your current area representative agreement.
d. Termination by you	No provision	You may terminate the Area Representative Agreement under and grounds permitted by law.
e. Termination by us without cause	No provision	Not applicable.
f. Termination by us with cause	12	We have the right to terminate the Area Representative Agreement with cause.
g. Cause defined – curable defaults	12.3, 12.4, 3.3	The Area Representative Agreement will terminate after we provide you with notice and a fifteen (15) day opportunity to

		<p>cure if: (i) you fail to pay any money owed to us or our affiliates; (ii) you improperly allocate funds or fail to submit financial reports or other statements due under the Area Representative Agreement, or if an audit reveals that you have failed to submit timely report and/or remittances or have improperly allocated revenues and expenses between Franchised Businesses or any other business; (iii) you fail to maintain sufficient levels of working capital to adequately meet your obligations under the Development Schedule and the Area Representative Agreement; (iv) you fail to obtain our prior written approval for advertising materials or if you violate any of our other System policies set forth in our Manuals; (v) you fail to devote your best efforts to the development of the Territory or attempt to offer or sell franchises under any other system; or (vi) if you fail to complete your duties as set forth Section 5 of the Area Representative Agreement. We have the right to terminate the Area Representative Agreement after providing notice and a 30-day cure period if you fail to perform or comply with any one or more term or condition contained in the Area Representative Agreement. The Area Representative Agreement will terminate with notice and a 6-month opportunity to cure if you otherwise fail to meet the Development Schedule in Section 3.1 of the Area Representative Agreement.</p>
<p>h. Cause defined – non-curable defaults</p>	<p>12.1</p>	<p>The Area Representative Agreement shall automatically terminate without notice or an opportunity to cure if: (i) you file a voluntary petition for bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under federal or state bankruptcy or insolvency law, or consent or acquiesce in the appointment of a trustee or receiver for you, the business, or any individual Franchised Business operated by you; (ii) if proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy law and if such proceedings are not dismissed within 60 days, or if a trustee or receiver is appointed for you or the business without your consent, and the appointment is not vacated within 60 days; (iii) if you make an unauthorized transfer; (iv) if a final judgment against you remains unsatisfied or of record for 30 calendar days unless supersedeas bond is filed; or (v) if you are dissolved and not reformed within 30 calendar days.</p> <p>We have the right to terminate with notice if: (i) you plead guilty or no contest or are convicted of a crime or offense relating to the operation of the Area Representative Business; (ii) you or any of your principals commit any fraud or misrepresentation; (iii) you or any of your principals make any material misrepresentation or omission in connection with your application including any misrepresentation about your financial or managerial capacity; (iv) you fail to complete training; (v) you receive two or more notices of default of the Area Representative Agreement and/or any Franchise Agreement with us in any twelve month period; (vi) you fail to keep the cumulative number of Franchised Businesses required in the development schedule open and operating during the term of the Area Representative Agreement; (vii)</p>

		<p>you or your principals materially breach or threatens to materially breach any of your franchise agreements or any other agreement with us or our affiliates or suppliers and fail to cure such breach within the cure period; (viii) you misuse or make any unauthorized use of the Proprietary Marks or confidential information; (ix) you violate your in-term covenant not to compete in any manner; (x) a levy of writ of attachment or execution or any other lien is placed against you, your principals, or any of their assets, which is not released or bonded against within 30 days; (xi) if you or any of your principals become insolvent; (xii) you fail, within 15 calendar days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Area Representative Business or an individual Franchised Business; (vii) you make any unauthorized earnings or other claims in the process of recruiting franchisees; (xiii) if any government action is taken against you that results in any obligation upon us which in our sole judgment is uneconomical, not in the best interests of us, or would result in us having an unintended relationship or obligation; (xiv) you fail to comply with the anti-terrorist provisions of the Area Representative Agreement; (xv) you advise, guide or otherwise provide information to any franchisee that causes the franchisee to breach any term, covenant or other obligation under its individual franchise agreement; (xvi) you fail to obtain our prior written approval or consent for any occasion when such approval or consent is required; (xvii) you cease to operate and/or support any of the Franchised Businesses opened pursuant to the terms of the Area Representative Agreement; (xviii) you open any Franchised Business for business before a franchise agreement for such Franchised Business has been fully executed and the initial franchise fee due to us has been paid; (xix) you fail to apply for, obtain and maintain any required permits, licenses or state approvals associated with being a franchise broker and/or franchise sales agent under any state or federal law applicable within any portion of the Territory; (xx) you attempt to promote or sell franchises for any other system or business entity; (xxi) you create an alternative profit center; or (xxii) you make any financial misrepresentation or illegal disclosure in the solicitation of prospective franchisees that would violate any federal, state or local law governing franchise sales and/or disclosure.</p>
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i. Your obligations on termination/ non-renewal	15	Cease using the Proprietary Marks; return all signs, Manuals, brochures, advertising materials, forms, invoices and other materials containing the Proprietary Marks or otherwise identifying or relating to the System and allow us to remove all such items from your offices and your own Franchised Business(es) without liability; cancel any and all fictitious or assumed names relating to your use of the System or any Proprietary Marks; cease using all telephone numbers and listings and transfer all such numbers and listings of the business to us; within 5 days, turn over all lists, names and other data relating to all third parties that you solicited or contacted regarding the purchase or potential purchase of a franchised business, including current franchisees; furnish evidence of compliance with these obligations within 30 days of termination; and pay us what you owe us, including any damages, costs and expenses.
j. Assignment of contract by us	13.11	Fully transferable by us.
k. "Transfer" by you - definition	13.1 & 13.5	You shall not sell, transfer, or assign your interest without our prior written consent. A sale, transfer or assignment requiring our prior written consent occurs: (i) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock, or any increase in the number of outstanding shares of your voting stock which results in a assignment, sale, pledge or transfer of any fractional partnership ownership interest; (iii) if you are a limited liability company, upon any assignment, sale, pledge or transfer of any fractional portion of any interest in the limited liability company; or (iv) upon the sale or transfer of any portion of your rights under the Area Representative Agreement.
l. Our approval of transfer by franchisee	13.1	Our approval of any transfer is required before you transfer the Franchise to a third party.
m. Conditions for our approval of transfer	13.7	We may condition our approval of a proposed transferee based on whether: (i) all of your accrued monetary obligations to us, our affiliates, and designated suppliers/vendors are satisfied; (ii) you have cured all existing defaults under all agreements with us, your landlords, and our designated suppliers/vendors and you have substantially complied with such agreements; (iii) you or your principals and the transferee have signed a general and mutual release; (iv) you or the transferee provide us with a copy of the signed purchase agreement relating to the proposed transfer; (v) the transferee meets our standards as to character, financial resources, and willingness to assume the existing obligations under the Area Representative Agreement; (vi) you and/or the transferee provides any additional or substitute personal guaranties as we deem necessary; (vii) the transferee signs our then- current form of Area Representative Agreement; (viii) you or the transferee pays us a transfer fee of \$2,500 plus legal fees not to exceed \$10,000; (ix) transferee satisfactorily completes our training program; (x) you and, if applicable, your principals and family members, agree to comply with the post- termination provisions of the Area Representative Agreement; (xi) the transferee obtains all required licenses and permits; (xii) all lessors, creditors, or other parties, to the extent required, have consent to the proposed transfer; (xiii) the transfer is made in

		<p>compliance with any applicable state and federal laws; (xiv) the purchase price and terms of the proposed transfer are not so burdensome as to impair the future operation of the Area Representative Business; (xv) you request that we provide the prospective transferee with the then-current form of FDD and that we shall not be liable for any representations not included in the FDD; (xvi) you obtain our approval prior to using any materials describing us, the System, the Area Representative Business or the Franchised Business in connection with the proposed transfer; (xvii) our approval of the transfer does not constitute a waiver of any claims we may have against you; (xviii) we have the right to disclose to the prospective transferee revenue reports and other financial information concerning you, your Area Representative Business, or your own Franchised Business(es) and you agree not to make any false or misleading statements in connection with the transfer; and (xix) you train the transferee for the two months preceding and the two months subsequent to the transfer (or as we otherwise specify). The transfer must not occur during the first year of this Agreement, and we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances.</p>
n. Our right of first refusal to acquire your business	13.6	<p>If you propose to transfer either the Area Representative Agreement or all, or substantially all, of the assets used in connection with the Area Representative Business or your own Franchised Business(es), you must first offer to sell such interest to us on the same terms and conditions as offered by such third party. If we elect not to accept the offer within a 30-day period, you will have a period not to exceed 60 days to complete the transfer offered to us, subject to the conditions for approval outlined in the Area Representative Agreement.</p>
o. Our option to purchase your business	13.12	<p>We have the option to purchase the assets used in connection with the operation of the Area Representative Business, including but not limited to, all furniture, fixtures, and equipment, if any, and the Area Representative Agreement at any point after the three-year anniversary of the Area Representative Agreement. If we elect to do so, the purchase price will be either (as selected by us): (a) 250% of the Area Representative Fee; or (b) four times the amount of all remuneration received by you from us in the previous calendar year.</p>
p. Your death or disability	13.4	<p>Your legal representative shall have the right to continue the area representative business if certain conditions are met. The legal representative must obtain our written permission within forty-five days of your death/disability and must execute the then-current area representative agreement and personal guaranty and completes franchisee training.</p>

q. Non-competition covenants during the term of the franchise	14.2 & as required under your individual Franchise Agreement(s)	During the term of this Agreement, neither Area Representative, Area Representative’s officers, directors, or principals, not any members of the immediate family of Area Representative or Area Representative’s officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation own, engage in, be employed in sales management or purchasing by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in in any other business that offers the same or similar products or services as those offered by our Franchised Businesses (except for one or more Franchised Businesses operated under franchise agreements entered into with us or other Franchised Businesses in which you or your owners have an ownership interest) (a “Competing Business”).
r. Non-competition covenants after the franchise is terminated or expires	14.3	For a period of two (2) years after termination or expiration of the Area Representative Agreement, you will not, directly or indirectly for the benefit of you or your owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in any Competing Business located or regularly selling at the premises of the Competing Business or from other Competing Business or fixed location within ten (10) miles of the Territory or within ten (10) miles of any Franchised Business in any state in which you operated, excluding ownership of less than ten percent (10%) of the stock of shares in any corporation whose stock is publicly traded; provided, however, that this Section does not apply to Area Representative’s operation of any other Franchised Business(es). (Subject to state Law)
s. Modification of the Franchise Agreement	16	Must be in writing signed by the parties, except the Manuals which are subject to change.
t. Integration/ merger clauses	19.2	Only the terms of the Area Representative Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and the Area Representative Agreement may not be enforceable. Nothing in the Area Representative Agreement or any other agreement is intended to disclaim the representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	18.2 and 18.3	All controversies, disputes or claims between us must be mediated. If no resolution is reached by mediation, all such disputes must be submitted for arbitration on demand of either party.
v. Choice of forum	18.1	Subject to state law, any mediation, arbitration or litigation must be held and conducted in Wrentham, Massachusetts or federal courts over Wrentham, Massachusetts.
w. Choice of law	18.1	Subject to state law, Massachusetts will govern.

ITEM 18 - PUBLIC FIGURES

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

ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS

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

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 our management by contacting, Ben Crosbie, 236 Franklin Street, Wrentham, MA 02093 and 800-DRIPBaR the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 - OUTLETS AND FRANCHISEE INFORMATION

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

<u>Outlet Type</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets at End of Year</u>	<u>Net Change</u>
<u>Franchised</u>	2020	0	0	0
	2021	0	23	+23
	2022	23	35	+12
<u>Company Owned</u>	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
<u>Total</u>	2020	1	1	0
	2021	1	24	+23
	2022	24	36	+12

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

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
<u>Rhode Island</u>	2020	0
	2021	0
	2022	
<u>Total</u>	2020	0
	2021	0
	2022	

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

<u>State</u>	<u>Year</u>	<u>Outlets at start of Year</u>	<u>Outlets Opened</u>	<u>Terminated</u>	<u>Not Renewed</u>	<u>Reacquired by Company</u>	<u>Ceased Operations</u>	<u>Outlets at end of Year</u>
AZ	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
CO	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
CT	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
DC	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
FL	2020	0	0	0	0	0	0	0
	2021	0	8	0	0	0	0	8
	2022	8	0	0	0	0	0	8
GA	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
HA	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
IN	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
MA	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MI	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MO	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1

NH	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
NJ	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
NY	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
NC	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
OH	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
OK	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
PA	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
SC	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
TX	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
	2022	3	1	0	0	0	0	4
VA	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
WA	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
<u>TOTAL</u>	2020	0	0	0	0	0	0	0
	2021	0	23	0	0	0	0	23
	2022	23	12	0	0	0	0	35

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

<u>State</u>	<u>Year</u>	<u>Outlets at start of Year</u>	<u>Outlets Opened</u>	<u>Outlets Reacquired</u>	<u>Outlets Closed</u>	<u>Outlets Sold to Franchisees</u>	<u>Outlets at end of Year</u>
<u>Rhode Island</u>	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
<u>TOTAL</u>	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

Table No. 5
Projected Openings as of
December 31, 2022

State	Area Representative Agreements Signed But Outlet Not Opened	Projected New Area Representative Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alaska	0	1	0
California	0	2	0
Georgia	0	1	0
Idaho	0	1	0
Louisiana	0	1	0
Massachusetts	0	1	0
Montana	0	1	0
New York	0	1	0
Utah	0	1	0
Wyoming	0	1	0
Total	0	11	0

The names addresses and telephone numbers of our current Area Representatives, including those that have signed agreements with us but have not opened their Business as of December 31, 2022 are attached to this Franchise Disclosure Document as Exhibit F.

The name and last known address and telephone number of every Area Representative who had an Area Representative Agreement terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Area Representative Agreement during the one-year period ending December 31, 2022, or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document is listed in Exhibit F, if any. No area representative has signed a confidentiality agreement during the last three fiscal years restricting its ability to speak openly about its experience with our franchise system. If you buy a franchise or area representative business from us, your contact information may be disclosed to other buyers when you leave the franchise system.

Franchisor Sponsored and Independent Trademark Specific Franchisee Organizations

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

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

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

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

ITEM 21 - FINANCIAL STATEMENTS

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

ITEM 22 - CONTRACTS

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

- Exhibit A State Specific Addenda

- Exhibit C Area Representative Agreement (and below Exhibits)
 - Attachment A Personal Guaranty
 - Attachment B Development Schedule
 - Attachment C Electronic Funds Withdrawal Authorization

ITEM 23 - RECEIPTS

Exhibit H of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to us.

EXHIBIT A

**STATE-SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND
AREA REPRESENTATIVE AGREEMENT**

The following modifications are made to the DRIPBaR Franchising, LLC (“DRIPBaR,” “Franchisor,” “us,” “we,” or “our”) Franchise Disclosure Document (“FDD”) given to Franchisee (“Franchisee,” “you,” or “your”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Area Representative Agreement between you and us (“Area Representative Agreement”).

CALIFORNIA

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.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Corporations before we ask you to consider a material modification of your Area Representative Agreement or Franchise Agreement.

The Area Representative Agreement and Franchise Agreement require binding arbitration. The arbitration will occur in the State of Massachusetts, using the Franchisor's Choice of Law, with the costs being borne by the prevailing party. Prospective Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Area Representative Agreement, Franchise Agreement or Supplemental Agreements restricting venue to a form outside the State of California.

The Area Representative Agreement, Franchise Agreement and Supplemental Agreements require the application of the Franchisor's Choice of Law State. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 USCA 78a et seq, suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Area Representative Agreement, Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Area Representative Agreement and Franchise Agreement contain a number of provisions that may affect your and our legal rights in the event of a dispute between us, a mutual waiver of exemplary damages and a reduced time frame within which either of us may initiate proceedings against the other. We recommend that you carefully review all of these provisions, and the entire contracts, with a lawyer.

The Area Representative Agreement, Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 USCA SEC 101 et. seq.).

The Area Representative Agreement and Franchise Agreement contain, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision, which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Area Representative Agreement, Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California

Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

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

HAWAII

The following is added to the Cover Page of the FDD:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. THIS FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS BEFORE THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FDD, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FDD CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE AREA REPRESENTATIVE AGREEMENT AND FRANCHISE AGREEMENT. THESE CONTRACTS OR AGREEMENTS SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Our registered agent in the State of Hawaii authorized to receive service of process is: Commissioner of Securities 335 Merchant Street Honolulu, Hawaii 96813

Area Representative Agreement

Section 1.7.7 of the Franchise Agreement under the heading “Term and Renewal,” shall be deleted in its entirety, and shall have no force or effect, and the following Section 1.7.7 shall be substituted in lieu thereof.

“1.7.7 Franchisee and DRIPBaR shall execute a mutual general release, in a form prescribed by DRIPBaR, of any and all claims which each may have against the other and their affiliates (except as to amounts then due to DRIPBaR for royalties, advertising contributions, materials, and the like), and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, excluding only such claims as each may have that arise under the Hawaii Franchise Investment Law”

Section 13.7.3 of the Franchise Agreement, under the heading “Transfer of Interest,” shall be deleted in its entirety, and shall have no force or effect, and the following Section 13.7.3 shall be substituted in lieu thereof.

“13.7.3 DRIPBaR and the transferor shall have executed a mutual general release, in a form prescribed by DRIPBaR, of any and all claims which each may have against the other and their affiliates, and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, excluding only such claims as each may have that arise under the Hawaii Franchise Investment Law.”

Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law (Hawaii Rev. Stat. §§ 482E-, et seq.) are met independently without reference to this Amendment.

ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT AND AGREEMENTS

Illinois law governs the Agreements.

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

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

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.

Based upon the franchisor's financial condition, the Illinois Attorney General has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

ILLINOIS PROHIBITS THE COPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 805 ILCS 15/2, 5 (West 2016) and Medical Practice Act of 1987, 225 ILCS 60/ (West 2016).

IF YOU ARE NOT LICENSED/CERTIFIED IN ILLINOIS TO PROVIDE SERVICES OF THE NATURE DESCRIBED IN THIS DISCLOSURE DOCUMENT, YOU MUST NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED MEDICAL PROFESSIONALS WHO WILL PROVIDE THE SERVICES THAT YOUR FRANCHISED BUSINESS OFFERS. YOU SHOULD RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUT FOR YOUR BEST INTERESTS IN THIS BUSINESS VENTURE.

THE FRANCHISOR MAY ASSESS A \$1,000 FEE FOR EACH NOTICE OF DEFAULT IT ISSUES TO YOU UNDER THE AREA REPRESENTATIVE AGREEMENT AND IS NOT REQUIRED TO OBTAIN A STATEMENT OR EXPLANATION FROM YOU AS TO WHY THE DEFAULT OCCURRED.

Dated _____

Company:

DRIPBaR Franchising, LLC

By: _____

Print Name: _____

Title: _____

Franchisee:

By: _____

Print Name: _____

Title: _____

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2 7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2 7-1(7) makes it unlawful for us to unilaterally terminate your Area Representative Agreement unless there is a material violation of the Area Representative Agreement and termination is not in bad faith.

Indiana Code 23-2-2 7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17r. of the FDD is deleted and the following is inserted in its place: No competing business for two (2) years within the Territory

The “Summary” column in Item 17t. of the FDD is deleted and the following is inserted in its place: Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17v. of the FDD is deleted and the following is inserted in its place: Litigation regarding the Area Representative Agreement in Indiana, other litigation in the Franchisor’s Choice of Law State. This language has been included in this FDD as a condition to registration. The franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Area Representative Agreement, including all venue provisions, is fully enforceable. The franchisor and the Franchisee intend to fully enforce all of the provisions of the Area Representative Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17w. of the FDD is deleted and the following is inserted in its place: Indiana law applies to disputes covered by Indiana franchise laws, otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Area Representative Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana.

The laws of the State of Indiana supersede any provisions of the FDD, the Area Representative Agreement, or Massachusetts law, if such provisions are in conflict with Indiana law.

The prohibition by Indiana Code 23-2-2 7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Area Representative Agreement, will supersede the provisions of the Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

Any provision in the Area Representative Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel, which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason modified to the extent necessary to comply with Indiana Code 23-2-2 7-1 (9).

The following provision will be added to the Area Representative Agreement.

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

MARYLAND

FDD

Item 5 is amended by the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the area representative agreement.

Item 17 is amended by the following:

Item 17 "Renewal, Termination, Transfer and Dispute Resolution," of the FDD and sections of the Area Representative Agreement, Franchise Agreement and Supplemental Agreements are amended to state that "you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise. Item 17 of the FDD is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

The Area Representative 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 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 with 3 years after the grant of the franchise. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Area Representative Agreement

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the area representative agreement.

A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought with 3 years after the grant of the franchise. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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 provision contained in the Area Representative Agreement that requires the Franchisee to assent to a release, estoppel or waiver of liability is not intended to nor shall it act as a release estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Dated _____

Company:

DRIPBaR Franchising, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

MINNESOTA

In the State of Minnesota only, this Disclosure Document is amended as follows:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

THIS FRANCHISE HAS BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Dated

Company:

DRIPBaR Franchising, LLC

By: _____

Print Name: _____

Title: _____

Franchisee:

By: _____

Print Name: _____

Title: _____

NEW YORK

Franchise Disclosure Document

In the State of New York only, this Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

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

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

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for

franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”: You may terminate the agreement on any grounds available by law.

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

Area Representative Agreement

The Area Representative Agreement requires that the law of Franchisor’s Choice of Law State governs the Area Representative Agreement and Supplemental Agreements. The Area Representative Agreement and Supplemental Agreements are hereby amended to state that the choice of law provision contained in the Area Representative Agreement and Supplemental Agreements should not be considered a waiver of any rights conferred by the provisions of Section 33 of the New York State General Business Law.

The Area Representative Agreement is hereby amended to state that Area Representative shall not be required to indemnify Area Representative for any liabilities, which arose as a result of Franchisor’s breach of this Agreement or other civil wrongs committed by Franchisor.

The Area Representative Agreement and the Supplemental Agreements are hereby amended to state that the choice of law provision requiring Franchisor’s Choice of Law State contained in the Franchise Agreement and any Supplemental Agreements shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Section 33 of the New York State General Business Law This language has been included in this Franchise Disclosure Document as a condition of registration Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable Franchisor and Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and the Supplemental Agreements and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.

FRANCHISOR REPRESENTS THAT IT HAS NOT KNOWINGLY OMITTED FROM THE FDD ANY MATERIAL FACT, NOR DOES THE FDD CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

NORTH DAKOTA

In the State of North Dakota only, this Disclosure Document and the Area Representative Agreement are amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09) AS SUCH THE FOLLOWING PROVISIONS ARE HEREBY STRICKEN:

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute. pursuant to Item 17(r) of the Disclosure Document and Section 14.3 of the Area Representative Agreement. Furthermore, the following shall be added in lieu, "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota penalties pursuant to Item 17(v) of the Disclosure Document and Section 18 of the Area Representative Agreement.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties pursuant to Item 17(i) of the Disclosure Document and Section 15.1.7 of the Area Representative Agreement.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota penalties pursuant to Item 17(w) of the Disclosure Document and Section 18 of the Area Representative Agreement.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury pursuant to the Disclosure Document and Section 18.6 of the Area Representative Agreement.
7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage pursuant to the Disclosure Document and Section 18.9 of the Area Representative Agreement.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement pursuant to Item 17(c) of the Disclosure Document and Section 1.7.7 of the Area Representative Agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Based upon the franchisor's financial condition, the Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

OHIO

The following language will be added to the Area Representative Agreement.

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

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be canceled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this Agreement, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to DRIPBaR Franchising, LLC, 236 Franklin Street, Wrentham, MA 02093, or send an email to DRIPBaR Franchising, LLC, at info@theDRIPBaR.com no later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction Franchisee

By: _____

Print Name _____

Its: _____

Date: _____

RHODE ISLAND

Franchise Disclosure Document

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following:

§ 19-28 1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

Area Representative Agreement

Section 22 of the Franchise Agreement, under the heading “Dispute Resolution,” shall be amended by the addition of the following Section 22.9.

22.8 §19-28 1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

This Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28 1-1 through 19- 28 1-34, are met independently without reference to this Addendum.

The above language has been included in this Franchise Disclosure Document as a condition to registration. The franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

Virginia

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for DRIPBaR Franchising, LLC for use the Commonwealth of Virginia is amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and/or area representative agreement does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

Washington State Specific Risk Factors:

1. **Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The franchisor will defer the collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business. With respect to the Area Representative agreement, the deferral of any area representative fee will be pro-rated, such that the franchisee will pay the franchisor the area representative fee proportionally upon the opening of each unit franchise.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration 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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

FRANCHISOR:

DRIPBaR Franchising, LLC

By: _____

Name: _____

Title: _____

WASHINGTON ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT AND RELATED AGREEMENTS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration 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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The franchisor will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business. The deferral of the area representative fee will be pro-rated, such that the franchisee will pay the franchisor the area representative fee proportionally upon the opening of each unit franchise.

[Signatures on following page]

Agreed to by:

AREA REPRESENTAIVE:

By: _____

Name: _____

Title: _____

FRANCHISOR:

DRIPBaR Franchising, LLC

By: _____

Name: _____

Title: _____

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“Addenda”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the FDD, Area Representative Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the FDD, Area Representative Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the FDD.

___ California

___ North Dakota

___ Hawaii

___ Ohio

___ Illinois

___ Rhode Island

___ Indiana

___ South Dakota

___ Maryland

___ Virginia

___ Michigan

___ Washington

___ Minnesota

___ Wisconsin

___ New York

Dated: _____

FRANCHISOR:
DRIPBAR FRANCHISING, LLC

FRANCHISEE:

By: _____

By: _____

Printed: _____

Printed: _____

Title: _____

Title: _____

Date: _____

EXHIBIT B

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600

New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 st Floor New York, NY 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities And Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

EXHIBIT C
AREA REPRESENTATIVE AGREEMENT

DATA SHEET

**TO DRIPBAR FRANCHISING, LLC
AREA REPRESENTATIVE AGREEMENT
EFFECTIVE DATE: _____**

Area Representative - Principal Operator _____
Address: _____
Primary Tel #: (____) _____
Email Address: _____

Guarantors:

Name(s)	Address(es)
_____	_____
_____	_____
_____	_____
_____	_____

Ownership:

Name(s)	% Ownership
_____	_____
_____	_____
_____	_____
_____	_____

Development Area: _____

Area Representative Fee: \$ _____

I hereby warrant and represent that the information provided herein is accurate

By: _____

The terms of this Data Sheet are incorporated into the attached Area Representative Agreement.

DRIPBAR FRANCHISING, LLC
AREA REPRESENTATIVE AGREEMENT

This DRIPBAR FRANCHISING, LLC AREA REPRESENTATIVE AGREEMENT (the “Agreement”) is entered into and made effective as of the Effective Date displayed on the attached Data Sheet, by and between DRIPBaR Franchising, LLC, a Delaware limited liability company with its principal business address at 236 Franklin Street, Wrentham, MA 02093 (“we,” “us,” “our,” or “Franchisor”) and the Area Representative identified in the attached Data Sheet (“Area Representative”), the terms of which are hereby incorporated.

RECITALS

A. We have developed and own a unique and distinctive business model relating to the sale of intravenous vitamin therapy services and related products (“Franchised Business” or “DRIPBaR Store(s)”). Our DRIPBaR Stores operate under distinctive business formats, systems, methods, procedures designs, layouts, standards, and specifications, all of which we have the right to improve, further develop or modify in the future. We have also expended a considerable amount of time, skill and effort in developing and refining the recipes for, and the methods of preparation of, DRIPBaR products to obtain high product quality. We have the right to modify these recipes and methods of preparation.

B. We, and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols for the operation of the Franchised Business, and we may create, use, and license other trademarks, service marks, and commercial symbols for the same use (collectively, the “Proprietary Marks”).

C. We permit certain individuals and/or entities to establish business centers for the purpose of implementing the Franchised Business under the System.

D. As an area representative of DRIPBaR, you must comply with this Area Representative Agreement in order to maintain the high and consistent quality that is critical to attracting and keeping DRIPBaR franchisees and preserving the goodwill of the Marks.

E. Area Representative desires to obtain the non-exclusive right to serve as Franchisor’s independent representative and coordinate development of the territory granted hereunder (the “Development Area”) by: (i) advertising for and recruiting franchisees to operate DRIPBaR Stores in the Development Area under the System and Proprietary Marks; (ii) supporting System franchisees in developing DRIPBaR Stores; and (iii) providing franchisees with continuing training, operational and supervisory assistance and otherwise administering the System within the Development Area as specified herein.

F. Area Representative understands and acknowledges the importance of Franchisor’s uniformly high standards of quality and service, and the necessity of ensuring that Area Representative and the franchisees Area Representative recruits meet Franchisor’s then-current qualifications and operate their Franchised Businesses in strict conformity with Franchisor’s quality control standards and specifications.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing background and the mutual promises, commitments, and understandings contained herein, the parties agree as follows:

1. GRANT

1.1 **Grant.** Franchisor hereby grants to Area Representative for a term of ten (10) years (“Term”) the non-exclusive right and license to serve as Franchisor’s independent representative in order to develop the Development Area (as defined below) by recruiting prospective franchisees and providing franchisees within the Development Area with certain services (as provided below) in strict accordance with the System and utilizing Franchisor’s Proprietary Marks. The foregoing grant to Area Representative does not include: (i) any right to operate one or more Franchised Businesses (as described below in Section 1.6) within the Development Area without executing a separate franchise agreement; (ii) any right to offer any product or service via e-commerce, except through a website designated by Franchisor; (iii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; (iv) any right to sell merchandise via wholesale or retail distribution; or (v) any right to otherwise distribute, market, or implement Franchisor’s products and services in any channel of distribution not specifically identified in this Agreement.

1.2 **Development Area.** Area Representative’s non-exclusive right and license to serve as an independent representative of Franchisor to solicit for prospective franchisees and to provide certain services to franchisees is limited to the Development Area, as defined in the Data Sheet, the terms of which are hereby incorporated. For so long as Area Representative complies with the terms and conditions of this Agreement, including the Development Schedule defined below, Franchisor will not contract with another third-party to serve as Franchisor’s area representative within the Development Area.

1.3. **Reservation of Rights.** Area Representative expressly understands and agrees that Franchisor and Franchisor’s affiliates shall have the right, in Franchisor’s sole discretion, to: (i) sell an Area Representative Business under the System and Proprietary Marks at any location outside of Area Representative’s Development Area; (ii) own and operate DRIPBaR Stores or other businesses at any location(s) outside Area Representative’s Development Area under the System and Proprietary Marks without compensation to Area Representative unless Franchisor, in its sole direction, agrees otherwise; license to others the right to own and operate DRIPBaR Stores at any location(s) inside or outside Area Representative’s Development Area under the System and Proprietary Marks, provided that Area Representative is entitled to receive the compensation described in Section 8 of this Agreement for any DRIPBaR Stores licensed inside of Area Representative’s Development Area; (iv) use the Proprietary Marks and System in connection with distributing and marketing services and products through any alternative channel of distribution, including the sale of products on the Internet or through supermarkets, grocery stores, other retail outlets, mail order catalogs, direct mail advertising, or other distribution methods, without regard to location; (v) own and operate businesses, or market similar products and services, at any location(s) inside Area Representative’s Development Area under different marks, or to license to others the right to own and operate businesses, or market similar products and services at any location(s) inside Area Representative’s Development Area under different marks; (vi) negotiate and enter into agreements or approve forms of agreement to operate DRIPBaR Stores under the Proprietary Marks and System in non-traditional venues in any location, including but not limited to airports, train and bus stations, entertainment and sports complexes, pop-up or other temporary locations, amusement parks, grocery stores and educational institutions, both within and outside of Area Representative’s Development Area; (vi) offer catering services and mobile units, both within and outside of Area Representative’s Development Area; and (vii) engage in any other activities not expressly prohibited in this Agreement.

1.4. **Alternative Channels of Distribution.** Area Representative acknowledges and agrees that certain of Franchisor’s or its affiliates’ products and services, whether now existing or developed in the future, may be distributed in the Development Area by Franchisor, Franchisor’s affiliates, or Franchisor’s other area developers, franchisees, licensees, or designees, in such manner and through such alternate

channels of distribution as Franchisor, in its sole discretion, shall determine. Such alternate channels of distribution shall include, but are not limited to, the sale of products through wholesale and retail stores, grocery stores, and convenience stores, or via the Internet and mail order catalog. Area Representative understands that this Agreement grants Area Representative no rights: (i) to distribute such products as described in this Section 1.4; or (ii) to share in any of the proceeds received by any such party therefrom.

1.5. **No Right to Operate Franchised Businesses.** This Agreement is not a franchise agreement for the license to operate Franchised Businesses under the System, and Area Representative shall have no right to the System and Proprietary Marks in any manner by virtue of this Agreement, other than as necessary to meet the requirements of the Development Schedule as set forth in Section 3.1 of this Agreement and Attachment B of this Agreement (“Development Schedule”), as below by recruiting franchisees and/or opening Area Representative-owned Franchised Businesses, and to manage and supervise said franchises within the Development Area. Area Representative must execute a separate franchise agreement for each Franchised Business that it is approved to develop and/or operate.

1.6. **Area Representative-Owned Franchised Businesses.**

1.6.1 **Area Representative-Owned Franchised Businesses.** Area Representative may, subject to Franchisor’s approval, enter into Franchisor’s then-current form of franchise agreement to own, develop (or acquire) and operate a Franchised Business within the Development Area. Area Representative must pay initial franchise fees for all Franchised Businesses that Area Representative chooses to and is approved to own, develop and operate.

1.6.2 **Credit Towards Development Obligations.** Any Area Representative-Owned Franchise Businesses that Area Representative opens and operates within the Development Area will be credited towards Area Representative’s development obligations set forth in the Development Schedule. Area Representative’s additional initial franchise fees for all subsequent Franchised Businesses that Area Representative owns, develops and operates beyond the first Franchised Business shall be reduced by the amount Area Representative would receive as a commission if the initial franchise fees were paid by a new franchisee as detailed in Section 8.

1.6.3 **Termination Option.** Franchisor shall have the right to, in its sole discretion, terminate the Area Representative Agreement at any time before Area Representative completes initial training. Franchisor’s reasons for termination may include, but are not limited to, Area Representative’s failure to complete required training, Area Representative’s misrepresentations or actions that are not in line with the franchise System standards, or Area Representative’s failure to show development of sales and/or marketing skills. If Franchisor terminates the Area Representative Agreement pursuant to this Section 1.6.3, Franchisor shall have no obligation to refund any amount paid to Area Representative.

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

1.8 **Renewal.** Area Representative has the right to renew this Agreement for up to three (3) consecutive, additional ten (10) year periods, provided Area Representative has met the following conditions:

1.8.1 Area Representative has notified Franchisor of Area Representative’s intention to renew this Agreement in writing not less than six (6) months nor more than twelve (12) months prior to expiration of the current term;

1.8.2 Area Representative is in compliance with all of the terms and conditions of this Agreement at the time of requesting renewal, and has substantially complied with the terms and conditions of this Agreement and the operating standards and criteria established by Franchisor throughout the initial term and any renewal term of this Agreement;

1.8.3 Area Representative is not in breach of any provision of this Agreement, or any other agreement between Area Representative and Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors, and Area Representative has substantially complied with all such agreements during their respective terms, including any franchise agreements entered into with Franchisor to operate Franchised Businesses within or outside the Development Area;

1.8.4 Area Representative has satisfied all monetary obligations Area Representative owes to Franchisor, its affiliates, and/or its approved/designated suppliers and vendors at the time of requesting renewal;

1.8.5 Area Representative executes Franchisor's then-current form of Area Representative Agreement, which may include substantially different provisions, Development Schedules, key terms and may require payment of additional fees for additional development areas with the right and obligation to open more Franchised Businesses. All such terms, including the Development Schedule outlining the number of Franchised Businesses that Area Representative shall be permitted and/or required to open during any such renewal term, shall be solely determined by Franchisor in its sole discretion;

1.8.6 Area Representative satisfies Franchisor's then-current training requirements for renewing Area Representatives at Area Representative's expense, as of the date of such renewal, if any;

1.8.7 Area Representative and its guarantors sign a general release, in the form Franchisor prescribes, in favor of Franchisor and its affiliates and their respective officers, directors, agents, and employees, for all claims arising out of or related to this Agreement or any related agreements with Franchisor or its affiliates. The release shall not be inconsistent with any applicable state statute regulating franchises;

1.8.8 Area Representative has opened all Franchised Businesses required under the Development Schedule attached as Attachment B to this Agreement; and

1.8.9 Area Representative pays Franchisor a renewal fee of five thousand dollars (\$5,000); and

1.8.10 Area Representative agrees to continue assisting all franchisees in the Development area acquired under this Agreement in the manner described in this Agreement.

1.9 **Relocation.** Area Representative may not move or relocate the business without our prior written consent. In order to relocate Area Representative's business, Area Representative must request for relocation and such request must be made in writing, stating the new location, and send to us at least 60-days prior to the date of intended relocation. Area Representative must pay us a relocation fee of \$1,500. The new location must be within the Territory, and it may not be located within any territory we grant to any other franchisee or area representative. We will refund the relocation fee to Area Representative if we do not approve of Area Representative new location.

2. AREA REPRESENTATIVE FEES

2.1 **Area Representative Fee.** In consideration of the rights granted under this Agreement,

Area Representative agrees to pay Franchisor an area representative fee in the amount shown on the Data Sheet, the terms of which are hereby included, (the “Area Representative Fee”) upon execution of this Agreement. The Area Representative Fee is deemed fully earned upon payment and is nonrefundable under any circumstances.

2.2 Method of Payment. All payments due to Franchisor under this Agreement, will be either: (i) deducted from remuneration due to Area Representative pursuant to Section 8 of this Agreement prior to remission to Area Representative; or, (ii) if there are insufficient initial and ongoing fees collected from franchisees within the Development Area, by an electronic funds transfer program (the “EFT Program”) under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Area Representative and Franchisor, from Area Representative’s bank account. Franchisor may, with written notice, designate other methods for payment. Area Representative will designate a single bank account for the Area Representative Business and will deposit all revenue generated by the Area Representative Business into the designated account within two (2) days of receipt, including cash, checks, and credit card receipts. Area Representative will provide Franchisor with Area Representative’s bank name, address, and account number for the designated account; a voided check from the designated bank account; and sign and give to Franchisor any additional documents Franchisor deems necessary to effectuate the EFT Program and Franchisor’s ability to withdraw funds from such bank account via electronic funds transfer, including Attachment C to this Agreement. Area Representative shall immediately notify Franchisor of any change in Area Representative’s banking relationship, including changes in account numbers. Franchisor reserves the right to require Area Representative to pay any fees due under this agreement by such other means as Franchisor may specify from time to time. Any payment not received by Franchisor when due will bear interest at a rate of eighteen percent (18%) per annum, or the maximum rate permitted by law. Charges on late payments are intended to partially compensate Franchisor for loss of use of the funds, and for internal administrative costs resulting from late payment, which would otherwise be difficult to measure precisely. Imposing the late payment charge should not be construed as a waiver of Franchisor’s right to timely payment.

3. DEVELOPMENT SCHEDULE

3.1. Development Schedule. Immediately following the execution of this Agreement, Area Representative will commence a franchise development program for the Development Area and will cause a certain number of franchise agreements to be signed and Franchised Businesses to be opened in the Development Area, as described more fully in the Data Sheet and Development Schedule attached hereto. The Development Schedule attached as Attachment B hereto must be completed contemporaneously with the execution of this Agreement, and the terms of said Development Schedule are hereby incorporated.

3.2 Cumulative Number of Units. Area Representative will cause to be opened a cumulative number of Franchised Businesses in the Development Area, as specified in the Development Schedule. Area Representative agrees that it will ensure that all Franchised Businesses remain open and operating throughout the term of this Agreement. Any Franchised Businesses closed during the Term will be subtracted from the cumulative totals in determining compliance with the Development Schedule. Failure of the prescribed cumulative number of Franchised Businesses to be open and operating in the Development Area at any given time according to the Development Schedule will be deemed a material default of this Agreement and grounds for termination as specified in Section 12.2.6 of this Agreement. For avoidance of doubt, Area Representative-owned Franchised Businesses that Area Representative opens and operates within the Development Area will be credited towards Area Representative’s development obligations set forth in the Development Schedule. Further, Area Representative shall not receive any commission or remuneration from royalty revenue Franchisor receives from Area Representative-owned Franchised Businesses.

3.3 Compliance Mandatory. If Area Representative fails to comply with the Development Schedule described in this Section 3 and attached hereto as Attachment B, Franchisor has the right to terminate

this Agreement immediately upon notice from Franchisor to Area Representative. In the event that Area Representative fails to comply with the Development Schedule and Franchisor elects to terminate this Agreement, Area Representative will retain the right to develop and operate Franchised Businesses for which Area Representative has signed one or more franchise agreements, but Area Representative will lose the right to receive the ongoing payments described in Section 8 of this Agreement. In such a situation, Franchisor shall have the right to develop the Development Area itself, or through its franchisees, licensees, or otherwise, at its sole discretion. Also, in such a situation, Franchisor shall have the right, in its sole discretion, to sell the development rights for the Development Area to another arearepresentative.

3.4 Reasonableness of Development Schedule. Area Representative hereby acknowledges and agrees that the Development Schedule contained herein is a fair and reasonable time frame for the development of Franchised Businesses within the Development Area and is an accurate reflection of Area Representative's financial, managerial, and administrative capabilities. The parties further acknowledge and agree that the Development Schedule is an accurate reflection of market demand without over- saturation of Franchisor's services and products offered under the System.

3.5 Pre-Existing Franchisees. Area Representative further acknowledges and agrees that any franchisees within the Development Area who have signed agreements with Franchisor prior to the date of this Agreement, or any similar outlets operated by Franchisor, Franchisor's affiliates, or Franchisor's designees shall not count towards Area Representative's obligations under this Agreement. Unless Franchisor requires, in its sole discretion, that Area Representative will provide ongoing services to these franchisees, as described in Section 5 of this Agreement, Area Representative will not be entitled to any initial, royalty, transfer, or renewal fees from such franchisees. Franchisor may require Area Representative, in Franchisor's sole discretion, to provide such ongoing services to pre-existing franchisees. If Franchisor designates, in its sole discretion, that such pre-existing franchisees shall not count toward Area Representative's obligations under the Development Schedule but Area Representative shall receive Ongoing Fees, pursuant to Section 8.2.2 of this Agreement, in exchange for its support of such Franchised Businesses.

3.6 Non-traditional Location Franchisees. Franchisor reserves the right to grant franchises for, license or otherwise own and operate Franchised Businesses in non-traditional locations within the Development Area. "Non-traditional locations" include locations such as transportation facilities, including airports and train stations; military bases and government offices and facilities; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals and health care facilities; fitness businesses; malls; schools and universities; or any similar captive market or any other location to which access to the general public is restricted . Franchisor may, in its sole discretion, require Area Representative to provide ongoing services, as described in Section 5 of this Agreement, to Franchised Businesses in non-traditional locations. If Franchisor requires Area Representative to do so, such Franchised Businesses shall not count toward Area Representative's obligations under the Development Schedule but Area Representative shall receive Ongoing Fees, pursuant to Section 8.2.2 of this Agreement, in exchange for its support of such Franchised Businesses.

4. DUTIES OF FRANCHISOR

Franchisor will furnish the following services, information, and personnel to Area Representative:

4.1 Training. Franchisor will provide a tuition-free training program for Area Representative and up to two (2) additional persons that covers certain aspects of Franchisor's System, franchisee training techniques, as well as other subjects Franchisor deems appropriate, at Franchisor's headquarters or another location Franchisor designates. Area Representative must complete these training sessions, as well as the initial training requirements under Area Representative's franchise agreement with respect to any Franchised

Business(es) Area Representative owns and operates, in accordance with the Development Schedule. Franchisor has the right to reduce or extend the duration or content of the initial training for any trainee based on Franchisor's assessment of their skill level. Notwithstanding anything to the contrary contained in this Section, if there are existing franchisees within the Development Area, Franchisor may require Area Representative to complete all initial training described in this Section within thirty (30) days of executing this Agreement. All trainees whom Area Representative designates must attend the training course at the same time. All training related expenses, including Area Representative and Area Representative's additional trainees' transportation to and from the training site, lodging, meals, and salaries during training, are Area Representative's sole responsibility.

4.2 **Promotional Materials.** Franchisor may furnish to Area Representative templates of promotional materials, layouts, business cards, stationery, and Franchisor's franchise disclosure document as filed with the state agencies and amended from time to time (the "FDD"), as well as other promotional items which Franchisor believes are necessary to attract new franchisees and promote the Area Representative Business and goodwill of the System, at its sole discretion. Area Representative agrees to copy these materials in quantities sufficient to efficiently operate the Area Representative Business, at Area Representative's expense.

4.3 **Manuals.** Franchisor will loan to Area Representative copies of its proprietary and confidential operations manual, as amended from time to time, which shall include standards and specification for equipment, inventory, supplies, and operation of a Franchised Business (collectively the "Operations Manual"). Franchisor will also provide one copy of any additional manuals it provides to System franchisees, as well as any manuals Franchisor may have with respect to the operation of an Area Representative Business (collectively, the Operations Manual and all other manuals provided to Area Representative will be referred to collectively as the "Manuals"). Franchisor may provide the Manuals to Area Representative in hard copy or electronic format, and these Manuals may be transmitted to Area Representative via Franchisor's intranet, website and/or via email. Area Representative acknowledges and agrees that the Manuals are proprietary and a confidential trade secret owned by Franchisor, and Area Representative must take all reasonable steps to maintain the Manuals as confidential, restrict and prohibit unauthorized access to the Manuals, and prohibit any copying, duplication or recording of any information contained therein. Franchisor may from time to time update and revise the contents of the Manuals and distribute supplements thereto, and Area Representative expressly agrees to comply with each new or changed standard with respect to each Franchised Business operated within the Development Area.

4.4 **Ongoing Supervision.** Upon request by Area Representative, Franchisor may review Area Representative's operations and techniques in the area of franchise sales and support services and may suggest methods of improvement. Franchisor may provide Area Representative, from time to time, as it deems appropriate in its sole discretion, such merchandising, marketing and other information and advice as may from time to time be developed by Franchisor and deemed by Franchisor to be helpful in the management and operation of an Area Representative Business. Franchisor's obligations under this Agreement shall benefit only Area Representative, and no other party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

4.5 **Disclosure Documents.** Franchisor will reasonably prepare and keep current the necessary FDD related to the offer and sale of Franchised Businesses in Area Representative's Development Area. Franchisor shall also take the necessary steps to file or register the FDD with those state authorities within Area Representative's Development Area requiring pre-sale registration. Area Representative will be solely responsible for completing, registering, and keeping current all broker or sales agent disclosure registrations, franchise seller disclosure forms, and any other documents required under federal, state, or local law in connection with its Area Representative Business.

4.6 **Ongoing Assistance.** Franchisor may provide Area Representative with assistance in all

matters relating to the operation of an Area Representative Business, as Franchisor deems necessary in its sole discretion. Franchisor's advice and consultation may include addressing issues such as marketing and sales, management of multiple Franchised Businesses, operational problems, and providing Area Representative with an analysis of its performance in such areas. This operating assistance may be made available via telephone, email, or another method of communication selected by Franchisor. Franchisor may require Area Representative and its employees' attendance at additional or ongoing training programs. Such programs will be provided at Franchisor's then-current tuition rate for such training.

4.7 **Internet.** Franchisor may, but is not required to, design and provide to Area Representative one webpage for the promotion of the Area Representative Business on Franchisor's website. If Franchisor chooses to create such a website, Franchisor will be the web master, either directly or through a third party, and will have sole discretion and control over such site. Franchisor will review and execute, subject to Franchisor's approval, requested changes to Area Representative's webpage. Area Representative is prohibited from conducting the following activities without Franchisor's prior written approval: (i) maintaining an individual website related in any respect to the System; (ii) establishing a URL incorporating any variation of Franchisor's name or the Proprietary Marks; or (iii) promoting or otherwise listing its Area Representative Business, the Proprietary Marks, or System on any social media or networking site. Franchisor reserves the right to modify its policies and procedures regarding Area Representative's use of social media and the Internet, as Franchisor deems appropriate for the best interests of the System and Proprietary Marks.

4.8 **Processing of Applications.** Franchisor shall use its best efforts to promptly process all prospective franchisee applications forwarded to Franchisor by Area Representative and shall not unreasonably withhold Franchisor's approval of any prospective franchisee, provided such prospect meets the educational, professional, managerial, business, financial and other qualifications as Franchisor may from time to time prescribe for new franchisees.

4.9 **Authority.** NOTHING IN THIS AGREEMENT SHALL BE INTERPRETED TO PROVIDE AREA REPRESENTATIVE WITH THE POWER OR AUTHORITY TO NEGOTIATE CONTRACT TERMS WITH ANY PROSPECTIVE FRANCHISEE, TO GRANT FRANCHISES OR TO EXECUTE ANY FRANCHISE AGREEMENT WITH A FRANCHISEE ON FRANCHISOR'S BEHALF. FRANCHISOR SHALL HAVE THE OPTION, IN ITS SOLE DISCRETION, TO APPROVE OR DENY A FRANCHISE TO ANY PROSPECTS PROPOSED BY AREA REPRESENTATIVE, AND FRANCHISOR WILL HAVE THE SOLE AUTHORITY TO EXECUTE FRANCHISE AGREEMENTS WITH FRANCHISEES.

4.10 **Distribution of Fees.** Franchisor shall provide for the collection of and distribution to Area Representative of its share of initial franchise, royalty, renewal and transfer fees received from each franchisee operating in the Development Area (as described more fully in Section 8 of this Agreement), excluding any pre-existing franchisees as described in Section 3.5 of this Agreement.

4.11 **Franchisor Inspection.** Franchisor may conduct inspections of any Franchised Business or any other Franchised Businesses located in the Development Area, and may also closely monitor Area Representative's promotional efforts and service efforts, which may include, without limitation, contacting prospective and existing franchisees and monitoring Area Representative's sales presentations.

4.12 **Liability.** Franchisor shall not, by virtue of any approvals, advice, or services provided to any System franchisee, assume responsibility for or liability to Area Representative, System franchisees, or any third parties to which Franchisor would not otherwise be liable.

5. DUTIES OF AREA REPRESENTATIVE

5.1 **Acknowledgment.** Area Representative understands and acknowledges that every detail of the Franchised Business is important to Area Representative, Franchisor, other area representatives and System franchisees, in order to develop and maintain high and uniform operating standards, to increase the demand for System franchisees and the demand for services and products sold by System franchisees, and to protect Franchisor's reputation and goodwill. Area Representative further understands and acknowledges that Area Representative's primary obligations pursuant to this Agreement include growth of the System within the Development Area through franchise sales and supporting the franchisees in all aspects of developing and operating Franchised Businesses.

5.2 **Opening of Area Representative-Owned Franchised Businesses.** Area Representative must sign Franchisor's then-current form of franchise agreement for any Franchised Business(es) it desires to own and operate in the Development Area.

5.3 **Employment Requirements.** Area Representative (or at least one of Area Representative's principals if Area Representative is a corporation or partnership) must devote Area Representative's personal best efforts to the management of the Area Representative Business. Area Representative shall maintain a sufficient number of qualified employees to provide pre-signing, initial, and ongoing services to System franchisees within the Development Area.

5.4 **Recruitment.** In recruiting prospective franchisees, Area Representative will make every effort to locate persons of good standing, professional competence, experience, reputation, ability, and financial responsibility. Area Representative shall refrain from making misrepresentations to Franchisor and franchisees and from conducting itself or the Area Representative Business in a manner likely to impair the reputation, business or profitability of Franchisor, its employees or officers, or any System franchisee. Franchisor will have the sole right to formulate and make policy decisions concerning every aspect of sales, promotions, advertising, and other programs, as well as negotiations with individual prospects. Area Representative shall:

5.4.1 Know, understand and comply with all applicable federal, state, and local laws, rules, and regulations governing the advertising, promotion, and sale of franchises, including, without limitation, those relating to franchise registration, disclosure, and unfair or deceptive practices. In particular and without limiting the foregoing, Area Representative shall strictly adhere to Franchisor's instructions and neither Area Representative nor Area Representative's principals or employees shall make any statement, projection, or other description of potential earnings, costs, or profits to any third party unless it is disclosed in Item 19 of the FDD, and Area Representative expressly agrees to indemnify and hold harmless Franchisor and its affiliates for any Claims (as defined in Section 10 herein) arising from such representations;

5.4.2 Deliver to each prospective franchisee, at or before the time required by law, a copy of Franchisor's then-current FDD, and obtain from each prospective franchisee the original, signed acknowledgment of receipt, and promptly furnish to Franchisor said acknowledgment;

5.4.3 Not permit any employee to engage in the promotion of Franchised Businesses unless Franchisor has given Franchisor's prior written consent to such person's involvement, and, upon Franchisor's request, Area Representative shall immediately discontinue the involvement of any person in the solicitation of prospective franchisees;

5.4.4 Promptly provide Franchisor (or Franchisor's counsel) with such information and materials as Franchisor may reasonably request in order to enable Franchisor to comply with laws regulating

the offer and sale of franchises and/or franchise relationship laws;

5.4.5 Not prepare, modify, or register with any governmental authority any document in connection with the offer and sale of Franchised Businesses, unless so directed in writing by Franchisor;

5.4.6 Conduct both credit and criminal background checks on prospective franchisees before submitting their applications and qualifications to the Franchisor or providing a prospective franchisee with any of Franchisor's confidential information;

5.4.7 Submit to Franchisor written and completed applications of all qualified prospective franchisees together with such additional information and comments, including credit and background information, as specified by Franchisor; and

5.4.8 Bear all costs, including but not limited to attorneys' fees, in obtaining full acknowledgements and releases from franchisees in Area Representative's Development Area, as required by Franchisor.

5.5 **Franchisor's Acceptance.** Franchisor will notify Area Representative and the prospective franchisee of Franchisor's acceptance or rejection of the prospective franchisee's application. Franchisor's determination, over which it will have complete discretion, will be conclusive, final, and binding. Regardless of whether or not an application is approved by Franchisor, Area Representative must: (i) follow up with all third parties within the Development Area that submitted applications that Area Representative is responsible for; or (ii) otherwise refer these applications to Franchisor's approved third-party broker for assistance.

5.5.1 Once an application is approved by Franchisor, Area Representative must provide Franchisor with periodic status reports on the approved application at least once every two (2) weeks in a form and manner prescribed by Franchisor.

5.5.2 Area Representative must also provide Franchisor with periodic status reports in writing no less than once every two (2) weeks with respect to all prospective franchisees that have been contacted and the prospect pipeline generally, in a form and manner prescribed by Franchisor.

5.5.3 All reports required under this Agreement, including the reports required under this Section, must be prepared by a designated bookkeeper approved by Franchisor.

5.6 **Franchisor's Approval of an Application and Timeline for Execution.** Within fifteen (15) days of Franchisor's notification of approval of a prospective franchisee, Franchisor and the prospective franchisee shall execute Franchisor's then-current form of franchise agreement for franchisees within the Development Area. If such agreement is not executed within fifteen (15) days, or such longer period as Franchisor may permit, or if any condition of approval specified by Franchisor is not satisfied, Franchisor may, at its sole discretion, withdraw, suspend or condition its approval of said franchisee.

5.7 **Ethical Standards.** Area Representative will cause all sales efforts made by it or under its direction to be courteous and dignified, and such efforts shall be conducted in a professional, ethical, and responsible manner. Area Representative must not violate any federal, state, or local law in connection with the offer or sale of franchises. Area Representative must specifically abide by any applicable laws, rules, and regulations governing Area Representative's business and sales activities.

5.8 **Area Representative Training.** Unless Franchisor waives this requirement based on previous experience, Area Representative and up to two (2) additional persons shall attend and complete,

to Franchisor's satisfaction, Franchisor's initial area representative training program, and Area Representative, Area Representative's manager or other employees, as Franchisor may designate, shall attend and complete, to Franchisor's satisfaction, such other training sessions as Franchisor may reasonably require from time to time. For any training session, Franchisor shall only pay for the instructors, training facilities, and training materials, and Area Representative shall pay for all other expenses incurred by Area Representative and Area Representative's manager or other employees, including, without limitation, the costs of travel, room, board, and wages. See Section 4 of this Agreement for more information about the parties' obligations with respect to initial and ongoing training.

5.9 **Post-Sale Support.** Area Representative will act as Franchisor's third-party designee to provide the following services to franchisees that have executed Franchise Agreements to operate a Franchised Businesses within the Development Area:

5.9.1 **Pre-Opening Assistance.** Area Representative must communicate with all franchisees within the Development Area that Area Representative procures regarding: (i) site selection of their Franchised Businesses; (ii) site development and the construction/build-out of their Franchised Business; and (iii) each franchisee's grand opening advertising budget and expenditures, as well as other grand opening programs/plans required under Franchisor's current form of franchise agreement. Area Representative must provide Franchisor with bi-weekly reports on these activities for each franchisee within the Development Area, and ensure that such franchisees are complying with the standards and specifications set forth in the Manuals and Franchisor's franchise agreement.

5.9.2 **On-Site Support upon Opening.** Area Representative must provide on-site support for new franchisees within the Development Area during the seven (7) days prior to the initial opening of each franchisee's respective Franchised Business, as well as during the first seven (7) open days. Area Representative will provide, at its expense, a qualified and trained field representative to give advice to franchisees upon the opening of their Franchised Business(es) in the Development Area and give additional training to franchisees and their employees in accordance with Franchisor's standards. This support will vary based on the franchisee at issue and includes, but is not limited to: (i) assisting with the set-up of the Franchised Business to comply with the System's standards and specifications; (ii) ensuring all of franchisee's management employees are sufficiently trained; (iii) ensuring the grand opening advertising plan is being properly implemented; and (iv) ensuring that franchisees and their employees are performing their duties in a manner consistent with the Manuals and each franchisee's respective form of franchise agreement.

5.9.3 **Franchise Development.** Franchisor has created and developed special procedures, standards, and methods for operating and maintaining a Franchised Business, which standards are incorporated in the Manuals. Area Representative shall ensure that each Franchised Business within the Development Area is developed and operated solely in accordance with Franchisor's requirements and specifications as set forth in the Manuals, including by means of inspections and reviews as required by Franchisor's policies and procedures, which may be changed from time to time. Area Representative shall bear all costs in providing support and assistance to franchisees in the development of Franchised Businesses.

5.9.4 **Operations Manual Updates.** Area Representative shall distribute to Development Area franchisees the updated Manuals, any amendments or updates to the Manuals, and any other written materials Franchisor may designate in the form and manner prescribed by Franchisor (which may include electronic transmission). Franchisor shall provide, at its expense, copies of such written materials to be distributed, but Area Representative will be required to reproduce such materials at its own expense.

5.9.5 **General Supervision.** Area Representative, or its duly authorized representative, must provide supervision to all Franchised Businesses within the Development Area as directed by Franchisor. Such supervision may include, but is not limited to: on-site supervision during the period of time prior to the opening

of a Franchised Business; general assistance, advice and consultation to franchisees with regard to entering into negotiations and agreements within the Development Area for franchisees' services; review of proposed leases and contracts; consultation and assistance with regard to the grand opening of a Franchised Business; providing supplemental training and assistance on all material aspects of the operation of a Franchised Business, as needed, in accordance with Franchisor's requirements; periodic and regular telephone calls or visits to monitor operations of Franchised Businesses within the Development Area; continuous advisory services to franchisees; and ongoing training and updates for all Franchised Businesses within the Development Area. Area Representative agrees to perform such duties pursuant to Franchisor's requirements herein described and in accordance with the System, the Manuals, Franchisor's then-current form of franchise agreement for the Development Area, or otherwise as prescribed by Franchisor in writing. Area Representative agrees to be available during regular business hours to answer franchisee questions or concerns.

5.9.6 Operational Assistance and Support. Area Representative must advise all Franchised Businesses within the Development Area with respect to problems arising out of the operation of any Franchised Business as disclosed by periodic reports submitted to Area Representative or Franchisor by a franchisee, or by inspections conducted by Area Representative or Franchisor of Franchised Businesses within the Development Area. Area Representative must staff the field operational assistance and support function as outlined in the Manual with sufficient trained personnel dedicated to exclusive support of the DRIPBaR System stores within the Development Area and must provide each Franchised Business within the Development Area with such assistance in connection with the operation of such Franchised Business as is determined to be necessary by Franchisor. Operational assistance may consist of advice and guidance with respect to:

- 5.9.7.1. Proper utilization of procedures developed for a Franchised Business;
- 5.9.7.2. Additional products or services authorized by Franchisor for sale by a Franchised Business;
- 5.9.7.3. The purchase of equipment, products, inventory, materials, and supplies;
- 5.9.7.4. The institution of proper administrative bookkeeping, accounting, inventory control, supervisory, and general operating procedures for the effective operation of a Franchised Business;
- 5.9.7.5 Advertising and promotional programs;
- 5.9.7.6. Marketing and negotiating techniques to be employed when dealing with vendors;
- 5.9.7.7. The proper maintenance of the premises of franchisees' Franchised Business; and
- 5.9.7.8 The proper use of proprietary Marks and any other ancillary signs, symbols, or indicia used in connection with said Proprietary Marks.

5.9.7 Franchisee Contact. Area Representative must make regular contact with all Franchised Businesses within the Development Area for the purposes of consultation, assistance and guidance of franchisees and managers of each Franchised Business, and Area Representative or its representatives will prepare, for the benefit of both Area Representative and Franchisor, written reports regarding these regular contacts, outlining any suggested changes or improvement in the operations of the Franchised Business, and detailing any defaults in such operations which become evident as a result of any such contacts. A copy of each such written report must be provided to both the franchisee or its manager and Franchisor. Area Representative must return all franchisee phone calls within twenty-four (24) hours and must personally meet with each franchisee at the franchisee's Franchised Businesses no less than every three (3) months for a minimum of two (2) hours to discuss the Franchised Business. This meeting is in addition to inspections but may take place directly before or after a Franchised Business inspection.

5.9.8 Quality Control. Area Representative will ensure that each Franchised Business's signage, equipment, inventory, and supplies conform to the standards and specifications set forth in the Manuals. Area Representative will take all necessary steps to enforce the terms of each individual franchise agreement

executed for a Franchised Business within its Development Area and the provisions of the Manuals, as amended from time to time. If Area Representative fails to enforce the terms of any individual franchise agreement and Franchisor incurs expenses to enforce or defend any individual franchise agreement or to commence eviction of franchisees within the Development Area, Franchisor may charge Area Representative fifty percent (50%) of such expenditures. Franchisor shall assure that each Franchised Business operating within the Development Area purchases all designated products and supplies directly from Franchisor or Franchisor's designated supplier(s). At Franchisor's request, Area Representative shall provide Franchisor with reasonable assistance in the collection of delinquent accounts from franchisees and with delivery of any formal legal notices to franchisees within the Development Area.

5.9.9 Transaction Records. Area Representative must keep accurate records concerning all transactions and communications between Franchisor, Area Representative, and franchisees relating to the operation of any Franchised Business in the Development Area, and Franchisor's duly authorized representative shall have the right at all reasonable hours to examine all such records, and shall have full and free access thereto. All such records shall be available for at least three (3) years after the termination or expiration of this Agreement for any reason whatsoever. Area Representative shall maintain the accounts of all Franchised Businesses fully or partially owned by Area Representative with no unpaid balances owed to either Franchisor or its affiliates.

5.9.10 Financial Reviews and Franchisee Inspections. Not less than once every three (3) months, Area Representative must conduct management and financial reviews of each Franchised Business in the Development Area. As a part of these reviews an evaluation form, which form will be mutually approved by Franchisor and Area Representative, will be completed to determine if Area Representative is satisfactorily performing its duties and obligations under the terms of this Agreement. Area Representative will remit the required management and financial review information, together with the Area Representative evaluation form, to Franchisor within ten (10) days after the close of each three-month period during the Term of this Agreement. In addition, Area Representative will perform routine inspections of franchisee's Franchised Businesses within the Development Area approximately once a month, using Franchisor's prescribed inspection form, to ensure strict compliance with the standards and specifications designated by Franchisor, and must submit the completed inspection forms to Franchisor within ten (10) days of the applicable inspection date. Such form will at least include the following information: (i) any apparent deficiencies and problems concerning the uniformity and quality of service provided at the Franchised Business; (ii) any apparent opportunities for the Franchised Business to improve its performance; (iii) any apparent deviations from Franchisor's operating procedures, standards, and specifications; and (iv) any apparent violations of applicable laws, rules, or regulations.

5.9.11 Post-Agreement Obligations. Area Representative will also ensure that franchisees within the Development Area that have their franchise agreement terminated, or which otherwise exit Franchisor's System for any reason, comply with their post-termination obligations under such franchise agreement(s) in a timely manner. Franchisor may direct Area Representative to retrieve certain proprietary materials that franchisees are required to return to Franchisor upon termination, as well as assist Franchisor in any other manner connected to ensuring that franchisees are complying with their post-term obligations.

5.10 **Ongoing Requirements.** Throughout the Term of this Agreement, Area Representative shall: (i) furnish to Franchisor Area Representative's articles of incorporation or organization, by-laws or operating agreement, other governing documents, and any other documents Franchisor may reasonably request, and any amendments thereto; and (ii) maintain a current list of all of Area Representative's owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Area Representative, and shall furnish such list to Franchisor upon request.

5.11 **Franchisor's Right of Inspection.** Area Representative shall grant Franchisor and Franchisor's agents the right to enter any Franchised Business in the Development Area, including any Franchised Business, for the purposes of conducting inspections and monitoring Area Representative's operations. Area

Representative shall cooperate with Franchisor's representatives in such steps as may be necessary to immediately correct any deficiencies detected during such inspections or monitoring.

5.12 **Regional Meeting.** Not less than once every six (6) months, Area Representative will arrange for and conduct regional meetings for all Franchised Businesses within the Development Area at a location within the Development Area. Such meetings shall include training and general advisory assistance for the Franchised Businesses within the Development Area. Area Representative shall notify Franchisor in writing at least three (3) weeks prior to conducting such regional meetings. Franchisor may, as it deems necessary in its sole discretion, provide its instructors to assist Area Representative in conducting seminars. Area Representative shall be responsible for the cost of travel, food, lodging, etc. for each of Franchisor's representatives in attendance.

5.13 **Ongoing Training.** In addition to the initial training program described in Section 5.8 of this Agreement, Area Representative and its appointed designee, as required, must attend any Area Representative seminars or training sessions held by Franchisor. Area Representative must pay our then-current tuition fee; currently Area Representative shall pay three hundred (\$300) per person per day for any additional training. Area Representative shall be responsible for travel, food, lodging, payroll, and other expenses related to such training sessions. Franchisor may also charge its then-current training tuition fee for such additional training, as Franchisor deems necessary in its sole discretion.

5.14 **Annual Conference.** Franchisor requires that Area Representative attend a mandatory franchisee conference once per calendar year during the Term. Area Representative is responsible for its own expenses and those of its employees who attend any such conferences. Franchisor requires that Area Representative pay a fee to attend each conference; however, such fee shall not exceed one thousand dollars (\$1,000) per person, unless otherwise specified in the Manual.

5.15 **Compliance with Laws and Regulations.** Area Representative shall ensure that all franchisee solicitations by Area Representative and any acts incident thereto are in strict accordance with the Federal Trade Commission's Rule on Franchising, any applicable state laws, and the FDD prepared by Franchisor. Area Representative will have sole authority and control over the day-to-day operations of the Area Representative Business and Area Representative's employees and/or independent contractors. Area Representative agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Area Representative Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Area Representative or Area Representative's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

5.16 **Electronic Equipment and Services.** Area Representative shall maintain an email address and a laptop computer with current versions of Windows or Mac OS, Microsoft Office or any other software required by Franchisor. Area Representative shall give their mobile phone number and email address to Franchisor and to each franchisee in the Development Area. Area Representative will also be required to purchase and install certain components of our information system as designated in our operation manual.

5.17 **Permits, Licenses and Certificates.** Area Representative shall timely obtain any and all permits, certificates, licenses, and bonds necessary for the full and proper operating and management of the Area Representative Business. Copies of all subsequent inspection reports, warnings, certificates and ratings issued by any governmental entity during the Term of this Agreement in connection with the conduct of the Area Representative Business which indicate Area Representative's failure to meet or maintain the highest governmental standards or less than full compliance by Area Representative with any applicable law, rule or regulation, shall be forwarded to Franchisor by Area Representative within three (3) days of receipt thereof.

6. ADVERTISING

6.1. **Standards and Value.** The parties hereto recognize and acknowledge the value of advertising and promotion in locating and soliciting individuals to become franchisees, and the importance of consistency of such advertising and promotion to the furtherance of the goodwill and public image of the Area Representative Business and System. Area Representative shall conduct all advertising in any medium in a dignified manner, shall conform to standards and requirements prescribed by Franchisor, and shall comply with all applicable laws, rules and regulations relating to advertising of franchises.

6.2. **Digital Marketing Advertising.** After the execution of this Agreement, Area Representative shall spend not less than one thousand dollars (\$1,000) each month on digital advertising for the purpose of generating leads for franchises within the Development Area (the “Digital Advertising Fee”). Enforcement of the Digital Advertising Fee will only occur if the projected goals are not being achieved. Area Representative must obtain Franchisor’s written permission prior to attending any trade shows and prior to engaging in any solicitations outside of Area Representative’s Development Area. Area Representative must spend the Digital Advertisement Requirement as Franchisor prescribes in the Manuals or otherwise in writing. Area Representative acknowledges and agrees that Area Representative’s digital advertising obligation must be expended regardless of the amount(s) spent by other System area representatives on local advertising. Area Representative may spend any additional sums Area Representative wishes on local advertising. Area Representative must use only such advertising and promotional materials as have been previously approved by Franchisor. Franchisor may require Area Representative to provide Franchisor an annual plan for Area Representative’s expenditure of the Digital Advertising Fee. Area Representative must provide Franchisor with invoices or other evidence of these expenditures on a monthly basis in any manner Franchisor may specify. An advertising and promotional program budget will be submitted by Area Representative each quarter and will be mutually agreed upon fifteen (15) days prior to the beginning of each calendar quarter. Area Representative shall submit to Franchisor for prior approval all sales, promotional, advertising, and other materials relating to recruiting new franchisees. Franchisor will notify Area Representative of its approval of the proposed materials and programs within fifteen (15) business days after receipt thereof. Franchisor shall use reasonable efforts to respond within the said fifteen (15) business day period and shall not unreasonably withhold or delay approval, but if Franchisor fails to respond within said period, such materials shall be deemed disapproved. Area Representative shall affix the Proprietary Marks in the manner prescribed by Franchisor to all stationery, cards, signs, and other advertising materials used in connection with Area Representative’s operations hereunder. Area Representative does not have to spend any amounts under this Section if Area Representative has sold all franchises as required under the Development Schedule.

6.3. **Cooperative Advertising.** Franchisor will have the right to establish regional advertising and promotional cooperatives (each, a “Cooperative”) and solicit contributions to these Cooperatives from franchisees within the Development Area. Area Representative-owned Franchised Businesses will be subject to the Cooperative contribution requirements. At Franchisor’s request, Area Representative hereby agrees to manage any Cooperative within its Development Area and assist Franchisor in ensuring that individual franchisees comply with the Franchisor’s or the Cooperative’s requirements regarding contributions to the Cooperative and the use of advertising, promotional, and other materials.

6.4. **Advisory Councils.** Upon Franchisor’s request, Area Representative must participate in any advisory councils Franchisor may establish, within the Development Area or otherwise, regarding advertising plans/expenditures and any other aspects of the System Franchisor may designate.

6.5. **National Marketing Programs.** Area Representative must participate in national marketing and promotional programs as Franchisor designates from time to time. This obligation may include offering products or services at discounted prices or giving away for free certain amounts of products or services.

7. USE OF SYSTEM AND MARKS

7.1. **No Right to Marks.** This Agreement does not grant Area Representative any rights to or in, or ownership of, the Proprietary Marks. Area Representative acknowledges that the mark “DRIPBAR” and all other Proprietary Marks licensed hereunder or subsequently developed are owned by Franchisor, and that only Franchisor, Franchisor’s affiliates, and their respective franchisees, licensees, and designees have the right to use such Proprietary Marks and such other trade names, trademarks, service marks and copyrights as may presently exist or be acquired and licensed for use by Franchisor, along with ancillary signs, symbols or indicia used in connection or conjunction with said Proprietary Marks. Area Representative further acknowledges that valuable goodwill is attached to such trade names, trademarks and service marks and that it will use such Proprietary Marks only in the manner and to the extent specifically licensed by this Agreement and Area Representative’s individual franchise agreements. All goodwill resulting from Area Representative’s use of the Proprietary Marks pursuant to Area Representative’s individual franchise agreements and otherwise will inure to the benefit of Franchisor, and Area Representative hereby waives any right to compensation for such goodwill.

7.2. **No Contest or Infringement.** Area Representative acknowledges, and will not contest, infringe or harm Franchisor’s exclusive ownership and rights to each and every aspect of the System, including the Proprietary Marks. Area Representative’s right to market the System is specifically limited to the Development Area, and is subject to the supervision and control of Franchisor as provided herein. Area Representative acknowledges that the Proprietary Marks constitute a significant aspect of the System and Area Representative agrees that such Proprietary Marks will not be used as the name, or part of the name, of any corporation, partnership or any entity under which Area Representative or any entity formed to operate a Franchised Business within the Development Area transacts any business. Area Representative’s use of the Proprietary Marks is subject to the control and approval of Franchisor in every other respect.

7.3. **Rights to Proprietary Marks upon Termination.** Area Representative’s rights to use the Proprietary Marks will immediately terminate upon the expiration or termination of this Agreement for any reason whatsoever.

7.4. **Identification of Area Representative Business.** Area Representative must conspicuously display a sign that states that “WE ARE AN INDEPENDENTLY OWNED AND OPERATED AREA REPRESENTATIVE OF DRIPBAR FRANCHISING, LLC”. Area Representative’s business cards, stationery, purchase order forms, invoices, leases, tax returns, and other documents used in Area Representative’s business dealings with prospective franchisees, suppliers, lessors, government agencies, employees, and customers must clearly identify Area Representative as an independent legal entity.

7.5. **Goodwill.** Any and all goodwill arising from Area Representative’s use of the Proprietary Marks and other of Franchisor’s proprietary materials shall inure solely and exclusively to Franchisor’s benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Area Representative’s use of the System, the Proprietary Marks, or any other proprietary materials.

8. REMUNERATION OF AREA REPRESENTATIVE

Area Representative’s principal source of income under this Agreement will be derived from its share of the revenues generated by the sale and operation of Franchised Businesses within the Development Area or for any new sale and operation of Franchised Business that Area Representative owns.

8.1. **Revenue Flow.** All initial franchise fees due from both Franchised Businesses (owned by

Area Representative) and franchisee-owned Franchised Businesses within the Development Area are due and payable to Franchisor under the terms of individual franchise agreements. Area Representative shall pay any and all federal, city, state, or local taxes, fees, fines, or assessments arising out of the operation of its own Franchised Business(es) or the Area Representative Business. Area Representative agrees to comply with all federal, state, and local laws, ordinances and orders, and codes applicable to the Area Representative Business. In connection with Area Representative's share of any receipts collected by Franchisor from the Development Area or any location where Area Representative owns a Franchised Business, Area Representative agrees to pay any applicable excise or gross receipts taxes, or other charges payable under applicable law for its share of the fees collected from any Franchised Business.

8.2 **Remuneration.** Area Representative expressly acknowledges that Franchisor retains the right to employ the services of franchise brokers to assist Franchisor in generating franchise sales on a regional or national basis, both within and outside of Area Representative's Development Area. In the event that: (i) Franchisor or its affiliates discover a prospect within the Development Area and such prospect signs a franchise agreement; (ii) Franchisor's brokers present a prospect within the Development Area and such prospect signs a franchise agreement; or (iii) Area Representative provides a lead and facilitates the sale of a franchise and such prospect signs a franchise agreement, Franchisor will remit to Area Representative, up until the termination, expiration, or transfer of this Agreement:

8.2.1 Initial Fees, Renewal Fees and Transfer Fees. Area Representative shall receive fifty percent (50%) of each new franchisee's Initial Franchise Fee as the sole procuring source upon the signing of each new franchisee's first franchise agreement regardless of where the new franchisee shall open its franchised business, subject to the restrictions of this Section 8.2.1. For avoidance of doubt, Area Representative understands and acknowledges that other area representatives, the Franchisor, a franchise broker or other third-party sales agent may procure or introduce franchisee candidates to Franchisor for franchised businesses that may be located within Area Representative's Development Area but that Area Representative shall not receive any remuneration under this Section 8.2.1 unless Area Representative is the sole generating or procuring source without the aid of Franchisor, a franchise broker or third-party sales agent. Broker is defined as any party, other than the AR, to whom a commission is due as a result of the broker procuring or introducing the franchisee candidate to Franchisor. Area Representative shall not receive any remuneration whatsoever from a franchisee's initial franchise fee when Franchisor, a franchise broker, or other third-party franchise sales agent, was involved in the sale of that particular franchise. For avoidance of all doubt, any lead generated or procured through the efforts of Franchisor, a broker, or other third-party franchise sales agent will not be subject to remuneration of this Section 8.2.1. If a franchisee signs an area development agreement, multi-unit agreement, or multiple franchise agreements, or any other combination of franchise agreements for more than one (1) franchised business, Area Representative's remuneration shall be as follows, subject to the restrictions in this Section 8.2.1:

Number of Units	Remuneration to Area Representative
1	50% of Initial Franchise Fee
2	\$35,000
3	\$45,000
4	\$50,000
5	\$55,000
10	\$65,000

Payments of remuneration shall be made when Franchisor has received such payments from franchise candidate in full. Area Representative understands and acknowledges that Franchisor may agree for any franchisee to relocate to another area within or outside of Area Representative's Development Area and that Area Representative will only receive remuneration if franchisee candidate opens within Area Representative's Development Area.

8.2.2 Ongoing Fees. Area Representative will receive an amount equal to three percent (3%) of the Gross Sales of each Franchised Business (as described in the individual franchise agreements of each franchisee operating in Area Representative's Development Area as "Gross Sales" meaning the total amount of the sale price of all sales, less franchisor-approved discounts, less sales taxes and returns for the preceding reporting period.) collected from franchisees within the Development Area or any Franchised business that Area Representative owns, which will be calculated based on the amounts Franchisor actually collects from these franchisees in the form of ongoing royalty fees. Franchisor will remit these amounts to Area Representative monthly based on the royalties actually collected during the preceding month. Area Representative's own franchised businesses shall count for the purposes of this Section, and Area Representative shall receive remuneration based on its own royalty fees paid to Franchisor.

8.2.3 Prohibition on Use of Non-Approved Brokers. Area Representative may not use any third-party brokers in connection with the recruitment of prospective franchisees within the Development Area or any other area, except for the broker(s) that Franchisor approves or designates in writing.

8.2.4 No Fees until Training Completed. Area Representative shall not receive any compensation under this Section 8 until Area Representative has completed initial training as required under Section 5.8.

8.2.5 Prohibition of Franchise Sale in non-approved States. Area Representative shall not offer or sell a Franchised Business to any person or entity in a State that the Franchisor is not authorized or permitted to sell in.

8.3 **Remuneration Conditioned Upon Compliance**. Area Representative acknowledges and agrees that Area Representative's share of any fees due under Section 8.2 above is conditioned upon its provision of the pre-signing, initial, and ongoing services set forth in Section 5 of this Agreement and its fulfillment of its obligations under the Development Schedule set forth in Section 3 and Attachment B of this Agreement.

8.4 **Franchisor's Reporting Requirements**. Franchisor shall provide a monthly report on or before the fifteenth (15th) day of each month describing the Gross Sales reported from each franchisee in the Development Area or any Franchised business that Area Representative owns, the royalty fees received from each franchisee in the Development Area or any Franchised business that Area Representative owns, and the monies paid or payable to Area Representative.

8.5 **No Share of Other Fees**. Area Representative agrees and acknowledges that it shall not be entitled to any portion of advertising contributions/fees of any kind, training fees, or any other fees collected by Franchisor (or its affiliates) from franchisees within the Development Area or any Franchised business that Area Representative owns, other than those specified in Section 8.2 above. Area Representative further acknowledges and agrees that its rights to receive the amounts contemplated by this Section 8 are conditioned on Area Representative's full, prompt and complete performance of its duties and obligations under the terms of this Agreement. The responsibility for collection of all payments due under the individual franchise agreements from franchisees rests with Franchisor, but Area Representative shall use its best efforts to ensure that all payments and reports are submitted to Franchisor on a timely basis.

8.6 **Financing and Impounds**. In the event that Franchisor, in its sole discretion, provides financing, through a commercial note or otherwise, of any portion of an initial franchise fee paid by a franchisee within the Development Area or any Franchised business that Area Representative owns, or if an impound condition is imposed by any state regulatory agency, Area Representative acknowledges and agrees that it shall receive its portion of the initial franchise fee when the Franchisor has collected the initial franchise fee in full. Area Representative shall not be entitled to remuneration based on any interest collected by Franchisor in connection with extending such financing.

8.7 **Inspection of Books and Records.** Area Representative must maintain accurate business records, reports, accounts, books and data relating to the operation of the Area Representative Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Area Representative's business records at any time during normal business hours, whether announced or unannounced, to determine whether Area Representative is current with suppliers and is otherwise operating in compliance with the terms of this Agreement and the Manuals. If any audit reveals that Area Representative has: (a) improperly allocated revenues and expenses between any Franchised Business or the Area Representative Business and any other business; (b) understated royalty or local advertising expenditures, by more than two percent (2%) for any Franchised Businesses; or (c) failed to submit timely reports and/or remittances for any two (2) reporting periods within any 12-month period, Area Representative must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with amounts due for royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

8.8 **Pre-Existing Franchisees and Franchisor-Owned Stores.** Notwithstanding anything contained in this Section 8, Area Representative acknowledges and agrees that Area Representative shall not be entitled to any portion of initial franchise fees from any franchisees within the Development Area who have signed agreements with Franchisor prior to the effective date of this Agreement, or any Franchised Businesses operated by Franchisor, Franchisor's affiliates, or Franchisor's designees. Furthermore, Area Representative acknowledges and agrees that any such Franchised Businesses shall not count toward any of Area Representative's obligations under this Agreement, including the Development Schedule unless Franchisor decides otherwise in its sole discretion.

8.9 **Right of Set-Off.** Area Representative grants Franchisor the irrevocable right of set-off against any fees or accounts payable to Area Representative from any and all fees or other monies collected by Franchisor for which a portion is to be paid to Area Representative as remuneration under this Section 8.

8.10 **Refunds.** Franchisor shall have sole discretion as to the terms and conditions of collections from System franchisees, including the right to defer or refund initial franchise fees. In no event shall any such deferred payments become payable to Area Representative until and unless such fees are paid to Franchisor by System franchisees. In the event Franchisor refunds any amount collected, Franchisor shall have the right, as it deems appropriate, to either deduct from any payments due to Area Representative its portion of any amount so refunded, or to require Area Representative to remit any such portion of the refunded amount to Franchisor immediately upon request. Franchisor shall have no liability to Area Representative for payments under this Section in the event that any System franchisee, for any reason, fails to pay any fee owed to Franchisor.

9. RELATIONSHIP OF THE PARTIES

9.1 **Independent Contractor Status.** The appointment of Area Representative pursuant to this Agreement does not make Area Representative an agent, partner, legal representative or employee of Franchisor and the parties expressly agree that Area Representative is an independent contractor. Area Representative does not have the right to bind Franchisor, to transact any business or make any promises or representations on behalf of Franchisor, or to incur any indebtedness on behalf of Franchisor, except as expressly provided herein. Area Representative will at all times represent himself only as an independent contractor who has been appointed and licensed as an Area Representative. Neither this Agreement nor the relationship between the parties hereto constitutes a partnership or a joint venture between Area Representative and Franchisor. It is understood, acknowledged, and agreed by the parties hereto that they do not intend to create by this Agreement any type of franchise relationship. The relationship that exists between the parties is one of contracting for the services of Area Representative as an independent representative for franchise sales and support. This Agreement is strictly a method to develop a program to sell franchises and coordinate the provision of ongoing services to franchisees. This Agreement is not a franchise agreement, master franchise, subfranchise, or any other type of franchise

relationship of any kind or nature. If any state regulatory agency deems Area Representative to be a subfranchisee, Area Representative shall assume responsibility for all necessary franchise registration filings and shall assume all costs for such necessary filing with appropriate state agencies.

9.2. **Operation of Franchised Businesses.** Subject to any provisions contained in this Agreement to the contrary, the relationship of Franchisor and Area Representative with respect to the ownership and operation by Area Representative of Franchised Businesses within the Development Area, if applicable, will be governed by the individual franchise agreement(s) executed in connection therewith.

9.3. **Maintenance of Independent Contractor Status.** Franchisor will not violate Area Representative's status as an independent salesman and will provide only such supervision and training as is necessary and essential to protect the goodwill, reputation, Proprietary Marks, copyrights, trade secrets, confidential information, and standards of quality of the System, and as may be necessary to enable Area Representative to operate its own Franchised Businesses, and to support franchisees within its Development Area. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Area Representative's employees and/or independent contractors, nor vice versa.

10. INDEMNIFICATION

Area Representative and Area Representative's principals agree to indemnify, defend, and hold Franchisor, Franchisor's affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) Area Representative's solicitation of prospective franchisees and the provision by Area Representative of ongoing services to franchisees in the Development Area; (ii) the operation of the Area Representative Business and any Franchised Businesses, including the use, condition, construction and buildout, equipping, decorating, maintenance, or operation of any training facility or Franchised Businesses Area Representative may operate now or in the future; (iii) Area Representative's advertising; (iv) the use of the Proprietary Marks and other proprietary materials; (v) the transfer of any interest in this Agreement or Area Representative's Franchised Business(es) in any manner not in accordance with this Agreement; (vi) the infringement, alleged infringement, or any other violation or alleged violation by Area Representative or any of Area Representative's principals of any patent, mark, or copyright, or other proprietary right owned or controlled by third parties; or (vii) libel, slander or any other form of defamation of Franchisor, the System, or other area representatives or franchisees operating under the System, by Area Representative or by any of Area Representative's principals or employees. For purposes of this indemnification, "Claims" shall include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Area Representative to Franchisor. Franchisor shall have the right, though not the obligation, to defend any such Claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Area Representative's and each of Area Representative's principals' obligations to indemnify the Indemnitees and to hold them harmless. Area Representative will be responsible for all loss or damage originating from or arising in connection with the operation of Area Representative's headquarters and individual Franchised Businesses, and for all Claims related to damages to property or for injury, illness or death of persons, directly or indirectly, resulting from said operation, and agrees to indemnify and hold Franchisor harmless against and from any such Claim. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration, termination, or transfer of this Agreement.

11. INSURANCE

Area Representative agrees to purchase/procure and maintain comprehensive general liability insurance covering the operation and location of the Area Representative Business with coverage in the minimum amount of two million dollars (\$2,000,000). All insurance policies shall be issued by insurance companies with a financial rating of at least “A” status or better as rated in the most recent edition of Best’s Insurance Reports. Area Representative expressly agrees to carry such insurance as may be required by the lease of any Franchised Business or office space, or by any of Area Representative’s lenders or equipment lessors and such workers compensation insurance as may be required by applicable law. Area Representative shall add Franchisor to all insurance contracts as an additional insured under the insurance policies, the cost of which will be paid by Area Representative. No insurance policy must be subject to cancellation, termination, nonrenewal or material modification, except upon at least thirty (30) calendar days’ prior written notice from the insurance carrier to Franchisor. Area Representative must submit a certification of insurance which demonstrates compliance with this Section. If Area Representative fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect, and Area Representative shall pay Franchisor, on demand, the premium cost thereof and administrative costs of eighteen percent (18%) in connection with Franchisor’s obtaining the insurance. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) calendar days prior written notice to Area Representative, and Area Representative shall comply with any such modification within the time specified in said notice. Area Representative must also maintain insurance coverage for its own Franchised Business(es) as required under the franchise agreement(s) for such franchised business(es).

12. DEFAULT AND TERMINATION

The rights, licenses and territorial non-exclusivity granted to Area Representative under this Agreement have been granted in reliance on Area Representative’s representations and assurances, among others, that the conditions and obligations set forth in this Agreement will be met and performed in a timely manner.

12.1 **Automatic Termination.** This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

12.1.1 **Voluntary Bankruptcy.** If Area Representative makes an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Area Representative, the Area Representative Business, or any individual Franchised Business operated by Area Representative.

12.1.2 **Involuntary Bankruptcy.** If proceedings are commenced to have Area Representative adjudicated bankrupt or to seek Area Representative’s reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Area Representative or the Area Representative Business without Area Representative’s consent, and the appointment is not vacated within sixty (60) days.

12.1.3 **Unauthorized Transfer.** If Area Representative purports to sell, transfer or otherwise dispose of its interest in the Area Representative Business in violation of Section 13 hereof.

12.1.4 **Final Judgment.** If a final judgment against Area Representative remains unsatisfied or of record for thirty (30) calendar days or longer (unless supersedeas bond is filed).

12.1.5 **Dissolution of Area Representative.** If Area Representative is dissolved and not reformed within thirty (30) calendar days thereafter.

12.2. **With Notice and Without Opportunity to Cure.** Franchisor has the right to terminate this Agreement upon notice without providing Area Representative an opportunity to cure for any of the following breaches or defaults:

12.2.1 Criminal Acts. If Area Representative or Area Representative's principals are convicted of or plead guilty or no contest to any felony, or take part in any criminal misconduct related to the operation of the Area Representative Business.

12.2.2 Fraud. If Area Representative or Area Representative's principals commit any fraud or misrepresentation.

12.2.3 Misrepresentation. If Area Representative or Area Representative's principals make any material misrepresentation or omission in connection with Area Representative's application, including but not limited to any misrepresentations regarding Area Representative's financial and managerial capability to operate and support Franchised Businesses pursuant to the Development Schedule set forth in Section 3 and Attachment B to this Agreement. The term "application" includes any information or materials provided to Franchisor or Franchisor's agents and third-party designees in connection with Area Representative's purchase of the Area Representative Business.

12.2.4 Failure to Complete Training. If Area Representative fails to complete initial training as required under Area Representative's individual franchise agreement(s) or this Agreement.

12.2.5 Repeated Breaches. If Franchisor sends Area Representative two (2) or more written notices to cure pursuant to Sections 12.3 or 12.4 hereof within any given twelve (12) month period.

12.2.6 Failure to Maintain Cumulative Number of Franchised Businesses Open. If Area Representative fails to keep the cumulative number of Franchised Businesses required under the Development Schedule open and operating during the term of this Agreement, subject to the cure period described in Section 3.3.1 of this Agreement.

12.2.7 Breach of Other Agreements. If Area Representative or Area Representative's principals materially breach any of Area Representative's franchise agreements, or any other agreement with Franchisor or any of Franchisor's affiliates or designated suppliers, or threaten any material breach of any such agreements and fail to cure such breach within any permitted period for cure.

12.2.8 Misuse of the Proprietary Marks or Confidential Information. If Area Representative or Area Representative's principals materially violate any provision hereof pertaining to the Proprietary Marks or Confidential Information (as defined in Section 14.4.1 of this Agreement) or otherwise misuse the Proprietary Marks or Confidential Information.

12.2.9 Violation of In-term Restrictive Covenant. If Area Representative violates the in-term restrictive covenant contained in Section 14.1 of this Agreement, or the respective in-term restrictive covenants of Area Representative's individual franchise agreements.

12.2.10 Liens. If a levy of writ of attachment or execution or any other lien is placed against Area Representative or any of Area Representative's principals or any of their assets, which is not released or bonded against within thirty (30) days.

12.2.11 Insolvency. If Area Representative or any of Area Representative's principals become insolvent.

12.2.12 Government Regulations. If Area Representative fails, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Area Representative Business or an individual Franchised Business.

12.2.13 Government Actions. If any government action is taken against Area Representative that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

12.2.14 Anti-Terrorist Activities. If Area Representative fails to comply with the provisions of Section 20.5 of this Agreement.

12.2.15 Improper Guidance. If Area Representative advises, guides or otherwise provides information to any franchisee that causes the franchisee to breach any term, covenant or other obligation under its individual franchise agreement.

12.2.16 Failure to Obtain Written Consent. If Area Representative fails to obtain Franchisor's prior written approval or consent for any occasion when such approval or consent is required.

12.2.17 Cease to Operate. If Area Representative ceases to operate and/or support any of the Franchised Businesses opened pursuant to the terms of this Agreement.

12.2.18 Opening Prior to Execution of Agreement. If Area Representative opens any Franchised Business(es) for business before a franchise agreement for such Franchised Business(es) has been fully executed and the initial franchise fee due to Franchisor has been paid.

12.2.19 Failure to Obtain or Maintain Required Licensing, Permits or State Approvals. If Area Representative fails to apply for, obtain and maintain any required permits, licenses or state approvals associated with being a franchise broker and/or franchise sales agent under any state or federal law applicable within any portion of the Development Area.

12.2.20 Promotion of Alternate Franchise Entities. If Area Representative attempts to promote or sell franchises for any other system or business entity other than Franchisor.

12.2.21 Alternative and Unapproved Profit Centers. If Area Representative creates an alternative profit center, or otherwise derives revenue from the System in a manner that is not specifically described herein or otherwise has been expressly approved in writing by Franchisor. If Area Representative wishes to derive revenue in any previously-unapproved manner, Area Representative must request to do so in writing, and Franchisor may withhold or subsequently revoke its approval at any time for any reason.

12.2.22 Failure to Comply with Disclosure Laws. If Area Representative makes any financial misrepresentation or illegal disclosure in the solicitation of prospective franchisees that would violate any federal, state or local law governing franchise sales and/or disclosure.

12.3 **Upon 15 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured following notice and the expiration of a fifteen (15) day cure period:

12.3.1 Nonpayment. If Area Representative fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's major suppliers or vendors.

12.3.2 Improper Allocations, Failure to Submit Reports. If any audit reveals that Area Representative has (a) improperly allocated revenues and expenses between any Franchised Business(es) or the

Area Representative Business and any other business; (b) understated royalty or worldwide creative fee payments, or local advertising expenditures, by more than two percent (2%) for any Franchised Businesses; or (c) failed to submit timely reports and/or remittances for any two (2) reporting periods within any 12-month period.

12.3.3 Failure to Maintain Sufficient Working Capital. If Area Representative fails to maintain sufficient levels of working capital to adequately meet its obligations under the Development Schedule and this Agreement.

12.3.4 Failure to Obtain Approval of Advertising. If Area Representative fails to obtain Franchisor's prior written approval for any and all advertising, marketing, or promotional plans and materials used by Area Representative in connection with its promotion of the System and the recruitment of franchisees, or if Area Representative otherwise violates any provision of this Agreement relating to advertising.

12.3.5 Failure to Devote Best Efforts. If Area Representative fails to devote its best efforts to the development of the Development Area.

12.3.6 Failure to Comply with Section 5. If there is substantial noncompliance with Section 5 of this Agreement relating to duties of an Area Representative.

12.3.7 Failure to Service Franchisees. If seventy-five percent (75%) of the franchisees in the Development Area (provided Area Representative has recruited at least four franchisees in the Development Area) submit a written petition to Franchisor stating that Area Representative is not providing the franchisees with support as outlined in their individual franchise agreements.

12.3.8 Failure to Adhere to Manuals. If Area Representative fails to adhere to the standards set forth in the Area Representative Manual or DRIPBaR Operations Manual.

12.4 **Upon 30 Days' Notice to Cure.** Except as provided for in Sections 12.1, 12.2, and 12.3 above, Franchisor has the right to terminate this Agreement after providing notice and after expiration of a thirty (30) day cure period if Area Representative fails to perform or comply with any one or more of the terms or conditions of this Agreement or any other agreements between Area Representative and Franchisor or Franchisor's affiliates.

12.5 **Additional Grounds.** The events of default and grounds for termination described in this Section 12 will be in addition to any other grounds for termination and remedies contained elsewhere in this Agreement or in any individual franchise agreement executed between Franchisor and Area Representative.

12.6 **Development Area Rights upon Termination.** Upon termination of this Agreement, Area Representative will not have further rights to receive any portion of any remuneration described in Section 8 above, and Franchisor will have complete and exclusive rights to all fees collected from each Franchised Business within the Development Area, including Franchised Businesses owned by Area Representative.

12.8 **Nonwaiver.** Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Area Representative.

12.9 **Post Termination Obligations.** Upon termination of this Agreement, Area Representative's rights to any Franchised Business(es) for which Area Representative and Franchisor have not executed a franchise agreement, as well as Area Representative's non-exclusivity in the Development Area, will terminate immediately. In the event this Agreement is terminated, Area Representative will retain the right to develop and

operate Franchised Businesses for which Area Representative has signed a franchise agreement, provided that this Agreement was not terminated as a result of Area Representative's failure to comply with the terms of Area Representative's existing franchise agreement(s). Upon termination, Franchisor shall have the right to develop the Development Area itself, or through its franchisees, licensees, or otherwise, at its sole discretion.

12.10 **Default Fee.** Area Representative shall pay Franchisor a Default Fee equal to \$1,000 for each occurrence of default under this Agreement. The Default Fee shall be fully earned and non-refundable even if Area Representative cures such default.

13. TRANSFERABILITY

13.1 **Ownership and Transfer.** Area Representative shall not sell, transfer, assign or encumber Area Representative's interest in the Area Representative Business without Franchisor's prior written consent, which consent will not be unreasonably withheld or delayed. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein. Prior or contemporaneously with the execution of this Agreement, Area Representative must provide a completed Data Sheet, the terms of which are incorporated herein by reference, stating the name, address, and percentage ownership of all of Area Representative's present partners, shareholder(s), or member(s), as applicable. In addition, before entering into any note or loan agreement with any party pursuant to which the debt is convertible into an ownership interest impacting Area Representative's present owners' voting rights or control over Area Representative, Area Representative will submit to Franchisor the name and address of the lender, as well as the terms of the loan agreement.

13.2 **Rights Personal to Area Representative.** Area Representative understands and acknowledges that the rights and duties set forth in this Agreement are personal to Area Representative and are granted in reliance upon the individual or collective character, skill, aptitude, business, and financial capacity of Area Representative and its principals. Area Representative has represented to Franchisor that Area Representative is entering into this Agreement with the intention of complying with its terms and conditions, and not for the purpose of resale of its rights and obligations hereunder.

13.3 **Effectiveness of Transfer.** Area Representative acknowledges and agrees that the restrictions on transfer imposed herein are reasonable and necessary to protect Franchisor's System and Proprietary Marks, as well as Franchisor and Franchisor's affiliates, franchisees, and other area representatives. Any assignment or transfer permitted by this Section shall not be effective until Franchisor receives a completely executed copy of all transfer documents and Franchisor consents in writing thereto.

13.4 **Death or Disability.**

13.4.1 Representative's Right to Continue as Area Representative. In the event of Area Representative's death, disability or incapacitation (or the death, disability or incapacitation of Area Representative's principals or personal guarantors), Area Representative's legal representative, or Area Representative's principal's or guarantor's respective legal representative, as applicable, shall have the right to continue the operation of the Area Representative Business as Area Representative under this Agreement if: (i) within forty-five (45) days from the date of death, disability or incapacity (the "45 Day Period"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current form of area representative agreement for the unexpired term of this Agreement, or has furnished a personal guaranty of any partnership, corporate or limited liability company Area Representative's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program, if any, which Franchisor will provide at Franchisor's then-current tuition rate. Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by Franchisor's area representative agreement and are acceptable to

Franchisor. In the event that Area Representative's legal representative, or Area Representative's principal's or personal guarantor's respective legal representative, as applicable, is unable to comply with subsections (i) or (ii) herein, such person shall have six (6) months within which to transfer its interest pursuant to the conditions listed in Section 13.7 below, or to find a party approved of by Franchisor to manage such party's interest on the legal representative's behalf.

13.4.2 Area Representative Business Operation During and After 45 Day Period.

Franchisor is under no obligation to operate the Area Representative Business, or incur any obligation on behalf of any incapacitated Area Representative, during or after the 45 Day Period. If necessary, Area Representative (or Area Representative's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 45 Day Period or any subsequent period in which Area Representative's legal representative, or Area Representative's principal's or guarantor's respective legal representative, as applicable, attempts to transfer such person's interest or find a party approved of by Franchisor to manage such person's interest. In the event of Area Representative's death, disability, absence or otherwise, Franchisor may (but is not required to) operate the Area Representative Business on Area Representative's behalf and at Area Representative's expense for such period of time (and under such terms and conditions) as Franchisor determines, including transferring title to or liquidating the Area Representative Business's assets and/or paying out the revenues of the Area Representative Business to cover any or all past, current and/or future obligations of the Area Representative Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or mediator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Area Representative Business. Area Representative (and/or Area Representative's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Area Representative Business; provided, however, such indemnity shall not apply to any costs and/or liabilities that result from Franchisor's gross negligence or intentional misconduct.

13.5 Change in Ownership. A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Area Representative is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Area Representative's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership; (ii) if Area Representative is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Area Representative is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new owner, partner, shareholder, or member or manager of Area Representative will be required to personally guarantee Area Representative's obligations under this Agreement. A transfer pursuant to (i) and (iii) above in accordance with Section 13.8 below shall not be subject to Franchisor's right of first refusal as set forth in Section 13.6.

13.6 Franchisor's Right of First Refusal. If Area Representative proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Area Representative Business or Area Representative's Franchised Businesses, Area Representative shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Area Representative shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Area Representative, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Area Representative shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth herein. Area Representative shall effectuate no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 13.6. Any material change in the terms of the offer shall be deemed a new proposal

subject to Franchisor's right of first refusal. So long as Area Representative has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer as a result of the death, disability or incapacitation of a shareholder or partner, or a transfer to a corporation or limited liability company for purposes of convenience of ownership, in accordance with Section 13.4 or Section 13.8 respectively, is not subject to Franchisor's first right of refusal.

13.7 **Conditions for Approval.** Franchisor may condition Franchisor's approval of any transfer as described in this Section 13 upon satisfaction of the following occurrences:

13.7.1 All of Area Representative's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors are satisfied;

13.7.2 Area Representative must cure all existing defaults under this Agreement, all franchise agreements, Area Representative's leases or other agreements with landlords for Area Representative's Franchised Businesses, and any other agreement between Area Representative and Franchisor, Franchisor's affiliates, or Franchisor's designated/approved suppliers and vendors, within the period permitted for cure, and Area Representative must have substantially complied with such agreements during their respective terms;

13.7.3 Area Representative and Area Representative's principals (if Area Representative is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general and mutual release, pursuant to which Area Representative and Franchisor agree to release each other and their respective officers, directors, agents, and employees, from all claims arising out of or related to this Agreement or any related agreements between the Area Representative and Franchisor or their affiliates; provided, the mutual release shall not be inconsistent with any applicable state statute regulating franchises;

13.7.4 Area Representative or transferee shall provide Franchisor with a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of, and agreement to faithfully perform all of Area Representative's obligations under this Agreement;

13.7.5 The transferee will demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the financial and managerial aptitude and ability to conduct the Area Representative Business and to develop Franchised Businesses pursuant to the Development Schedule; has adequate financial resources and capital; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee or area representative of Franchisor. Franchisor retains the right to disapprove any existing franchisee or area representative who does not have the financial or managerial capability to take on the additional responsibility of operating the Area Representative Business;

13.7.6 Area Representative and/or transferee will provide any additional or substitute personal guaranties deemed necessary by Franchisor to ensure Area Representative's obligations are met under this Agreement;

13.7.7 The transferee will execute Franchisor's then-current form of area representative agreement, which will contain the Development Schedule described and set forth in this Agreement hereto;

13.7.8 Area Representative or the transferee will pay Franchisor a transfer fee of two thousand five hundred dollars (\$2,500) plus Franchisor's legal fees incurred in documenting the transfer

and any additional training expenses incurred;

13.7.9 The transferee will satisfactorily complete Franchisor's training program for area representatives, if any, at the transferee's expense within the time frame Franchisor sets forth;

13.7.10 Area Representative (and Area Representative's principals if Area Representative is a partnership, corporation or limited liability company), and relevant members of their respective families must agree to comply with the post-termination provisions of this Agreement;

13.7.11 The transferee must obtain, within the time limits set forth by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Area Representative Business and all Area Representative-owned Franchised Businesses;

13.7.12 To the extent required by the terms of any leases, loans, notes, or other agreements, all lessors, creditors, or other parties, as applicable, must have consented to the proposed transfer;

13.7.13 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises and any bulk sales laws or regulations;

13.7.14 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Area Representative Business and performance under any individual franchise agreements transferred hereunder;

13.7.15 Area Representative must request that Franchisor provide the prospective transferee with Franchisor's then-current form of franchise disclosure document, and Franchisor shall not be liable for any representations not included in said franchise disclosure document;

13.7.16 Area Representative must obtain Franchisor's approval prior to using any materials describing Franchisor, the System, the Area Representative Business, or any Franchised Businesses, in connection with any purported transfer. Franchisor's approval of any such materials will not be deemed to be Franchisor's recommendation or approval of any proposed sale, or Franchisor's avowal that Franchisor has verified all of the information regarding Area Representative contained in any such materials;

13.7.17 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

13.7.18 Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Area Representative, the Area Representative Business, or Area Representative's Franchised Businesses that Area Representative has supplied Franchisor hereunder, and Area Representative agrees to make no false or misleading statements in connection with any purported transfer;

13.7.19 The transfer does not occur during the first year of this Agreement;

13.7.20 Area Representative trains the transferee for two months prior to the transfer and another two months after the transfer, or for another period of time specified by Franchisor at the time of transfer (this is in addition to the requirement that the transferee completes Franchisor's training); and

13.7.21 In any event, Franchisor may withhold or condition Franchisor's consent to any

transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

13.8 Transfers to a Corporation or Limited Liability Company. If Area Representative is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 13.7.8 above, and such assignment will not be subject to Franchisor's right of first refusal:

13.8.1 The corporation or limited liability company is newly organized and its activities are confined to operating the Area Representative Business;

13.8.2 Area Representative is, and at all times remains, the owner of 50.001% or more of the outstanding shares of the corporation, or a 50.001% or greater interest in the limited liability company;

13.8.3 The corporation or limited liability company agrees in writing to assume all of Area Representative's obligations hereunder;

13.8.4 All shareholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee the corporation or limited liability company's obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Area Representative and Franchisor and/or Franchisor's affiliates, and execute a non-compete agreement as set forth in Section 14 hereof; and

13.8.5 If Area Representative chooses to transfer Area Representative's interest in the Area Representative Business to a corporation or limited liability company more than one-hundred eighty (180) days after executing this Agreement, Franchisor reserves the right to charge a seven thousand five-hundred dollar (\$7,500) fee to approve of the transfer, payable upon request for transfer.

13.9 Subsequent Transfer of Voting Rights in Corporate Entity. If Area Representative is a corporation, or if Area Representative's rights hereunder are assigned to a corporation, the individuals disclosed in the Data Sheet attached hereto must be the legal and beneficial owner(s) of at least fifty-one percent (51%) of the outstanding equity of said entity. Any subsequent transfer of voting rights of the equity of the entity or assignee entity, and any transfer or issuance of equity of the entity or assignee entity shall be subject to Franchisor's prior written approval. Franchisor will not unreasonably restrict the issuance or transfer of equity, provided that Area Representative complies with the provisions of this Section 13, and provided that in no event shall any equity of such corporate entity or assignee corporate entity be sold, transferred, or assigned to a business competitor of Franchisor's. The articles of organization and governing documents (including bylaws, operating agreement or partnership agreement) of the entity or assignee entity shall reflect that the issuance and transfer of equity is restricted, and all certificates shall bear the following legend, which shall be legibly and conspicuously on each certificate: "The transfer of this certificate is subject to the terms and conditions of an Area Representative Agreement with DRIPBaR Franchising, LLC dated _____." Reference is made to said Area Representative Agreement and related franchise agreements and to restrictive provisions of the governing documents of the entity."

13.10 Public Offering. The entity or assignee entity's records shall indicate that a stop transfer order be in effect against the transfer of any equity, except for transfers permitted by this Section 13. In addition to the foregoing, the equity of such entity or assignee entity shall not be publicly sold or traded without Franchisor's prior express written consent, which shall be provided at Franchisor's sole discretion. In the event that Franchisor approves a public offering of Area Representative, Area Representative shall present the applicable disclosure document or prospectus to Franchisor for review within a reasonable time prior to such offering becoming effective. In no event shall Area Representative offer its securities by use of the name "DRIPBaR" or any name deceptively similar thereto; provided, however, that Area Representative may make appropriate reference to the

fact that Area Representative has an Area Representative Agreement with Franchisor; nor shall Area Representative relinquish control of the new public company. Area Representative agrees to indemnify and hold Franchisor harmless for and against any and all claims, suits, actions, or otherwise which arise out of or from such public offering.

13.11 **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion. Area Representative further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to such sales, assignments, and dispositions, Area Representative expressly and specifically waives any and all other claims, demands or damages arising from or related to the loss of Franchisor's name, Proprietary Marks (or any variation thereof) and System and/or the loss of association with or identification with Franchisor under this Agreement. Area Representative specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

13.12 **Franchisor's Purchase Option.** Area Representative hereby grants to Franchisor an option (the "Option") to purchase the assets used in connection with the operation of the Area Representative Business, including but not limited to, all furniture, fixtures, and equipment, if any, and this Agreement (the "Assets"). The parties acknowledge and agree that the Option set forth herein is independent of Franchisor's option to purchase contained in any individual franchise agreement Area Representative may execute pursuant to this Agreement.

13.12.1 Option Period. Franchisor may exercise the Option at any point after the three (3) year anniversary of this Agreement. The Option shall remain open during the term of this Agreement.

13.12.2 Purchase Price: In the event that Franchisor elects, at its sole discretion, to exercise the Option, the purchase price (the "Purchase Price") will be either of the following, whichever is greater:

- (a) 250% of the Area Representative Fee specified in Section 2.1 of this Agreement; or
- (b) four times (4x) the amount of all remuneration received by Area Representative from Franchisor pursuant to Section 8 of this Agreement in Area Representative's previous Calendar Year. For purposes of this Section 13.12.2, a "Calendar Year" is the twelve (12) complete months prior to the month in which Franchisor chooses to exercise the Option.

13.12.3 Exercise of Option and Closing. Franchisor will notify Area Representative in writing pursuant to the notice provision set forth in Section 17 below of Franchisor's intent to exercise the Option. Thereafter, Franchisor will have a one-hundred twenty (120) day period within which to conduct its due diligence upon the Assets. In the event that Franchisor elects to purchase the Assets after the satisfactory conclusion of Franchisor's due diligence, Franchisor will have an additional sixty (60) days from the completion of its due diligence investigation within which to tender the Purchase Price and close on the transaction ("Closing"). At Closing, Area Representative agrees to deliver possession and title to the Assets to Franchisor, free and clear of all liens and encumbrances. Franchisor may elect to rescind its election to exercise the Option at any time prior to Closing. Franchisor's failure to exercise the Option on one or more occasions will not preclude Franchisor from exercising the Option at a later date.

13.12.4 Right of Offset. Franchisor will not be obligated to assume any liabilities in

connection with Franchisor's purchase of the Assets. Franchisor shall be entitled to offset the Purchase Price by (i) any amounts owed by Area Representative to Franchisor; and (ii) any liabilities (contingent or otherwise) which Franchisor agrees, at its absolute discretion, to undertake in connection with exercising the Option.

13.12.5 Representations and Warranties. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of the Assets, including, without limitation, representations and warranties as to ownership and condition of and title to the Assets; liens and encumbrances on the Assets; validity of contracts and agreements; and liabilities affecting the Assets, contingent or otherwise.

13.12.6 Post Term Obligations. In the event Franchisor elects to repurchase the Area Representative Business pursuant to this Section 13.12.2, this Agreement will be deemed terminated, and Area Representative agrees to comply with the confidentiality provisions set forth in Section 14.4 of this Agreement, as well as its post-term obligations set forth in Section 15 of this Agreement and the covenants against competition set forth in Section 14.2 of this Agreement.

13.12.7 Reasonableness. The parties acknowledge and agree that the Option and the Purchase Price set forth herein are fair and reasonable.

14. RESTRICTIVE COVENANTS & CONFIDENTIALITY

Area Representative acknowledges that as a participant in the System, Area Representative will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore to protect Franchisor and all of Franchisor's other Area Representatives and franchisees, and in addition to any restrictive covenants against competition and confidentiality agreements contained in Area Representative's individual franchise agreements, Area Representative agrees as follows:

14.2 Restrictive Covenants During the Term of This Agreement. During the term of this Agreement, neither Area Representative, Area Representative's officers, directors, or principals, not any members of the immediate family of Area Representative or Area Representative's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

14.2.1 Own, engage in, be employed in sales management or purchasing by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in in any other business that offers the same or similar products or services as those offered by a Franchised Business (except for other Franchised Businesses operated under franchise agreements entered into with us or other Franchised Businesses in which you or your owners have an ownership interest) (a "Competing Business");

14.2.2 Solicit or employ, directly or indirectly, any person who is employed by Franchisor, by any entity controlled by or affiliated with Franchisor or by any other of Franchisor's franchisees if that solicitation or employment results in that person terminating her or her present employment and working for Area Representative, or if that solicitation or employment results in that person working in or for or operating a Competing Business.

14.3 Restrictive Covenants After the Term of This Agreement. For a period of one (1) year after termination or expiration of this Agreement, Area Representative will not, directly or indirectly for the benefit of Area Representative or Area Representative's owners, or through or on behalf of or in

conjunction with any other person, partnership or corporation, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in any Competing Business located or regularly selling at the premises of the Competing Business or from other Competing Business or fixed location within ten (10) miles of the Development Area or within ten (10) miles of any Franchised Business in any state in which Area Representative operated, excluding ownership of less than ten percent (10%) of the stock of shares in any corporation whose stock is publicly traded; provided, however, that this Section does not apply to Area Representative's operation of any other Franchised Business(es);

14.3.1 In the event that Franchisor chooses to exercise the Option set forth in Section 13.12 of this Agreement, the parties acknowledge that the transaction will be deemed the sale of a business. Accordingly, the duration of Area Representative's post-term covenants against competition contained in this Section 14.2.3 will be extended to five (5) years in consideration for the Purchase Price, as tolled during any period of default by Area Representative.

14.4 Confidentiality.

14.4.1 Nondisclosure. During the term of this Agreement, Area Representative will receive information which Franchisor considers its trade secrets and confidential information, including, but not limited to, standards and specifications for IV preparation, standards and specifications for the buildout of a Franchised Business, information about proprietary merchandise, any proprietary software Franchisor may now or in the future create, and Franchisor's Manuals ("Confidential Information"). Area Representative shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information, which shall also include, without limitation, trade secrets; price marketing mixes related to the sale of IV items and any other goods or services offered or authorized for sale by System franchisees; Franchisor's copyrighted materials; and methods and other techniques and know-how concerning the of operation of a Franchised Business which may be communicated to Area Representative or of which Area Representative may be apprised by virtue of Area Representative's operation of the Area Representative Business or any Franchised Businesses. Area Representative may divulge such Confidential Information only to such of Area Representative's employees as must have access to it in order to operate the Area Representative Business or a Franchised Business. Area Representative also acknowledges and agrees that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers, also constitute the trade secrets and Confidential Information of Franchisor. Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will also be deemed Confidential Information for purposes of this Agreement.

14.4.2 New Concepts. If Area Representative, Area Representative's employees, or principals develop any new concept, process or improvement in the operation or promotion of the Area Representative Business or a Franchised Business, Area Representative shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Area Representative and Area Representative's principals hereby assign to Franchisor any rights Area Representative may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Area Representative and Area Representative's principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Area Representative and Area Representative's principals hereby irrevocably designate and appoint Franchisor as Area Representative's agent and attorney-in-

fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 14.4.2 are found to be invalid or otherwise unenforceable, Area Representative and Area Representative's principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Area Representative's rights therein.

14.5 Employees. Area Representative shall ensure that Area Representative's principals, employees and members of their immediate families who have access to Franchisor's Confidential Information, including all of Area Representative's managers and other key employees, execute confidentiality and non-compete agreements, in the form attached to Area Representative's first franchise agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Area Representative must furnish Franchisor a copy of each executed confidentiality and noncompetition agreement.

14.6 Intent and Enforcement. It is the parties' intent that the provisions of this Section 14 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 14 by Area Representative, any of Area Representative's principals, or any member of the immediate family of Area Representative or Area Representative's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Area Representative agrees that in the event of the actual or threatened breach of this Section 14, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Area Representative acknowledges and agrees on Area Representative's own behalf and on behalf of the persons who are liable under this Section 14 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 14 in no way prevent any such person from earning a living. Area Representative further acknowledges and agrees that the time limitations of Section 14.2 shall be tolled during any default under this Section.

14.7 No Defense. Area Representative hereby agrees that the existence of any claim Area Representative may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 14. Area Representative agrees to pay all costs and expenses (including reasonable attorneys' fees) which Franchisor incurs in connection with the enforcement of this Section 14.

15. RIGHTS AND OBLIGATIONS OF THE PARTIES UPON TERMINATION

15.1 Post-Term Obligations. Area Representative agrees that after the termination or transfer of this agreement, for any reason, it shall:

15.1.1 De-identify. Not directly or indirectly at any time or in any manner identify itself or any business as a current or former Area Representative, franchisee, or licensee of, or as otherwise associated with, Franchisor, or directly or indirectly use any of Franchisor's Proprietary Marks, any colorable imitation thereof or other indicia of a Franchised Business in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark or other commercial symbol that suggests or indicates a connection or association with Franchisor or its affiliates, franchisees, or area representatives;

15.1.2 Return Proprietary Materials. Promptly return to Franchisor all signs, the Manuals, brochures, advertising materials, forms, invoices and other materials containing any Proprietary Marks or otherwise identifying or relating to the System or the operation of a Franchised Business, and allow Franchisor, without liability, to remove all such items from the Area Representative's offices and Franchised Business(es);

15.1.3 Cancel Fictitious Name. Promptly take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to Area Representative's use of the System or any Proprietary Marks;

15.1.4 Telephone Number and Listing. Immediately cease using all telephone numbers and listings, facsimile numbers and listings, and Internet listings used in connection with the operation of the Area Representative Business, and direct the applicable company to transfer all such numbers and listings to Franchisor or Franchisor's designee or, if Franchisor directs, to disconnect the numbers and delete or remove the listings;

15.1.5 Turnover of All Prospect Lists and Other Proprietary Information. Within five days of the termination or expiration of this Agreement, Area Representative must turn over all lists, names and other data (including contact information) with respect to all third parties that Area Representative solicited, contacted or otherwise communicated with during the term of this Agreement regarding the purchase or potential purchase of a Franchised Business, including, without limitation, all information for those third parties that ultimately entered into a franchise agreement with Franchisor (collectively, the "Prospect Information");

15.1.6 Furnish Proof of Compliance. Furnish to Franchisor, within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to Franchisor of Area Representative's compliance with the foregoing obligations; and

15.1.7 Damages, Costs and Expenses. Area Representative shall pay Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for enforcement of any provisions of this Section. Area Representative shall pay for all costs and expenses associated with Area Representative's ceasing and de-identification of Area Representative's Business.

15.2 **Permission to Continue Agreement.** In the event Area Representative does not fulfill its obligations to develop Franchised Businesses under the Development Schedule, Franchisor may, but is not obligated to, permit Area Representative to continue operating under this Agreement with respect to all Franchised Businesses that are under signed leases, under construction or opened and operating within the Development Area, but Area Representative shall no longer have any rights with respect to opening new franchises within the Development Area. As a result of such default, Franchisor shall have the right to open Franchised Businesses, sell franchises or grant area representative rights to any third party with respect to the undeveloped portion of the Development Area.

15.3 **Survival.** All obligations of Area Representative which expressly or by their nature survive the transfer, expiration or termination of this Agreement, including indemnification obligations and the restrictive covenants set forth in Section 14.2 herein, will continue in full force and effect subsequent to and notwithstanding the termination, expiration, or transfer of this Agreement, and until such obligations are satisfied in full or by their nature expire. The franchise agreements Area Representative has executed for its Franchised Businesses shall remain in full force and notwithstanding the termination of this Agreement.

16. CHANGES AND MODIFICATIONS

Franchisor or Area Representative may modify this Agreement only upon the execution of a written agreement by Franchisor and Area Representative. Franchisor reserves and will have the sole right to make changes in the Manuals, System and the Proprietary Marks at any time and without prior notice to Area Representative. Area Representative must promptly alter any signs, products, business materials or related items, at its sole cost and expense, upon written receipt of notice of such change or modification in order to conform

to Franchisor’s revised specifications. Area Representative expressly understands and agrees that Franchisor may from time to time change the components of the System, including but not limited to, altering the programs, services, methods, standards, forms, policies and procedures of that System; adding to, deleting from or modifying those programs, products and services which Franchised Businesses are authorized to offer; and changing, improving or modifying the Proprietary Marks. Subject to the other provisions of this Agreement, Area Representative expressly agrees to abide by any such modifications, changes, additions, deletions and alterations at Area Representative’s expense.

17. NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by either hand delivery or overnight mail by a recognized carrier offering a delivery receipt, to the following addresses (which may be changed by written notice):

Area Representative’s Address: _____

Franchisor’s Address: Attn: Ben Crosbie
 DRIPBaR Franchising, LLC
 236 Franklin Street
 Wrentham, MA 02093

18. CHOICE OF LAW; DISPUTE RESOLUTION

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

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

18.2.1 Upon written notice by either Area Representative or Franchisor, to the other, of Area Representative's or Franchisor’s desire to mediate, the party receiving the notice will select an independent entity that provides mediation services to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not name such an organization within ten (10) days from the date the notice of intention to mediate is received, then the other party may proceed as if this Section 18.3 did not exist, or, at its option, make the selection of the organization to provide mediation services. If Area Representative or Franchisor selects an organization that is unwilling to serve as mediator, then the other

party may select the organization. Once the organization is designated and agrees to accept the appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to Franchisor and Area Representative. The mediation will be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If Area Representative and Franchisor cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for both of us, given all of the claimed conflicts in dates. The person actually mediating the dispute will be required to have at least ten (10) years of experience as either a franchisee or franchisor (or as an officer of such an entity) or in franchise law. Area Representative and Franchisor will equally share the cost of the mediator. The mediator will select the location for the mediation unless you and we both agree otherwise. The mediation will be held in a metropolitan area with at least 250,000 persons that is not located within one hundred (100) miles of either Area Representative's principal office or Franchisor's principal office.

18.2.2 Except for the matters identified above where Area Representative or Franchisor are permitted to seek injunctive relief without first mediating the dispute, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this paragraph (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 18.3), then upon petition of whichever of us has a lawsuit or arbitration proceeding brought against us, the court or arbitrator will dismiss the litigation or arbitration without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to the attorneys' fees and costs the party seeking dismissal incurred. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of the action, or of any award given in the action, the party initiating the litigation or arbitration will be responsible for all attorneys' fees and costs incurred throughout the litigation or arbitration by the other party as damages for failing to comply with the provisions of this Section 18.3.

18.3 **Arbitration.** Except insofar as Area Representative or Franchisor elects to enforce this Agreement by judicial process and injunction as provided in Section 18.6 hereof, all disputes and claims arising out of or relating to this Agreement, or to the breach thereof, or to any of Franchisor's standards or operating procedures, or other obligation of either of Area Representative or Franchisor, or to the breach thereof (including any claim that this Agreement, any provision of this Agreement, any specification, standard, operating procedure or any other obligation of Area Representative or Franchisor is illegal, unenforceable or voidable), or any aspect of the relationship between Area Representative and Franchisor (even if additional persons are named as parties to such action, but except as may be specifically provided with respect to any financing agreements Area Representative has with Franchisor or Franchisor's affiliates, which shall be governed by the enforcement provisions thereof), must be resolved by arbitration in the city in which Franchisor's principal office is located. It is Franchisor's intent that state laws attempting to void out of state forum selection clauses for arbitration be preempted by the Federal Arbitration Act and that arbitration be held in the place designated above.

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

18.3.2 The arbitrator appointed must have at least ten (10) years' experience in franchise law, and the arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers and limitations of this Agreement. The arbitrator shall have no authority to add, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not

specifically requested by the parties prior to the start of the arbitration hearing. The arbitrator will have the right to award or include in any award the specific performance of this Agreement but will be required to file a reasoned brief with his or her award.

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

18.3.4 Unless this Agreement is terminated in accordance with the provisions of Article 12, during the pendency of any arbitration proceeding, Area Representative and Franchisor will fully perform the requirements of this Agreement.

18.3.5 If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with the provisions of Section 18.6, the arbitrability of such claim will be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration will be made by the arbitrator appointed in accordance with this Agreement.

18.3.6 All arbitration proceedings will be individual proceedings between Area Representative and Franchisor, and will not be conducted on a “class” basis, or include any other franchisee or area representative as named parties unless Area Representative and Franchisor each agree.

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

18.4 **Third Party Beneficiaries.** Franchisor’s officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate, arbitrate and litigate claims asserted against such person(s) by Area Representative.

18.5 **Injunctive Relief.** Nothing in this Agreement will prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Area Representative’s only remedy will be court’s dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Area Representative expressly waives all claims for damages Area Representative incurred as a result of the wrongful issuance.

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

18.7 **Limitation on Action.** Area Representative further agrees that no cause of action arising out of or under this Agreement may be maintained by Area Representative unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Area Representative becomes aware of facts or circumstances reasonably indicating that such Area Representative may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

18.8 **Barred Causes of Action.** Area Representative hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, arbitration, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

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

18.10 **Costs and Attorney's Fees.** If Area Representative is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Area Representative and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Area Representative must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Area Representative institutes any legal action to interpret or enforce the terms of this Agreement, and Area Representative's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

18.11 **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

18.12 **Release of Prior Claims.** By executing this Agreement, Area Representative, individually and on behalf of its heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, hereby forever release and discharge Franchisor, its officers, directors, employees, agents and servants, including Franchisor's subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties executed prior to the date of this Agreement, including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof.

19. CONSTRUCTION

19.2 **Entire Agreement.** This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. Nothing in the Agreement is intended to disclaim the representations Franchisor made in the FDD that Franchisor furnished to Area Representative.

19.3 **Survival of Terms.** Any provisions of this Agreement which may be reasonably interpreted to impose any obligation after termination or expiration hereof shall survive such termination or expiration and be binding upon the parties.

19.4 **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

19.5 **Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Area Representative, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Area Representative's "immediate family" means Area Representative's spouse, parents, children and siblings and Area Representative's spouse's parents, children and siblings. Reference to Area Representative's "principals" means Area Representative's partners, officers, directors, shareholders, members and managers, as applicable. References to "Franchisor" and "Area Representative" include the party's successors, assigns or transferees.

19.6 **Successors and Assigns.** This Agreement, and any subsequent franchise agreements entered into under this agreement, shall be binding upon the parties and their heirs, executors, personal representatives, successors and assigns. All signatories to this Agreement and all partners of a partnership Area Representative, all officers, directors and shareholders of a corporate Area Representative, and all members and managers of a limited liability company Area Representative, shall be jointly and severally liable for the performance of all terms, covenants and conditions hereof, regardless of any agreements between the Area Representative's owners, shareholders, members or partners (as applicable) addressing the allocation of liabilities among the parties.

19.7 **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which Area Representative's Development Area is located, then the valid law or regulation of that state applicable to the Area Representative Business shall supersede any provision of this Agreement that is less favorable to Area Representative.

19.8 **Additional Documentation.** Area Representative must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in

order to effectuate the transactions contemplated herein. In the event that Area Representative fails to comply with the provisions of this Section, Area Representative hereby appoints Franchisor as Area Representative's attorney-in-fact to execute any and all documents on Area Representative's behalf reasonably necessary to effectuate the transactions contemplated herein.

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

20. ACKNOWLEDGEMENTS

20.1 **No Guarantee of Earnings.** Area Representative understands that Franchisor and any of Franchisor's representatives and/or agents with whom Area Representative has met have not made and are not making any guarantees as to the extent of success in Area Representative's business venture, and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with Area Representative's business venture. The success of the business venture contemplated to be undertaken by Area Representative by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of the Area Representative as an independent businessman, and its active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representations or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

20.2 **Receipt of Franchise Disclosure Document.** Area Representative acknowledges that this Agreement and Franchisor's FDD have been in Area Representative's possession for at least fourteen (14) calendar days before Area Representative signed this Agreement and that any material changes to this Agreement were in writing in this Agreement for at least seven (7) calendar days before Area Representative signed this Agreement.

20.4 **No Personal Liability.** Area Representative agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Area Representative for any reason. This is an important part of this Agreement. Area Representative agrees that nothing that Area Representative believes Area Representative has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

20.5 **Franchisee Disclosure Acknowledgment.** No statement, questionnaire, or

acknowledgment signed or agreed to by Area Representative 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.

20.6 Anti-Terrorist Provision. Area Representative certifies that neither Area Representative, nor Area Representative's owners, principals, Area Representative certifies that neither Area Representative, nor Area Representative's owners, principals, employees or anyone associated with Area Representative is listed in the Annex to Executive Order 13224 (the "Annex"). Area Representative agrees not to hire or have any dealings with a person listed in the Annex. Area Representative certifies that Area Representative has no knowledge or information that, if generally known, would result in Area Representative, Area Representative's owners, principals, employees, or anyone associated with Area Representative being listed in the Annex. Area Representative agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Area Representative certifies, represents, and warrants that none of Area Representative's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Area Representative and Area Representative's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Area Representative is solely responsible for ascertaining what actions must be taken by Area Representative to comply with all such Anti-Terrorism Laws, and Area Representative specifically acknowledges and agrees that Area Representative's indemnification responsibilities as provided in Section 10 of this Agreement pertain to Area Representative's obligations under this Section. Any misrepresentation by Area Representative under this Section or any violation of the Anti-Terrorism Laws by Area Representative, Area Representative's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Area Representative has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 12.2.14 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

21. GUARANTEE OF PRINCIPALS

If Area Representative is a corporation, or subsequent to execution hereof, Area Representative assigns this Agreement to a corporation, all shareholders and their spouses (or if Area Representative is a partnership, or subsequent to execution hereof, Area Representative assigns this Agreement to a partnership, all partners and their spouses, or if Area Representative is a limited liability company, or subsequent to execution hereof Area Representative assigns this Agreement to a limited liability company, all members and managers and their spouses) hereby personally and unconditionally guarantee without notice, demand or presentment, the payment of all of Area Representative's monetary obligations under this Agreement and any other agreement between Area Representative and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions upon Area Representative's activities upon transfer, termination or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guaranty in the form attached hereto as Attachment A. Additionally, any individual required to execute a personal guaranty under this Section must also, upon Franchisor's request,

execute a confidentiality and non-competition agreement, substantially in the form attached to Area Representative's franchise agreement(s).

[Signatures on following page]

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISOR

AREA REPRESENTATIVE

DRIPBAR FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ATTACHMENT A
to DRIPBAR FRANCHISING, LLC
AREA REPRESENTATIVE AGREEMENT
PERSONAL GUARANTY

PERSONAL GUARANTY

NOTE: IF AREA REPRESENTATIVE IS A CORPORATION, EACH OF AREA REPRESENTATIVE’S SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF AREA REPRESENTATIVE IS A PARTNERSHIP, EACH OF AREA REPRESENTATIVE’S GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF AREA REPRESENTATIVE IS A LIMITED LIABILITY COMPANY, EACH OF AREA REPRESENTATIVE’S MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING. FRANCHISOR MAY REQUIRE THE RESPECTIVE SPOUSES OF THESE INDIVIDUALS TO ALSO SIGN THIS PERSONAL GUARANTY AS IT DEEMS NECESSARY IN ITS SOLE DISCRETION.

**ARTICLE I
PERSONAL GUARANTY**

Owners with Any Interest Required to Sign Guaranty Pursuant to Section 21.

_____, _____,
_____, _____, _____, (individually and collectively “you”) hereby represent to DRIPBaR Franchising, LLC (“Franchisor”) that you are all of the shareholders of _____ (“Area Representative”), or all of the general partners or limited partners of the Area Representative, or all of the members and manager of Area Representative, and all of the spouses of such individuals. In consideration of the grant by Franchisor to the Area Representative as herein provided, each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the Area Representative Agreement entered into between Area Representative and Franchisor (“Area Representative Agreement”), all franchise agreements executed pursuant to the Area Representative Agreement, and any other agreement between Area Representative and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Area Representative of each and every obligation of Area Representative under the aforesaid Area Representative Agreement or other agreement between Franchisor and Area Representative, including, without limitation, any indebtedness of Area Representative arising under or by virtue of the aforesaid Area Representative Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Area Representative owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Area Representative Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Area Representative Agreement (the “Guaranty”).

**ARTICLE II
CONFIDENTIALITY**

During the term of the Area Representative Agreement, any related franchise agreements, and this Guaranty, you will receive information, which Franchisor considers its trade secrets and confidential information including, without limitation, the proprietary recipes, standards and specifications for IV preparation, standards and specifications for the build out of a DRIPBaR Store, information about proprietary IV and menu items and merchandise, any proprietary software Franchisor may now or in the future create, and the Operations Manual (“Confidential Information”). You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information and trade secrets, including, without limitation: price marketing mixes related to the sale of IV items

and any other goods or services offered or authorized for sale by System franchisees; Franchisor's copyrighted materials; and methods and other techniques and know-how concerning the operation of DRIPBaR Stores in a Development Area, which may be communicated to you or of which you may become apprised by virtue of your role as a guarantor of the Area Representative's obligations under the Area Representative Agreement. Any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential, will be deemed Confidential Information for purposes of this Agreement.

ARTICLE III NON-COMPETITION

You acknowledge that as a participant in the System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and all Franchisor's franchisees, you agree as follows:

1) During the Term of the Area Representative Agreement and this Guaranty. During the term of this Agreement, neither Area Representative, Area Representative's officers, directors, or principals, nor any members of the immediate family of Area Representative or Area Representative's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(a) Own, engage in, be employed in sales management or purchasing by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in any other business that sells intravenous vitamin therapy services and related products (except for other DRIPBaR Stores operated under franchise agreements entered into with us or other DRIPBaR Stores in which you or your owners have an ownership interest) (a "Competing Business"). Provided, however, that this Section does not apply to Area Representative's operation of any other DRIPBaR Store under the Proprietary Marks and System;

(b) Solicit or employ, directly or indirectly, any person who is employed by Franchisor, by any entity controlled by or affiliated with Franchisor or by any other of Franchisor's franchisees if that solicitation or employment results in that person terminating her or her present employment and working for Area Representative, or if that solicitation or employment results in that person working in or for or operating a Competing Business.

2) After the Term of The Area Representative Agreement.

(a) For a period of one (1) year after termination or expiration of this Agreement, Area Representative will not, directly or indirectly for the benefit of Area Representative or Area Representative's owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in any Competing Business located or regularly selling at the premises of the Competing Business or from other Competing Business or fixed location within ten (10) miles of the Development Area or within five (5) miles of any DRIPBaR Store in any state in which Area Representative operated, excluding ownership of less than ten percent (10%) of the stock of shares in any corporation whose stock is publicly traded; provided, however, that this Section does not apply to Area Representative's operation of any other System DRIPBaR Store;

(b) In the event that Franchisor chooses to exercise the Option set forth in Section 13.12 of this Agreement, the parties acknowledge that the transaction will be deemed the sale of a business.

Accordingly, the duration of Area Representative's post-term covenants against competition contained in this Section 14.2.3 will be extended to five (5) years in consideration for the Purchase Price, as tolled during any period of default by Area Representative.

3) **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of an actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree on your own behalf and Area Representative's behalf that each of you have previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.

ARTICLE IV DISPUTE RESOLUTION

1) **Acknowledgment.** You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.

2) **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of Massachusetts.

3) **Mediation and Arbitration.** Any and all disputes arising from or relating to the parties' relationship or this Agreement shall be subject to mandatory mediation which shall be conducted and completed within thirty (30) days of written demand therefore. Any disputes not resolved by mandatory mediation shall be resolved by binding arbitration within 120 days of the initial written demand therefore. The arbitration hearing shall be held in Wrentham, Massachusetts pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The arbitration award shall be reviewable only by state or federal courts in or having jurisdiction over Wrentham, Massachusetts only for clear error of fact or law and on any additional statutory grounds for vacationing or reversing an arbitration award. Franchisor shall be entitled to recover its reasonable attorneys' fees and litigation costs and expenses including expert witness fees if it is the substantially prevailing party in any arbitration or litigation relating to this Agreement or the parties' relationship. Nothing contained herein shall preclude any party from commencing a suit in court for temporary or preliminary injunctive relief to prevent irreparable harm pending the arbitration decision, provided that any such suit for temporary or preliminary injunctive relief shall be commenced and maintained exclusively in state or federal courts in or having jurisdiction over Wrentham, Massachusetts.

4) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Area Representative Agreement and this Guaranty, and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.

5) **Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation or judicial proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.

6) **Jury Trial Waiver.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE AREA REPRESENTATIVE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS, WHETHER LITIGATION OR MEDIATION, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN AREA REPRESENTATIVE AND AREA REPRESENTATIVE'S PRINCIPALS AND YOU, AND FRANCHISOR OR ITS AFFILIATES OR EMPLOYEES, MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY.

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

8) **Limitation on Action.** You agree that no cause of action arising out of or under this Guaranty or the Area Representative Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

9) **Attorneys' Fees.** If either party institutes any judicial or litigation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Guaranty and the Area Representative Agreement, and Franchisor prevails in such action, you shall be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

10) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Area Representative Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

11) **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid,

the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

12) **Construction of Language.** Any term defined in the Area Representative Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Area Representative Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

13) **Successors.** References to “Franchisor” or “the undersigned,” or “you” include the respective parties' successors, assigns or transferees.

14) **No Personal Liability.** You agree that fulfillment of any and all of Franchisor’s obligations written in this Guaranty or in the Area Representative Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor’s sole responsibility and none of

Franchisor’s agents, representatives, nor any individuals associated with Franchisor’s franchise company shall be personally liable to Area Representative or you for any reason.

PERSONAL GUARANTORS

SPOUSES

ATTACHMENT B
to DRIPBAR FRANCHISING, LLC
AREA REPRESENTATIVE AGREEMENT

DEVELOPMENT SCHEDULE

DEVELOPMENT SCHEDULE

The agreement entered into between _____ (“Area Representative”) and DRIPBaR Franchising, LLC (“Franchisor”) on _____ (“Area Representative Agreement”) authorizes and obliges Area Representative to establish and operate or recruit franchisees for the establishment and operation of _____ () “DRIPBaR” Stores, using a system developed by Franchisor for the establishment and operation of businesses selling intravenous vitamin therapy services and related products (“DRIPBaR Stores”), pursuant to a franchise agreement for each DRIPBaR Store. The following is Area Representative’s Development Schedule.

Development Year	Number of DRIPBaR Stores
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Development Year 1 begins on the Effective Date of the Area Representative Agreement and ends on the first anniversary of said Effective Date. Each Development Year thereafter begins and ends on the corresponding anniversary of the Effective Date.

DRIPBaR retail locations that Area Representative owns and operates directly as franchises will be counted toward Area Representative’s meeting the requirements of the Development Schedule, and Franchisor reserves the right to limit the number of DRIPBaR retail locations that Area Representative owns and operates directly based upon the total number of stores Area Representative has committed to under the Development Schedule.

DRIPBAR FRANCHISING, LLC

By: _____
 Name: _____
 Title: _____
 Date: _____

 By: _____
 Name: _____
 Title: _____
 Date: _____

**ATTACHMENT C
to DRIPBAR FRANCHISING, LLC
AREA REPRESENTATIVE AGREEMENT**

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION
****This form MUST be accompanied by a Printed Voided Check or Bank Letter****

Area Representative/Franchisee Information

Franchisee Name:	
Franchisee Mailing Address (street):	
(city, state, zip)	
Franchisee Phone No.:	
Contact Name:	
Address (if different from above):	
(street, city, zip)	
Phone Number:	
Franchisee Email Address:	

Funds Settlement Information

Bank Name:	
Account Owner:	
Bank Mailing Address:	
(street, city, state, zip)	
Bank Routing No.:	
Bank Account No.:	

Authorization

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

Account Owner Signature _____ Date: _____

Printed Name & Title _____

Federal Tax ID Number _____

NOTE FRANCHISEE MUST ATTACH A VOIDED CHECK OR BANK LETTER

EXHIBIT D:
FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

DRIPBaR Franchising, LLC
Balance Sheet
As of March 31, 2023

		<u>As of Mar 31, 2023</u>
ASSETS		
Current Assets		
Cash & AR	\$	424,685.84
Equipment Asset		2,115.45
Note Receivable		0.00
Other Current Assets		0.00
Prepaid Expenses		-16,354.10
Total Current Assets	\$	410,447.19
Fixed Assets		
Accumulated Amortization		-4,791.67
Website and developed applications		108,800.00
White Label App		22,500.00
Total Fixed Assets	\$	126,508.33
Prepaid cost of revenue		
Prepaid Commissions on Area Rep Fees		2,690,941.49
Prepaid Commissions on Franchise Fees		3,605,555.00
Total prepaid cost of revenue	\$	6,296,496.49
TOTAL ASSETS	\$	6,833,452.01
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Credit Card Payable	\$	6,334.00
Long-Term Liabilities		
Deferred Revenue - Area Rep Fees		4,975,079.25
Deferred Revenue - Franchise Fees		4,573,914.00
Total Long-Term Liabilities	\$	9,548,993.25
Equity		
Partner capital	-\$	2,721,875.24
TOTAL LIABILITIES AND EQUITY	\$	6,833,452.01

DRIPBaR Franchising, LLC
Profit and Loss
January - March, 2023

	Jan - Mar, 2023
Income	
Area Rep Licensing Fees	140,279.04
Franchise Licensing Fees	480,000.00
Marketing Fund	28,411.14
Sponsorships	73,800.00
Miscellaneous	2,128.00
Royalty Income	213,178.92
Technology Fee Income	8,970.00
Website Fee	64,600.00
Total Income	\$ 1,011,367.10
Cost of revenues earned	\$ 362,191.36
Gross Profit	\$ 649,175.74
Operating Expenses	
Advertising & Marketing	\$ 68,088.08
Annual Exhibition	
Bank Charges & Fees	600.14
Computer and Software	29,110.69
Consulting fees	59,925.00
Dues and Subscriptions	998.75
Employee/client gifts	506.25
Insurance	24,589.00
Job Supplies	5,590.06
Legal & Professional Services	129,418.01
Meals & Entertainment	802.61
Office Expenses	746.31
Payroll- GrossWages	258,875.57
Payroll- Taxes	28,564.41
Payroll Employee Health Benefits	6,307.92
Payroll Processing Fees	10,272.79
Payment Processing Fees	2,438.87
Reimbursable Expenses	
Taxes & Licenses	658.00
Training	
Travel	28,450.30
Uniforms	
Utilities	310.15
Total Expenses	\$ 656,252.91

Net Income

-\$

7,077.17

DRIPBaR Franchising LLC

Audited Financial Statements

(With Independent Auditor's Report Thereon)

For the Years Ended December 31, 2022 and 2021

Prepared by DvorakCPA LLC

DRIPBaR Franchising LLC

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Independent Auditor's Report

To the Owner and Management
DRIPBaR Franchising LLC

We have audited the accompanying financial statements of DRIPBaR Franchising LLC, which comprise the balance sheet as of December 31, 2022 and 2021, and the related statements of income and retained earnings, and cash flows for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

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significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DRIPBaR Franchising LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

DvorakCPA LLC

Tampa, FL

March 28, 2023

DRIPBaR Franchising LLC
Statement of Income and Retained Earnings
For the Years Ended December 31, 2022 and December 31, 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Area rep licensing fees	\$ 559,967	\$ 346,900
Franchise licensing fees	390,797	143,254
Miscellaneous	400	-
Technology fees	35,635	11,203
Royalties	427,125	63,960
Sponsorships	62,500	-
Total revenues	<u>1,476,424</u>	<u>565,317</u>
Cost of revenues earned	<u>719,679</u>	<u>267,176</u>
Gross profit	756,745	298,141
Operating expenses		
Advertising and marketing	211,845	171,318
Amortization	4,792	-
Bad debt	75,000	831
Bank charges and fees	1,619	1,137
Charitable contributions	6,198	1,000
Computer and software	68,365	51,411
Contracted services	138,194	213,969
Dues and subscriptions	15,499	16,071
Employee and client gifts	21,941	7,040
Insurance	30,374	5,840
Job supplies	20,665	364
Legal and professional	290,240	162,245
Meals and entertainment	5,562	2,549
Office	35,033	127
Payroll - gross wages	726,153	214,409
Payroll - employment taxes	63,144	21,087
Payroll - employee benefits	18,156	4,280
Reimbursable expenses	42,826	2,521
Rent and lease	4,023	-
Taxes and licenses	1,538	56
Trade shows	90,404	-
Training	27,201	-
Travel	82,367	28,369
Utilities	1,746	7,450
Total operating expenses	<u>1,982,885</u>	<u>912,074</u>
Net income (loss)	<u>(1,226,140)</u>	<u>(613,933)</u>
Beginning partner capital	(1,293,456)	(428,002)
Net income	(1,226,140)	(613,933)
Capital contributions	22,352	-
Capital distributions	(187,247)	(251,521)
Ending partner capital	<u>\$ (2,684,491)</u>	<u>\$ (1,293,456)</u>

(See independent accountant's audit report and accompanying notes to the financial statements)

DRIPBaR Franchising LLC
Balance Sheet
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash	\$ 869,534	\$ 997,412
Accounts receivable	35,987	127,500
Note receivable - current	-	75,000
Prepaid expenses	-	4,725
Other current assets	<u>30,010</u>	<u>779</u>
Total current assets	935,531	1,205,416
Fixed assets		
Website and developed applications	65,000	-
Accumulated amortization	<u>(4,792)</u>	<u>-</u>
Total fixed assets, net	60,208	-
Prepaid cost of revenue		
Area rep licensing	2,517,424	1,727,504
Franchise licensing	<u>3,605,555</u>	<u>1,687,134</u>
Total prepaid cost of revenue	6,122,979	3,414,638
Total assets	<u>\$ 7,118,718</u>	<u>\$ 4,620,054</u>
Liabilities		
Current liabilities		
Payroll taxes	\$ 29	\$ 112
Credit card payable	27,173	10,827
Franchisee deposits on equipment	86,735	
Deferred revenue - area rep licensing fees	594,300	392,050
Deferred revenue - franchise licensing fees	<u>510,797</u>	<u>244,800</u>
Total current liabilities	1,219,034	647,789
Long-term liabilities		
Deferred revenue - area rep licensing fees	4,521,058	3,205,775
Deferred revenue - franchise licensing fees	<u>4,063,117</u>	<u>2,059,946</u>
Total long-term liabilities	8,584,175	5,265,721
Equity		
Partner capital	(2,684,491)	(1,293,456)
Total liabilities and equity	<u>\$ 7,118,718</u>	<u>\$ 4,620,054</u>

(See independent accountant's audit report and accompanying notes to the financial statements)

DRIPBaR Franchising LLC
Statement of Cash Flows
For the Years Ended December 31, 2022 and December 31, 2021

	2022	2021
Operating activities		
Net income (loss)	\$ (1,226,140)	\$ (613,933)
Add: non-cash expenses	4,792	
Change in accounts receivable	91,514	(127,500)
Change in prepaid cost of revenue	(2,708,341)	(2,124,103)
Change in prepaid expenses and other current	4,725	29,998
Change in other current assets	(29,231)	
Change in current liabilities	102,997	1,439
Change in deferred revenue - current and non-current	3,786,701	3,806,846
Net cash provided by operating activities	27,017	972,747
Investing activities		
(Increase) decrease in notes receivable	75,000	-
Increase (decrease) in notes payable	-	(230,666)
Sale (purchase) of equipment	(65,000)	-
Net cash provided (used) by investing activities	10,000	(230,666)
Financing activities		
Partner contributions	22,352	-
Partner distributions	(187,247)	(251,521)
Net cash provided (used) by financing activities	(164,895)	(251,521)
Net change in cash	(127,878)	490,560
Beginning cash	997,412	506,852
Ending cash	\$ 869,534	\$ 997,412

(See independent accountant's audit report and accompanying notes to the financial statements)

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

NOTE 1 – Summary of Significant Accounting Policies

Nature of operations

DRIPBaR Franchising LLC (hereafter the “Company”) is a limited liability company organized under Delaware law in July 2019. The company is engaged in franchising operations related to a business called “DRIPBaR”, which provides intravenous vitamin therapy services, as well as in-store availability of a variety of vitamins and supplements.

The company licenses both individual franchises and area representative rights to qualified parties wishing to assist with licensing and operating franchises within a specific geographical area.

Basis of presentation

The financial statements of the Company have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as set forth in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Cash and cash equivalents

The Company considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Revenue and cost recognition

The Company’s revenues are recognized in accordance with Accounting Standards Codification 606 – Revenue from Contracts with Customers (“ASC 606”). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

The Company’s primary sources of revenue are franchise licensing fees and area representative licensing fees. Franchise licensing fees are paid by franchisees for the right to operate a single location. Area Representatives are given the rights to recruit franchisees within a certain geographical area (their “territory”), although they are not parties to any franchise agreements entered into by franchisees they recruit. Area Representatives then have support responsibilities for franchisees they recruit, while receiving royalties from the franchises they support.

For purposes of revenue and cost recognition, these two sources of revenue are treated similarly.

Performance obligations under franchise agreements usually consist of (a) a franchise license, (b) pre-opening services, such as training, and (c) ongoing services, such as management of the brand marketing funds. Most of these ongoing performance obligations are highly interrelated, so they are not considered to be individually distinct and therefore are accounted for as a single performance

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

obligation, which is satisfied by providing a right to use the Company's intellectual property over the term of each franchise or area representative agreement (10 years).

The Company's performance obligation to provide training to area representatives is distinct, however, from the ongoing support services the Company provides to franchisees and area representatives. Therefore, an appropriate portion of area representative licensing fees is recognized upon the provision of training services. The remainder of area representative licensing fees is deferred and recognized over the term of the agreement (10 years).

The Company employs subcontractors to facilitate the sale of franchise agreements. These subcontractors are often paid commissions upon the receipt of payment by franchisees. These payments are recorded as an asset, while the actual fulfillment expense is recognized over the term of the agreement (10 years).

The Company employs subcontractors to fulfill the Company's performance obligations related to area representatives. These subcontractors are often paid in advance and such payments are recorded as an asset, while the actual fulfillment expense is recognized over the term of the agreement (10 years).

The Company also recognizes revenue in the form of regular monthly royalty payments from franchises. These payments are computed on the gross franchise revenue for the specific location, and considered earned at the end of the time period for which the royalty amount is determined.

Income taxes

The Company was treated as a partnership for federal, state, and local income tax purposes up until October 2021. On October 18, 2021, Zor411 Holdings LLC, (a Massachusetts LLC which owned a 50% interest) purchased the remaining 50% interest in the company from Intellectual Medicine LLC, thus making the Company a disregarded entity for tax purposes.

Income or loss of the Company is reported on the individual income tax returns of its member(s). Accordingly, no provision for income taxes is made in the financial statements. The Company's income tax filings are subject to possible audit by various taxing authorities, including the filings for 2022 and 2021.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

Evaluation of subsequent events

The Company has evaluated subsequent events through March 27, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – Notes Receivable

The Company had one note receivable outstanding at December 31, 2021 with Spears Cellular Health in the amount of \$75,000. This note was an advance on construction costs for a franchise location, and was expected to be repaid in 2022. However, the note was deemed uncollectible in 2022 and written off as a loss.

NOTE 3 – Other Current Assets

The company had other current assets at December 31, 2022 of \$30,010, comprised of a short term receivable of \$30,010. The short term receivable is expected to be received within a year.

NOTE 4 – Fixed Assets

The company paid contractors to develop its website and related applications for customers. These costs were accounted for within the framework of ASC 350-50, *Intangibles–Goodwill and Other-Website Development Costs*, which outlines five stages of website development, some of which are capitalized and some of which are expensed. The capitalizable costs have been amortized over five years, and an expected amortization schedule is presented below.

Year	Amortization Expense
2022	\$ 4,792
2023	13,000
2024	13,000
2025	13,000
2026	13,000
2027	8,208
Total	\$ 65,000

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

NOTE 5 – Prepaid Cost of Revenue

The Company employs subcontractors to facilitate the sale of franchise agreements. These subcontractors are paid, indirectly, through a related company called Zor411 LLC, which receives sales commissions and pays subcontractors to help sell franchise agreements. These commissions are often paid in advance and such payments are recorded as an asset, while the actual expenses are recognized over the term of the agreements. Following are schedules of commission expenses to be recognized for franchise agreements that commenced in 2021 and 2022, and commissions expenses to be recognized for area representative agreements that commenced in 2020, 2021 and 2022, as well as a summary schedule of the cost of revenue for 2022.

Cost of Revenue - 2022	
Commissions on area rep fees - see schedule	\$ 311,580
Commissions on franchise rep fees - see schedule	301,579
Royalty share	106,520
Total cost of revenue	\$ 719,679

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

NOTE 5 – Prepaid Cost of Revenue (continued)

Franchise License Commission Expenses to be Recognized - By Year			
	Franchise License Agreements Commenced in 2021	Franchise License Agreements Commenced in 2022	Total
2022	\$ 179,200	\$ 122,379	\$ 301,579
2023	179,200	222,000	401,200
2024	179,200	222,000	401,200
2025	179,200	222,000	401,200
2026	179,200	222,000	401,200
2027	179,200	222,000	401,200
2028	179,200	222,000	401,200
2029	179,200	222,000	401,200
2030	179,200	222,000	401,200
2031	74,334	222,000	296,334
2032	-	99,621	99,621
	\$ 1,687,134	\$ 2,220,000	\$ 3,907,134
\$ 1,792,000	Prepayments of commissions in 2021		
2,220,000	Prepayments of commissions in 2022		
(104,866)	Less: Commissions expense recognized in 2021		
(301,579)	Less: commissions expense recognized in 2022		
\$ 3,605,555	Prepaid Commissions - 12/31/22		

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

NOTE 5 – Prepaid Cost of Revenue (continued)

Area Rep Commission Expenses to be Recognized - By Year				
	Area Rep	Area Rep	Area Rep	
	Agreements	Agreements	Agreements	
	Commenced	Commenced	Commenced	
Year	in 2020	in 2021	in 2022	Total
2022	\$ 92,310	\$ 149,520	\$ 69,750	\$ 311,580
2023	92,310	149,520	124,650	366,480
2024	92,310	149,520	124,650	366,480
2025	92,310	149,520	124,650	366,480
2026	92,310	149,520	124,650	366,480
2027	92,310	149,520	124,650	366,480
2028	92,310	149,520	124,650	366,480
2029	92,310	149,520	124,650	366,480
2030	39,745	149,520	124,650	313,915
2031	-	95,265	124,650	219,915
2032	-	-	54,900	54,900
	\$ 778,225	\$ 1,440,945	\$ 1,246,500	\$ 3,465,670
\$ 923,100	Prepayments of commission expenses in 2020			
1,003,534	Prepayments of commission expenses in 2021			
1,101,500	Prepayments of commission expenses in 2022			
(52,565)	Expensed in 2020			
(146,565)	Expensed in 2021			
(311,580)	Expensed in 2022			
\$ 2,517,424	Prepaid area rep fees - 12/31/22			

NOTE 6 – Franchisee Deposits on Equipment

The company often receives payments from franchisees for equipment that the company purchases for them from specific vendors. These deposits are recorded as franchisee deposits on equipment, and totaled \$86,735 at December 31, 2022.

NOTE 7 – Deferred Revenue

The company recognizes franchise and area representative licensing fees over the 10-year term of each agreement. Following are schedules of revenue to be recognized for franchise agreements that commenced in 2021 and 2022 and area representative agreements that commenced in 2020, 2021, and 2022.

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

NOTE 7 – Deferred Revenue (continued)

Franchise Licensing Fee Revenue to be Recognized - By Year			
	Franchise License Agreements Commenced	Franchise License Agreements Commenced	
Year	in 2021	in 2022	Total
2022	\$ 244,800	\$ 145,997	\$ 390,797
2023	244,800	265,997	510,797
2024	244,800	265,997	510,797
2025	244,800	265,997	510,797
2026	244,800	265,997	510,797
2027	244,800	265,997	510,797
2028	244,800	265,997	510,797
2029	244,800	265,997	510,797
2030	244,800	265,997	510,797
2031	101,546	265,997	367,543
2032		119,999	119,999
	\$ 2,304,746	\$ 2,659,965	\$ 4,964,711
\$ 643,000	Franchise license fees collected in 2020		
1,805,000	Franchise license fees collected in 2021		
2,659,965	Franchise license fees collected in 2022		
(143,254)	Less: revenues recognized in 2021		
(390,797)	Less: revenues recognized in 2022		
\$ 4,573,914	Deferred franchise licensing fee revenue - 12/31/22		
\$ 510,797	Current portion		
4,063,117	Long-term portion		
\$ 4,573,914	Deferred franchise licensing fee revenue - 12/31/22		

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

NOTE 7 – Deferred Revenue (continued)

Area Representative Licensing Fee Revenue to be Recognized - By Year				
	Area Rep	Area Rep	Area Rep	
	Agreements	Agreements	Agreements	
	Commenced	Commenced	Commenced	
Year	in 2020	in 2021	in 2022	Total
2022	\$ 149,850	\$ 242,200	\$ 167,917	\$ 559,967
2023	149,850	242,200	202,250	594,300
2024	149,850	242,200	202,250	594,300
2025	149,850	242,200	202,250	594,300
2026	149,850	242,200	202,250	594,300
2027	149,850	242,200	202,250	594,300
2028	149,850	242,200	202,250	594,300
2029	149,850	242,200	202,250	594,300
2030	64,075	242,200	202,250	508,525
2031	-	155,150	202,250	357,400
2032	-	-	89,333	89,333
	\$ 1,262,875	\$ 2,334,950	\$ 2,077,500	\$ 5,675,325
\$ 1,538,500	Area rep fees collected in 2020			
2,492,000	Area rep fees collected in 2021			
2,077,500	Area rep fees collected in 2022			
(85,775)	Revenues recognized in 2020			
(346,900)	Revenues recognized in 2021			
(559,967)	Revenues recognized in 2022			
\$ 5,115,358	Deferred area rep revenues - 12/31/22			
\$ 594,300	Current portion			
4,521,058	Long-term portion			
\$ 5,115,358	Deferred area rep revenues - 12/31/22			

NOTE 8 – Related Party Transactions

The Company has contracted with Zor411 LLC, a Delaware LLC, to facilitate the sale of franchise agreements. Zor411 LLC has common ownership with Zor411 Holdings LLC, the entity which owns 100% of the Company.

The Company paid Zor411 LLC \$2,218,200 in 2021 and \$3,321,500 in 2022, most of which represented prepaid sales commissions.

DRIPBaR Franchising LLC

Audited Financial Statements

(With Independent Auditor's Report Thereon)

For the Years Ended December 31, 2021 and 2020

Prepared by DvorakCPA LLC

DRIPBaR Franchising LLC

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Independent Auditor's Report

To the Owner and Management
DRIPBaR Franchising LLC

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Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

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significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DRIPBaR Franchising LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

DvorakCPA LLC

Tampa, FL

June 15, 2022

DRIPBaR Franchising LLC
Statement of Income and Retained Earnings
For the Years Ended December 31, 2021 and December 31, 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Area rep licensing fees	\$ 346,900	\$ 85,775
Franchise licensing fees	143,254	15,000
Technology fees	11,203	-
Royalties	63,960	-
Total Revenues	<u>565,317</u>	<u>100,775</u>
Cost of revenues earned	<u>267,176</u>	<u>52,565</u>
Gross profit	298,141	48,210
Operating expenses		
Advertising and marketing	171,318	80,160
Bad debt	831	-
Bank charges and fees	1,137	562
Charitable contributions	1,000	-
Computer and software	51,411	17,719
Contracted services	213,969	40,000
Dues and subscriptions	16,071	299
Employee and client gifts	7,040	516
Insurance	5,840	-
Job supplies	364	6,000
Legal and professional	162,245	124,139
Meals and entertainment	2,549	3,551
Office	127	1,045
Payroll - gross wages	214,409	101,319
Payroll - employment taxes	21,087	9,408
Payroll - employee benefits	4,280	-
Reimbursable expenses	2,521	-
Taxes and licenses	56	422
Travel	28,369	6,023
Utilities	7,450	172
Total operating expenses	<u>912,074</u>	<u>391,335</u>
Net income (loss)	<u>(613,933)</u>	<u>(343,125)</u>
Beginning partner capital	(428,002)	15,123
Net income	(613,933)	(343,125)
Capital contributions	-	-
Capital distributions	(251,521)	(100,000)
Ending partner capital	<u>\$ (1,293,456)</u>	<u>\$ (428,002)</u>

(See independent accountant's audit report and accompanying notes to the financial statements)

DRIPBaR Franchising LLC
Balance Sheet
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets - cash		
Cash	\$ 997,412	\$ 506,852
Accounts receivable	127,500	
Note receivable - current	75,000	75,000
Prepaid expenses	4,725	34,723
Other current assets	779	779
Total current assets	1,205,416	617,354
Prepaid cost of revenue		
Area rep licensing	1,727,504	870,535
Franchise licensing	1,687,134	420,000
Total prepaid cost of revenue	3,414,638	1,290,535
Total assets	\$ 4,620,054	\$ 1,907,889
Liabilities		
Current liabilities		
Payroll taxes	\$ 112	\$ 9,500
Credit card payable	10,827	-
Deferred revenue - area rep licensing fees	392,050	189,850
Deferred revenue - franchise licensing fees	244,800	
Total current liabilities	647,789	199,350
Long-term liabilities		
Deferred revenue - area rep licensing fees	3,205,775	1,262,875
Deferred revenue - franchise licensing fees	2,059,946	643,000
Due to related third party	-	230,666
Total long-term liabilities	5,265,721	2,136,541
Equity		
Partner capital	(1,293,456)	(428,002)
Total liabilities and equity	\$ 4,620,054	\$ 1,907,889

(See independent accountant's audit report and accompanying notes to the financial statements)

DRIPBaR Franchising LLC
Statement of Cash Flows
For the Years Ended December 31, 2021 and December 31, 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Net income (loss)	\$ (613,933)	\$ (343,125)
Change in accounts receivable	(127,500)	-
Change in prepaid cost of revenue	(2,124,103)	(1,290,535)
Change in prepaid expenses and other current	29,998	(35,502)
Change in current liabilities	1,439	9,500
Change in deferred revenue - current and non-current	<u>3,806,846</u>	<u>2,228,391</u>
Net cash provided by operating activities	972,747	568,729
Investing activities		
(Increase) in notes receivable	-	(75,000)
Increase (decrease) in notes payable	<u>(230,666)</u>	<u>-</u>
Net cash provided (used) by investing activities	(230,666)	(75,000)
Financing activities		
Partner contributions	-	-
Partner distributions	<u>(251,521)</u>	<u>(100,000)</u>
Net cash provided (used) by financing activities	(251,521)	(100,000)
Net change in cash	490,560	393,729
Beginning cash	<u>506,852</u>	<u>113,123</u>
Ending cash	<u>\$ 997,412</u>	<u>\$ 506,852</u>

(See independent accountant's audit report and accompanying notes to the financial statements)

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 1 – Summary of Significant Accounting Policies

Nature of operations

DRIPBaR Franchising LLC (hereafter the “Company”) is a limited liability company organized under Delaware law in July 2019. The company is engaged in franchising operations related to a business called “DRIPBaR”, which provides intravenous vitamin therapy services, as well as in-store availability of a variety of vitamins and supplements.

The company licenses both individual franchises and area representative rights to qualified parties wishing to assist with licensing and operating franchises within a specific geographical area.

Basis of presentation

The financial statements of the Company have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as set forth in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Cash and cash equivalents

The Company considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Revenue and cost recognition

The Company’s revenues are recognized in accordance with Accounting Standards Codification 606 – Revenue from Contracts with Customers (“ASC 606”). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

The Company’s primary sources of revenue are franchise licensing fees and area representative licensing fees. Franchise licensing fees are paid by franchisees for the right to operate a single location. Area Representatives are given the rights to recruit franchisees within a certain geographical area (their “territory”), although they are not parties to any franchise agreements entered into by franchisees they recruit. Area Representatives then have support responsibilities for franchisees they recruit, while receiving royalties from the franchises they support.

For purposes of revenue and cost recognition, these two sources of revenue are treated similarly.

Performance obligations under franchise agreements usually consist of (a) a franchise license, (b) pre-opening services, such as training, and (c) ongoing services, such as management of the brand marketing funds. Most of these ongoing performance obligations are highly interrelated, so they are not considered to be individually distinct and therefore are accounted for as a single performance

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

obligation, which is satisfied by providing a right to use the Company's intellectual property over the term of each franchise or area representative agreement (10 years).

The Company's performance obligation to provide training to area representatives is distinct, however, from the ongoing support services the Company provides to franchisees and area representatives. Therefore, an appropriate portion of area representative licensing fees is recognized upon the provision of training services. The remainder of area representative licensing fees is deferred and recognized over the term of the agreement (10 years).

The Company employs subcontractors to facilitate the sale of franchise agreements. These subcontractors are often paid commissions upon the receipt of payment by franchisees. These payments are recorded as an asset, while the actual fulfillment expense is recognized over the term of the agreement (10 years).

The Company employs subcontractors to fulfill the Company's performance obligations related to area representatives. These subcontractors are often paid in advance and such payments are recorded as an asset, while the actual fulfillment expense is recognized over the term of the agreement (10 years).

The Company also recognizes revenue in the form of regular monthly royalty payments from franchises. These payments are computed on the gross franchise revenue for the specific location, and considered earned at the end of the time period for which the royalty amount is determined.

Income taxes

The Company was treated as a partnership for Federal, state, and local income tax purposes up until October 2021. On October 18, 2021, Zor411 Holdings LLC, (a Massachusetts LLC which owned a 50% interest) purchased the remaining 50% interest in the company from Intellectual Medicine LLC, thus making the Company a disregarded entity for tax purposes.

Income or loss of the Company is reported on the individual income tax returns of its member(s). Accordingly, no provision for income taxes is made in the financial statements. The Company's income tax filings are subject to possible audit by various taxing authorities, including the filings for 2021 and 2020.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

Evaluation of subsequent events

The Company has evaluated subsequent events through June 15, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – Notes Receivable

The Company had one note receivable outstanding at December 31, 2021 with Spears Cellular Health in the amount of \$75,000. This note was an advance on construction costs for a franchise location, and is expected to be repaid in 2022.

NOTE 3 – Prepaid Cost of Revenue

The Company employs subcontractors to facilitate the sale of franchise agreements and fulfill the Company's performance obligations related to area representatives. These subcontractors are often paid in advance and such payments are recorded as an asset, while the actual expenses are recognized over the term of the agreement. Following are schedules of commission expenses to be recognized for franchise agreements that commenced in 2021, and fulfillment expenses to be recognized for area representative agreements that commenced in 2020 and 2021.

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 3 – Prepaid Cost of Revenue (continued)

Commissions Expenses to be Recognized - By Year	
Year	Franchise License Agreements Commenced in 2021
2021	\$ 104,866
2022	179,200
2023	179,200
2024	179,200
2025	179,200
2026	179,200
2027	179,200
2028	179,200
2029	179,200
2030	179,200
2031	74,334
	<u>\$ 1,792,000</u>
\$ 1,792,000	Prepayments of Commissions in 2021
<u>(104,866)</u>	Less: Commissions Expense Recognized in 2021
\$ 1,687,134	Prepaid Commissions - 12/31/21

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 3 – Prepaid Cost of Revenue (continued)

Area Rep Fulfillment Expenses to be Recognized - By Year			
	Area Rep Agreements Commenced in 2020	Area Rep Agreements Commenced in 2021	Total
2021	\$ 92,310	\$ 54,255	\$ 146,565
2022	92,310	149,520	241,830
2023	92,310	149,520	241,830
2024	92,310	149,520	241,830
2025	92,310	149,520	241,830
2026	92,310	149,520	241,830
2027	92,310	149,520	241,830
2028	92,310	149,520	241,830
2029	92,310	149,520	241,830
2030	39,745	149,520	189,265
2031	-	95,265	95,265
	<u>\$ 870,535</u>	<u>\$ 1,495,200</u>	<u>\$ 2,365,735</u>
\$ 923,100	Prepayments of Fulfillment Expenses in 2020		
1,003,534	Prepayments of Fulfillment Expenses in 2021		
(52,565)	Expensed in 2020		
(146,565)	Expensed in 2021		
\$ 1,727,504	Prepaid Area Rep Fees - 12/31/21		

NOTE 4 – Deferred Revenue

The company recognizes franchise and area representative licensing fees over the 10-year term of each agreement. Following are schedules of revenue to be recognized for franchise agreements that commenced in 2021 and area representative agreements that commenced in 2020 and 2021.

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 4 – Deferred Revenue (continued)

Franchise Licensing Fee Revenue to be Recognized - By Year	
Year	Franchise License Agreements Commenced in 2021
2021	\$ 143,254
2022	244,800
2023	244,800
2024	244,800
2025	244,800
2026	244,800
2027	244,800
2028	244,800
2029	244,800
2030	244,800
2031	101,546
	<u>\$ 2,448,000</u>
\$ 643,000	Franchise License Fees Collected in 2020
1,805,000	Franchise License Fees Collected in 2021
<u>(143,254)</u>	Less: Revenues Recognized in 2021
<u>\$ 2,304,746</u>	Deferred Franchise Licensing Fee Revenue - 12/31/21

DRIPBaR Franchising LLC
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 4 – Deferred Revenue (continued)

Area Representative Licensing Fee Revenue to be Recognized - By Year			
	Area Rep	Area Rep	
	Agreements	Agreements	
	Commenced	Commenced	
Year	in 2020	in 2021	Total
2021	\$ 189,850	\$ 157,050	\$ 346,900
2022	149,850	242,200	392,050
2023	149,850	242,200	392,050
2024	149,850	242,200	392,050
2025	149,850	242,200	392,050
2026	149,850	242,200	392,050
2027	149,850	242,200	392,050
2028	149,850	242,200	392,050
2029	149,850	242,200	392,050
2030	64,075	242,200	306,275
2031	-	155,150	155,150
	<u>\$ 1,452,725</u>	<u>\$ 2,492,000</u>	<u>\$ 3,944,725</u>
\$ 1,538,500	Area Rep Fees Collected in 2020		
2,492,000	Area Rep Fees Collected in 2021		
(85,775)	Revenues Recognized in 2020		
(346,900)	Revenues Recognized in 2021		
<u>\$ 3,597,825</u>	Deferred Area Rep Revenues - 12/31/21		

NOTE 5 – Related Party Transactions

The Company has contracted with Zor411 LLC, a Delaware LLC, to facilitate the sale of franchise agreements and perform the Company's ongoing performance obligations related to area representatives. Zor411 LLC has common ownership with Zor411 Holdings LLC, which owns 100% of the Company.

The Company paid Zor411 LLC \$1,371,525 in 2020 and \$2,218,200 in 2021, most of which represented sales commissions and prepaid performance obligation costs.

The Company has also contracted with Shannon Petteruti to provide ongoing management services. Shannon was paid \$40,000 for these management services in 2020 and \$0 in 2021. Shannon is the owner of Intellectual Medicine LLC, which owned a 50% interest in the Company until October 18, 2021.

EXHIBIT E:
TABLE OF CONTENTS TO
CONFIDENTIAL OPERATIONS MANUAL
(Total Pages – 95 pages)

Operations Manual Table of Contents	Pages
Initial Introduction to DRIPBaR	29
Establishing the Business	47
Personnel - Staffing - HR	25
Administrative Procedures	27
Daily Procedures	12
Marketing the Brand	23
Brand Guidelines	33
SOP's & Protocols	95

EXHIBIT F:

LIST OF AREA REPRESENTATIVES

1. List of Currently Operating Area Representatives:

Name	State	Phone Number	Email
Geary Roberts	AZ	602-768-2288	Geary.Roberts@TheDRIPBaR.com
Chrissy Kaltenbronn	CO	312-659-9730	Kane.Kaltenbronn@TheDRIPBaR.com
Michael Reyes	CT	845-781-0289	michaelreyes323@gmail.com
Mark Taylor	FL	732-690-6544	mark.taylor@thedripbar.com
Hollie Gilbert	FL	561-866-9844	Hollie.Gilbert@TheDRIPBaR.com
Jeff Saunders	FL	201-655-0532	jeff.saunders@thedripbar.com
Amber Amaru	FL	803-448-4543	Amber.Amaru@TheDRIPBaR.com
Dr. Sargine Brutus	FL	917-324-1781	DrSargine.Brutus@TheDRIPBaR.com
Olga Depenbrock	FL	954-649-4652	olgayougohealthy@gmail.com
Shelba Murphy	FL	407-462-8322	Shelba.Murphy@TheDRIPBaR.com
Mark Taylor	FL	732-690-6544	mark.taylor@thedripbar.com
John Geisler	GA	419-343-0971	wlvnrhwky@me.com
Kevin Churchill	HI	808-896-4957	Kevin.Churchill@TheDRIPBaR.com
Keith Wing	IN	210-990-0334	Keithwing4@gmail.com
Manuel Torres	IN	210-990-0334	matorresb@me.com
Victor Holt	MD	202-369-1142	vholt@v-techsolutions.net
Sam Shango	MI	248-979-8505	sam.shango19@gmail.com
Lisa Young	MO, KS	636-459-6212	lisyayoung40@gmail.com
Danny Grammenopoulos	NC	704-777-1197	danny@gramcor.com
Candace Byrnes	NH, ME, VT	603-767-5686	candace@thedripbar.com
Carl Gould	NJ	973-464-0332	carl@carlgould.com
Charles Massimo	NY	718-986-3564	Charles.Massimo@TheDRIPBaR.com
David Abrams	NY, NJ	732-977-2326	dca1269@gmail.com
Rebecca Ko	OH	614-795-1088	rebecca.ko@thedripbar.com
Bryce Hood	OK	918-440-0174	bryce.hood@thedripbar.com
Pam Harrison	PA	407-276-5256	pam.harrison@thedripbar.com
Johnny Emmerson	SC	530-360-5220	jkemerson@icloud.com
Andrew Stocker	SC, GA	503-752-2202	Andrew.Stocker@TheDRIPBaR.com
Enrique Sanchez	TX	210-573-4619	Enrique.Sanchez@TheDRIPBaR.com
Ryan Wing	TX	972-821-2557	Ryan.Wing@TheDRIPBaR.com
Adam Miller	TX	512-627-7476	adam.miller@thedripbar.com

David Ricci	TX	214-636-6331	madeline.ricci@thedripbar.com
Greg Gasparini	VA	434-466-9094	Greg.Gasparini@thedripbar.com

2. The following is a list of Area Representatives for whom one or more Area Representative Agreement(s) have been signed but that are not yet operational as of December 31, 2022.

N/A

3. The name and last known address and telephone number of every Area Representative who were terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Area Representative Agreement during the one-year period ending December 31, 2022, or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document are as follows:

N/A

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

EXHIBIT G

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following States require that the Franchise Disclosure Document be registered or filed with the State, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT H

RECEIPTS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain English. Read this Franchise Disclosure Document and all agreements carefully.

If DRIPBaR Franchising, LLC offers you a franchise, it must provide this Franchise Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, DRIPBaR Franchising, LLC or an affiliate in connection with the proposed franchise sale.

Under Iowa, New York, Oklahoma or Rhode Island law, if applicable, we must provide this Franchise Disclosure Document to you at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Washington and Oregon require us to give you this Franchise Disclosure Document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If DRIPBaR Franchising, LLC does not deliver this Franchise 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, DC 20580, and the appropriate state agency identified on Exhibit B.

The name, principal business address and telephone number of each franchise seller offering the franchise is: DRIPBaR Franchising, LLC, 236 Franklin Street, Wrentham, MA 02093.

Issuance Date: April 12, 2023

See Exhibit B for our registered agents authorized to receive service of process.

I received a Franchise Disclosure Document dated April 12, 2023, that included the following Exhibits:

- EXHIBIT A: State Specific Addenda
- EXHIBIT B: State Franchise Administrators and Agents for Service of Process
- EXHIBIT C: Area Representative Agreement
- EXHIBIT D: Financial Statements
- EXHIBIT E: Operating Manual Table of Contents
- EXHIBIT F: List of Area Representatives
- EXHIBIT G: State Effective Dates
- EXHIBIT H: Receipts

Signature

Signature

Printed Name
Date: _____

Printed Name
Date: _____

Prospective Area Representative’s Copy

RECEIPT

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- EXHIBIT H: Receipts

Signature

Signature

Printed Name
Date: _____

Printed Name
Date: _____

DRIPBaR's Copy

You may return the signed receipt either by signing, dating, emailing and mailing it to DRIPBaR Franchising, LLC at: info@theDRIPBaR.com or 236 Franklin Street, Wrentham, MA 02093.