

FRANCHISE DISCLOSURE DOCUMENT



Barmetrix Hospitality LLC
A Maryland Limited Liability Company
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The franchise offered is for a service business providing outsourced audit services for inventory control of liquor, beer, wine, sundries and food for the hospitality industry.

The total investment necessary to begin operation of a Barmetrix franchise ranges from \$60,950 to \$65,600. This includes \$54,900 that must be paid to the franchisor.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this Disclosure 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 Raymond Walsh, our Chief Executive Officer, at 3607 Farragut Avenue, Kensington, Maryland 20895, (443) 439-9899.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov 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: February 25, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits H and I.
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 E 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 Barmetrix 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 Barmetrix franchisee?	Items 20 or Exhibits H and I list current and former franchisees. You can contact them to ask about their experiences.

What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.
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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 if you still have obligations to your landlord or other creditors.

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Kensington, Maryland. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Kensington, Maryland than in your own state.
2. You must make minimum royalty, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, 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.

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT G.

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we” means Barmetrix Hospitality LLC, the franchisor. “You” means the person who buys the franchise from Barmetrix Hospitality LLC. If “you” are a corporation, limited liability company, limited partnership or other entity, “you” includes your owners.

We are a limited liability company organized in the state of Maryland on December 7, 2021. We do business only under our corporate name and the trademarks described in Item 13 (the “Marks”). On March 8, 2022, we acquired all of the assets of Barmetrix USA LLC. Our principal business address is 3607 Farragut Avenue, Kensington, Maryland 20895.

Barmetrix USA, LLC, our predecessor, was a limited liability company organized in the state of Maryland on May 6, 2008. It did business only under its corporate name and under the Marks. Except as provided above. We have no parent companies. Except as described below, we have no affiliates that offer franchises in any line of business or provide products or services to our franchisees. If we have an agent in your state for service of process, we disclose that agent in Exhibit A.

We and our affiliates have developed a system and method of operating a business that provides audit services to the hospitality industry for inventory control of liquor, beer, wine, sundries and food (collectively, the “**Services**”). We refer to this business as the “Barmetrix Business.” We grant franchises for the operation of the Barmetrix Business under the form of Franchise Agreement attached as Exhibit C. We refer to the Barmetrix Business that you will operate under the Franchise Agreement as the “Franchised Business.” The Barmetrix Business utilizes proprietary software, distinctive business formats, systems, methods, procedures, designs, standards, and specifications, which we refer to collectively as the “System” and all of which we may further improve, develop, or otherwise modify periodically.

We began offering franchises in the United States on March 9, 2022, after we acquired the assets of Barmetrix USA LLC. As of December 31, 2024, there were 12 Barmetrix businesses operating in 15 franchised territories in the United States. We have not offered franchises in any other line of business or engaged in any other business activities.

One of our owners owns and operates Bar and Restaurant Consultants, LLC, which operates Barmetrix Businesses in three territories in Louisiana.

We believe the hospitality industry, the market for the services offered by Barmetrix Businesses, is established. Potential customers of the Franchised Business will include restaurants, hotels, bars and clubs. You will face competition from other businesses providing outsourced inventory control services relating to liquor, beer, wine, sundries and food, including other Barmetrix Businesses. We believe that Barmetrix Businesses will appeal to potential customers because, among other things, we offer a unique and computerized method of evaluation, plus training and ongoing consulting services to enable your customers to maximize profitability and minimize losses.

There are no regulations that apply specifically to the operation of the Franchised Business, however, customers of the Franchised Business will be regulated by state and local alcoholic beverage licensing laws. You must comply with laws that generally apply to all businesses. You should investigate these laws.

ITEM 2

BUSINESS EXPERIENCE

Raymond Walsh - Chief Executive Officer and Director

Raymond Walsh has been Chief Executive Officer and a Director since our inception. From May 2008 to March 2022, Mr. Walsh was Chief Operating Officer of Barmetrix USA LLC. Mr. Walsh maintains his primary office at 3607 Farragut Avenue, Kensington, Maryland 20895.

Daniel Breaux - Director

Daniel Breaux has been a Director since our inception. Since March 2013, Mr. Breaux has owned and served as President of Bar and Restaurant Consultants LLC, which operates Barmetrix Businesses in three franchise territories in Louisiana. Mr. Breaux maintains his primary office at 4939 Jamestown Avenue, Suite 103-A, Baton Rouge, Louisiana 70808.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Disclosure Document.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

When you sign the Franchise Agreement, you must pay us an initial franchise fee in the amount of \$54,900. If you first sign a deposit agreement in the form attached as Exhibit B (the “Deposit Agreement”) to indicate your bona fide intent to enter into a Franchise Agreement and have paid \$5,000 to us as a deposit under the Deposit Agreement, that deposit will be applied to the initial franchise fee when you sign your first Franchise Agreement, so that the balance due upon signing the Franchise Agreement would be \$49,900.

All initial franchise fees are deemed fully earned when paid.

Except as described in the following two circumstances, all deposits or initial franchise fees are not refundable under any other circumstance.

If we terminate the Franchise Agreement because you or your “Managing Owner” (who is your shareholder, partner or member designated to manage the Franchised Business) has failed to complete the initial training program to our satisfaction, then as long as you have executed a release in the form attached as Exhibit I (subject to applicable law), we will refund you 90% of the initial franchise fee you paid us.

If after you sign the Deposit Agreement and pay the \$5,000 deposit, we elect not to enter into a Franchise Agreement with you, then so long as you return all materials we have provided to you and you execute our standard form of release (subject to applicable law), we will refund the entire deposit to you. If after you sign the Deposit Agreement you elect not to enter into a Franchise Agreement with us, then so long as you return all materials we have provided to you and you execute our standard form of release (subject to applicable law), we will refund you \$2,500, and we will retain the remaining \$2,500.

ITEM 6

OTHER FEES

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Royalty (See Note 2)	8.0% of Gross Revenues generated each month between \$0 and \$62,500; 7.0% of Gross Revenues generated each month between \$62,501 and \$83,333; and 6.0% of Gross Revenues generated each month above \$83,333 or the Minimum Monthly Royalty, whichever is greater	Due on or before the 15th day of each month for the previous month's revenues	Gross Revenues include all revenue from the Franchised Business, excluding sales or use tax. The Minimum Monthly Royalty is set forth in Note 2.
Fund contribution (See Note 3)	Up to 4% of Gross Revenues	Due on or before the 15th day of each month for the previous month's revenues	At the present, the Fund contribution is 0.5%.

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Local Advertising	At least 1% of Gross Revenues	As incurred, calculated monthly	You will spend at least this amount every month to advertise the Franchised Business locally. You are not required to participate in any advertising cooperatives.
Application Hosting Fee	\$70 - \$100 per month	Due on or before the 15th day of each month	This is the fee for hosting our proprietary software, which you must use, on the Internet. We may increase this charge if the costs associated with hosting our proprietary software increase.
Customer Relationship Management (CRM) System Charge	\$30 - \$65 per month, per person	Due on or before the 15th day of each month	This is a charge for providing the CRM System, which you must use. We may increase this charge if the costs associated with the CRM System increase. The specific amount charged is tied directly to the cost of providing the CRM System, which we pass on to you without additional charge. We currently do not charge for the CRM System, but may do so in the future.
Email, Calendar and File Storage System	\$5 - \$10 per month, per person	Due on or before the 15th day of each month	This is a charge for providing the Email, Calendar and Storage System, which you must use. We may increase this charge if the costs associated with the Email, Calendar and Storage System increase. The specific amount charged is tied directly to the cost of providing the Email, Calendar and Storage System, which we pass on to you without additional charge.

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Various Promotional Programs	Will vary	As incurred	You must participate in any national, regional, or local promotional program we initiate in the future. We may require you to reimburse us your pro rata share of our costs for any programs we initiate. As of the date of this disclosure document, we have not initiated such programs and so cannot estimate the cost of them.
Renewal Fee	\$4,000	Upon grant of a successor franchise	Payable if you desire to acquire a successor franchise.
Transfer Fee	25% of then current initial franchise fee if transferee is an existing franchisee or an immediate family member of a Guarantor of the Franchise Agreement; otherwise the transfer fee is 50% of our current standard initial franchise fee	Before transfer is complete	Payable only in connection with a transfer of the Franchised Business or the Franchise Agreement.
Additional Training	Our then current training fee, currently \$3,000 per trainee	When additional training or re-training begins	We provide initial training for you and one employee at no additional cost (see Item 11), but we may charge you for training replacement employees and for training additional or newly-hired personnel.
System Website	\$750	As incurred	Payable to us if we provide you with a webpage on our website that references the Franchised Business.

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Supplier Evaluation Fee	Will vary, but will not exceed our cost in conducting the evaluation	As incurred	This covers our costs of evaluating suppliers you propose.
Refresher Training	\$3,000 - \$5,000	As incurred	If we require you and/or your employee(s) to participate in ongoing training, you must pay all travel and living expenses incurred in connection with attending the ongoing training and our then current refresher training fee (see Item 11).
Annual Convention	\$750 – 1,250	As incurred	If we require you to attend our annual convention, you must pay all travel and living expenses incurred in connection with attending the convention and our then current convention registration charge (see item 11).
Management Fee	Currently, \$500 per day plus our (or the third party's) out-of-pocket expenses. 5 day minimum	As incurred	Payable if we assume the management of the Franchised Business (or appoint a third party to assume its management) because you are in default under the Franchise Agreement.
Interest	Prime rate at Bank of America (as adjusted periodically) plus 4% (or the maximum rate permissible under applicable law)	As incurred	Payable to us on all amounts you owe us which are overdue. Interest will continue to accrue until the interest and the overdue amount are both paid.
Audit	Reimbursement of all our inspection expenses, including reasonable accounting and legal fees, plus interest on any unreported amounts	On demand	Due if you do not give us reports, financial statements, or other required information, or if our audit or inspection discloses an understatement of payment.

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Indemnification	Will vary	As incurred	You must indemnify and reimburse us for our costs if we are sued or held liable in any case having to do with your operation of the Franchised Business or your breach, violation or non-performance of any provision of the Franchise Agreement.
Early Termination Fee	The aggregate Minimum Monthly Royalty for each month remaining in the term of the Franchise Agreement or for the next twelve (12) months, whichever is less.	Due if your Franchise Agreement is terminated for cause by us or without cause by you.	The Early Termination Fee must be paid in addition to all other amounts owed under the Franchise Agreement.
Costs and Attorneys' Fees	Will vary with the circumstances	As incurred	You must reimburse us for our attorneys' fees and costs if you do not comply with the Franchise Agreement.

1. Unless otherwise stated, all fees are imposed by, payable to and collected by us, and are nonrefundable. All fees are uniform. You are required to pay any amounts owed to us by electronic funds transfer or such other payment system we designate from time to time, and you must sign all documentation required to authorize such payments.

2. You will pay us a continuing Royalty equal to eight percent (8.0%) of Gross Revenues generated each month between \$0 and \$62,500; seven percent (7.0%) of Gross Revenues generated each month between \$62,501 and \$83,333; and six percent (6%) of Gross Revenues generated each month above \$83,333, to be paid and accounted for on a monthly basis, or the Minimum Monthly Royalty provided below, whichever is greater:

Part of Term	Minimum Monthly Royalty
Months 1 to 6	No minimum
Months 7 to 12	\$500
Months 13 to 18	\$650
Months 19 to 24	\$800

Part of Term	Minimum Monthly Royalty
Months 25 to 36	\$1,000
Months 37 to 60	\$1,200

You must report Gross Revenues and other financial performance information to us in the manner we prescribe. All continuing Royalty payments are due by the 15th day of each month for Gross Revenues generated during the preceding month. We require you to pay the continuing Royalty by electronic funds transfer or such other payment system we designate from time to time, and you must provide all signed documentation required to authorize such payments.

The term “Gross Revenues” is defined in the Franchise Agreement as including all sums received by you from or arising out of the sale of all services and products sold or rendered by the Franchised Business, whether for cash or credit and regardless of collection in the case of credit, and all other income of every kind and nature related to the Franchised Business, excluding any sales taxes or other taxes collected by you during such period from your customers and paid to the appropriate taxing authority.

3. You will pay a Fund contribution equal to up to four percent (4%) of the Gross Revenues of the Franchised Business, to be paid and accounted for on a monthly basis. The current Fund contribution is .5% of Gross Revenues. It is anticipated that the required Fund contribution will increase to 1% of Gross Revenues in 2025. All monthly Fund contributions are due by the 15th day of each month for Gross Revenues generated during the preceding month. We require you to pay the monthly Fund contributions by electronic funds transfer or such other payment system we designate from time to time, and you must provide all signed documentation required to authorize such payments.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure*	Estimated Amount or Estimated Low-High Range	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee (See Note 1)	\$54,900	See Note 1	Upon execution of the Franchise Agreement	Us
Real Estate and Improvements (See Note 2)	Not included in total	N/A	N/A	N/A

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure*	Estimated Amount or Estimated Low-High Range	Method of Payment	When Due	To Whom Payment is to Be Made
Computer Hardware, Software and Measuring Equipment, Broadband Internet Connection (See Note 3)	\$1,250 - \$1,500	As Agreed	As Incurred	Outside Suppliers
Business Licenses and Permits (See Note 4)	\$300 - \$500	As Agreed	As Incurred	Third Parties
Professional Fees (See Note 5)	\$1,000 - \$3,000	As Agreed	As Incurred	Third Parties
Insurance (3 months) (See Note 6)	\$500 - \$700	As Agreed	As Incurred	Insurance Company
Training Expenses (See Note 7)	\$1,500 - \$2,000	As Incurred	As Incurred	Third Parties
Additional Funds – 3 months (See Note 8)	\$1,500 - \$3,000	As Incurred	As Incurred	Us and/or Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (See Note 9)	\$60,950 - \$65,600			

* Except as described below, none of the amounts in the table are refundable.

1. Your initial franchise fee (paid in a lump sum) will be \$54,900. We may offer financing for up to 50% of the initial franchise fee. See Item 10. If you sign the Deposit Agreement and have paid the \$5,000 deposit at that time, it will be applied toward your initial franchise fee (so that the balance of the initial franchise fee due at the time you sign the Franchise Agreement would be \$49,900). The deposit and all initial franchise fees are refundable only under the circumstances described in Item 5. We may offer to finance up to fifty percent (50%) of the initial franchise fee. If we agree to provide financing to you, the terms of repayment will vary depending on a number of underwriting factors. You will sign the Note (as defined in Item 10), which will provide for interest at 7% per annum and a maximum repayment period of 3 years. The Guarantors that execute the Franchise Agreement personally guarantee the debt owed under the Note as provided in paragraph 47 of the Franchise Agreement. See Item 10 for additional details.

2. We do not have any specifications or standards pertaining to real property, real estate deposits, leases, leasehold improvements, furniture, fixtures, fixed assets, vehicles, remodeling, construction or decorating costs because you will operate the Franchised Business out of your home and use a vehicle you already own or lease to visit customer sites to conduct audits and provide related services. Therefore, this chart does not include cost estimates for these items.

In addition, we assume that you will not need to obtain desks, chairs, and other standard office supplies and equipment and so we do not include estimates for these items.

3. You are required to purchase the computer hardware, software and other equipment described in Item 11.

4. Your state or local governments may require you to obtain a business license.

5. This estimates the funds needed for professional advisors (like an attorney and an accountant) for the initial review and advice consistent with the start-up of a Barmetrix Business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity and our franchise documents.

6. You must obtain and maintain certain types and amounts of insurance coverage which we periodically require. See Item 8. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenues, number of employees, location, business contents, and other factors bearing on risk exposure. This estimate contemplates insurance costs for 3 months.

7. This item estimates the travel and living expenses for one person to attend our initial training program. To the extent you send any persons to our initial training program, the expenses will be more.

8. This item estimates your initial start up expenses (other than the items identified separately in the table). These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the Franchised Business. Your costs depend on how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the revenue levels generated during the initial period. This figure does not include any wages that you decide to pay yourself or employees during the first 3 months of operation.

9. We relied on the experience of our existing Barmetrix franchises to compile these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We currently are not a designated or approved supplier of any items or services and there are no products for which there is only one source, except for our proprietary Pilot Inventory System, which you are licensed to use with the Barmetrix Business, and a Customer Relationship Management (CRM) System supplied through us (the charge for which is described in Item 6). There are no approved suppliers for these programs other than us. There are no approved suppliers in which any of our officers or affiliates owns an interest.

You must operate the Franchised Business in a manner and to a quality consistent with the System and in accordance with the then current System standards (including the Service quality and management processes we periodically specify). You must purchase the number and types of equipment (including hardware and software) specified in the Manual periodically (the “**Equipment**”). You also must purchase marketing materials and other forms and supplies we permit for use in operating Barmetrix Businesses (“**Supplies**”). In the future, we may limit the designated or approved suppliers of Equipment and Supplies to us, our affiliates, and/or other specifically designated suppliers, and, if we do, you will be required to buy or lease Equipment and Supplies during the term of the Franchise Agreement only from us, our affiliates, and/or the other specifically designated suppliers at the prices we and they decide to charge. Restricting your sources of Equipment and Supplies will help us ensure quality, consistency, reliability, financial capability, consumer relations, and also may allow us to achieve better terms of purchase.

We have the absolute right to limit the suppliers with whom you may deal and we will identify any designated or approved suppliers in the Manual or other written communications if and when we determine to impose supplier limitations.

You are required to purchase scanners and scales from us. This equipment is used in the operation of the franchised business. We may designate another supplier or suppliers for the scanners and scales that you must use in the operation of the franchised business. As of the effective date of this Franchise Disclosure Document, there are no other approved suppliers for scanners or scales other than us.

Except as provided above and in Item 11, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Franchised Business that you currently must buy or lease from us (or an affiliate) or designated suppliers. Any purchases from us and our affiliates, whether required or voluntary, generally will be at prices exceeding our costs (plus applicable taxes) (specific pricing depends on the particular item/service involved).

To maintain the quality of the Services that Barmetrix Businesses offer and sell and the System's reputation, we may condition your right to buy or lease Equipment, Supplies, and other items, and services (besides those that you may obtain only from us, our affiliates and/or other specified exclusive sources) on their meeting our minimum standards and specifications and/or being acquired from suppliers we approve. We will issue and modify standards and specifications based on the experience of our franchisees and our affiliates' franchisees in operating Barmetrix Businesses. Our standards and specifications may include minimum requirements for production, performance, reputation, prices, and quality. Our Manual or other communications will identify our standards and specifications for you and, where appropriate, suppliers. There might be situations where you may obtain items from any supplier who can satisfy our requirements and, therefore, would be an approved supplier.

If you want to buy any item that we have not yet approved as meeting our minimum specifications and standards or to buy from a supplier that we have not yet approved or designated, you first must notify us and, at our request, submit samples and other information we require to determine whether the item, service, or supplier meets our standards and specifications. We may charge you a reasonable fee for the inspection and evaluation (see Item 6) and will approve or

disapprove the proposed supplier or item within a reasonable time but not later than 90 days. We periodically will establish procedures for your requests and may limit the number of approved items, services, and/or suppliers as we think best. Supplier approval might depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, or concentration of purchases with limited suppliers to obtain better prices and service. Supplier approval might be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier's facilities during and after the approval process to make sure the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing.

You must send us for approval samples of all advertising, promotional, and marketing materials at least 10 days before the deadline for distributing them. If we do not disapprove the materials within 5 days after you have submitted them, they are deemed to be approved. You may not use any advertising, promotional, and marketing materials that we have disapproved.

Collectively, the purchases and leases described above are approximately 75% of your overall purchases and leases in establishing the Franchised Business and 15% of your overall purchases and leases in operating the Business. For fiscal year ended December 31, 2024, we generated revenues of \$18,300 as a result of required purchases from approved suppliers, which is 1.4% of our total revenues of \$1,277,892. In 2024, these revenues were generated from payments for scanners and scales. Except for the scanners and scales described above, we did not receive, and currently have no arrangements in place to receive, any payments from designated and approved suppliers on account of franchisee purchases of required and approved items from those suppliers. None of our affiliates receive, and currently there are no arrangements in place for any of our affiliates to receive, any revenue from sales to franchisees.

There currently are no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms). We do not provide material benefits to you (for example, renewal or granting additional franchises) for purchasing particular products or services or using particular suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
(a) Site selection and acquisition/lease	None	Not applicable
(b) Pre-opening purchases/leases	Sections 9 and 22 of Franchise Agreement	Items 6, 7, 8 and 11

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
(c) Site development and other pre-opening requirements	Section 8 of Franchise Agreement	Item 11
(d) Initial and ongoing training	Section 17 of Franchise Agreement	Items 6 and 11
(e) Opening	Section 8 of Franchise Agreement	Item 11
(f) Fees	Sections 4, 7, 10, 14, 15, 16, 26, 29(e) of Franchise Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies/Operating Manual	Sections 12 and 19 of Franchise Agreement	Items 8 and 11
(h) Trademarks and proprietary information	Sections 5 and 23 of Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Sections 9, 12, 15 and 19 of Franchise Agreement	Items 8, 11, 12 and 16
(j) Warranty and customer service requirements	Section 21 of Franchise Agreement	Not applicable
(k) Territorial development and sales quotas	Section 3 of Franchise Agreement	Item 12
(l) On-going product/service purchases	Section 9 of Franchise Agreement	Items 8 and 11
(m) Maintenance, appearance and remodeling requirements	None	Not applicable
(n) Insurance	Section 22 of Franchise Agreement	Items 7 and 8
(o) Advertising	Section 15 of Franchise Agreement	Item 6, 7 and 11
(p) Indemnification	Section 32 of Franchise Agreement	Item 6
(q) Owner's participation/management and staffing	Sections 13 and 20 of Franchise Agreement	Items 11 and 15
(r) Records/reports	Section 12 of Franchise Agreement	Item 6
(s) Inspections/audits	Section 16 of Franchise Agreement	Item 6
(t) Transfer	Section 29 of Franchise Agreement	Items 6 and 17
(u) Renewal	Section 7 of Franchise Agreement	Items 6 and 17
(v) Post-termination obligations	Section 27 of Franchise Agreement	Item 17
(w) Non-competition covenants	Section 24 of Franchise Agreement	Item 17
(x) Dispute resolution	Sections 35 and 43 of Franchise Agreement	Item 17

ITEM 10

FINANCING

After considering your financial condition and creditworthiness, we may offer to finance up to fifty percent (50%) of the initial franchise fee. If we agree to provide financing to you, the amount we finance and the term of repayment will vary and depend on a number of factors, including your financial wherewithal, your business acumen, the economy, the availability of credit from other sources, the number of other prospective franchisees seeking financing, and our own internal policies and procedures. You must sign a promissory note (“Note”) containing the terms of the financing, the form of which is attached as Exhibit D. The Note contains waivers of defenses of presentment and notice. We permit you to pay the calculated amount monthly over the contract period, with interest at 7% per annum for a maximum period of 3 years. The Guarantors that execute the Franchise Agreement personally guarantee the debt owed under the Note as provided in paragraph 47 of the Franchise Agreement. We, as the lender, do not take any security interest from you. If you elect to pay off the Note prior to the end of the term, you will not be penalized for the remaining months as long as you pay the principal portion due on the Note and accrued interest in full. It is not our intent to sell, assign, or discount to a third party all or part of the Note or any other financing arrangement.

If you default on the Note, we may declare the entire unpaid principal amount of the Note to be due and payable immediately. You will pay all costs and expenses of enforcement and collection of the Note, including attorneys’ fees and costs. If payment is not made, we may terminate the Franchise Agreement. You waive the right to assert any defenses to collection against us. We have the right to terminate any other franchise agreements you have with us if we terminate the Franchise Agreement for a default of the Note.

Except as provided above with respect to the initial franchise fee, we do not offer direct or indirect financing. We do not arrange financing from other sources. We do not guarantee any of your notes, leases or obligations.

ITEM 11

FRANCHISOR'S OBLIGATIONS, ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we need not provide any assistance to you.

Before you open the Franchised Business, we will:

- (1) Provide you access to one copy of our operations manual (the “**Manual**”). (Franchise Agreement – Section 1). This document contains our standards, requirements and policies and other information about your obligations under the Franchise Agreement. You must keep your copy of the Manual current and confidential and may not copy any materials. If a dispute arises over the contents of the Manual, our master copy controls. Exhibit F to this

Disclosure Document is the Manual's current table of contents. The Manual comprises 73 pages.

- (2) Designate your Territory (defined in Item 12). (Franchise Agreement – Section 3 and Schedule A).
- (3) Specify the number and types of Equipment (including computer hardware and software) and marketing materials and other forms and Supplies that we have approved for use in operating the Franchised Business. (Franchise Agreement – Section 9).
- (4) Train you in our System. (Franchise Agreement - Section 17). You must complete the training to our satisfaction before beginning to operate the Franchised Business. You must pay all expenses for you and your personnel during this training.

During your operation of the Franchised Business, we will:

- (1) Let you use the Marks. (Franchise Agreement – Section 5).
- (2) At our option, periodically initiate national, regional and/or local promotional programs for the Services. (Franchise Agreement – Section 12(d)).
- (3) Establish, maintain and administer one or more general and/or cooperative advertising group funds (each, a “**Fund**”) if we so choose. (Franchise Agreement – Section 15).
- (4) Train newly-hired or replacement employees on our System at your cost. (Franchise Agreement - Section 17).
- (5) Provide you with reasonable guidance and operating assistance as we deem appropriate in the operation of the Franchised Business. (Franchise Agreement - Section 18).
- (6) Let you use our proprietary software (Franchise Agreement – Section 9).
- (7) Let you use our Confidential Information. (Franchise Agreement – Section 23).

Advertising

Funds. We maintain and administer a Fund for national, regional, local and other advertising and promotional programs that we, in our sole discretion, deem necessary or appropriate. We may establish, maintain and administer additional Funds, as we, in our sole discretion, deem necessary and appropriate. Except where we specifically delegate Fund-related functions to third parties, such as a cooperative group of franchisees, we will direct all of a Fund's

advertising programs in our sole discretion with respect to the creative concepts, materials, endorsements and media used, and the placement and allocation of the advertising.

You must contribute to the Funds monthly in an amount up to 4% of Gross Revenues. The current Funds contribution is 0.5% of Gross Revenues. It is anticipated that the required Funds contribution will increase to 1% of Gross Revenues in 2025. The allocation of your contribution between Funds (if we establish multiple Funds) will be in our sole discretion. You will pay contributions to any Funds at the same time and in the same manner as you make Royalty payments to us. Other Barmetrix Businesses, whether franchised or company-owned, are not required to contribute to a Fund on the same basis as you.

Monies from a Fund may be used to pay for media costs, commissions, market research costs, creative and production costs, including the costs of creating promotions and artwork, printing costs, and other costs relating to advertising and promotional programs we undertake. We reserve the right to place and develop advertisements and promotions created by a Fund and to market the same as your agent, either directly or through an advertising agency. We will not use any Fund to defray our general operating expenses, except for the reasonable salaries, administrative costs, and overhead (calculated on a fully allocated basis), if any, as we may incur in activities reasonably related to the administration or direction of a Fund and its advertising programs (including conducting marketing research). We may, but are not obligated to, utilize a Fund or a portion of a Fund for advertising and promotions on the Internet or Internet-like services including creation and maintenance fees for websites. We do not audit any Fund but we will prepare a statement annually on the use of each Fund and provide it to you upon request. Each Fund will pay the cost of preparing the statement. During the last fiscal year ending December 31, 2024, the Funds did not make any expenditures as a result of the suspension of contributions after the outbreak of the COVID-19 pandemic.

Any Funds established will be for the benefit of the System. We currently produce in-house advertising materials and do not use the services of either a regional or national agency, but we reserve the right to engage such an agency in the future. We undertake no obligation in our administration of any Fund to ensure that any particular franchisee, including you, benefits directly or pro rata from the creation or use of the advertising and promotional materials a Fund creates. We are not required to spend any amount on advertising in your territory. Any monies in any Funds that are not spent in the fiscal year in which they accrue will be retained by those Funds and combined with monies collected in the next fiscal year. We do not use any monies in any Funds to solicit new franchise sales.

Local Advertising. In addition to required Fund contributions, you must spend at least 1% of Gross Revenues of the Franchised Business on a monthly basis to advertise and promote the Franchised Business locally. As part of this local advertising requirement, you may feature the Services offered by your Barmetrix Business in local advertising and promotions in respect of the Franchised Business; and in regard to this advertising and promotion, you must: (a) represent the Services in a manner that will favorably reflect on us and the Marks; and (b) report to us the details of this advertising and promotion and the results it produces.

You must arrange, and pay for, the placement in all Internet and other directories applicable to the Territory, a listing for the Franchised Business. If other Barmetrix franchisees are served by

the same directories, we may require a group listing of all of these Barmetrix Businesses, and the costs will be allocated among the franchisees of these Barmetrix Businesses. The cost of these listings will count toward satisfying your local advertising requirement.

You must submit to us for our approval all advertising, promotional, and marketing materials that you propose to use at least 10 days before the deadline for distributing them. If we do not disapprove the materials within 5 days after you have submitted them, they will be deemed to be approved. You may not use any advertising and promotional content or materials that we have disapproved.

Advertising Cooperatives. You are not required to participate in any advertising cooperatives.

Advisory Council. We currently have a franchisee advisory council consisting of five (5) members. Four (4) members are current franchisees appointed by us. The fifth member is Daniel Breaux, who is one of our owner who also operates a franchised business in Louisiana. The primary purpose of the franchisee advisory council is to foster communications among franchisees and between franchisees and us. The franchisee advisory council serves in an advisory capacity only and will has no operational or decision-making power.

Various Promotional Programs. We may periodically initiate national, regional and local promotional programs to market and promote the Services. If we initiate this type of program, you must participate in it.

System Website. We may establish a website to advertise, market and promote Barmetrix Businesses and the Services and/or the Barmetrix Business franchise opportunity (a “**System Website**”). We may provide you with a webpage on the System Website that references the Franchised Business. If we provide you with a webpage on the System Website, you must: (1) comply with any rules and requirements we establish pertaining to the System Website and your webpage; (2) notify us whenever any information on your webpage is not accurate; and (3) pay any fees we require for maintenance of the webpage. We will own all intellectual property and other rights in the System Website, including your webpage, and all information they contain (including, without limitation, the domain name or URL for your webpage, the log of “hits” by visitors, and any personal or business data that visitors supply).

We will maintain the System Website and periodically may update and modify the System Website (including your webpage). We have final approval rights over all information on the System Website (including your webpage).

Even if we provide you a webpage on our System Website, we will only maintain your webpage while you are in full compliance with the Franchise Agreement and all System standards we implement (including those relating to the System Website). If you are in default of any obligation under the Franchise Agreement or our System standards, then we may, in addition to our other remedies, temporarily remove your webpage from the System Website until you fully cure the default. We will permanently remove your webpage from the System Website upon the expiration or termination of the Franchise Agreement.

You may not develop, maintain, or authorize any other website that mentions or describes you or the Franchised Business or displays any of the Marks. We have the right to designate, approve, control or limit all aspects of your Franchised Business that you conduct over the Internet (“e-commerce”), including, use of e-names, e-mail, home pages, bulletin boards, social media, chat rooms, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware. You must follow all of our policies and procedures for the use and regulation of e-commerce and for its use with your Franchised Business and the System. (Franchise Agreement – Section 15).

Site Selection and Opening

Since you may operate the Franchised Business(es) from your home, we do not approve a site for the Franchised Business(es) nor would we or our affiliate own a site and lease it to you if you choose to operate from a site other than your home. We estimate that you will commence operations approximately 3 months after signing the first Franchise Agreement but you must commence operations within one hundred twenty (120) days after you sign the Franchise Agreement. It typically takes between 75-100 days between signing the Franchise Agreement and opening of the business. Factors affecting this length of time include your training schedule and your ability to obtain required insurance policies. You may not commence operations of the Franchised Business until: (a) you or your Managing Owner completes initial training to our satisfaction; (b) you pay the initial franchise fee and all other amounts due to us; and (c) you give us certificates for all required insurance policies.

Computer System

We currently do not require you to purchase or use an electronic cash register in operation of your Franchised Business. In order to operate the Franchised Business, however, you must purchase at a minimum the following computer system and equipment (or its equivalent) to audit your customers' inventory and to report the results of such audits to customers and to us (Franchise Agreement - Section 9):

Laptop:

1 Laptops with minimum 16 Gig RAM and a 250 Gig Solid State drive, running Windows 10 or higher

Recommended Manufacturer: Dell or HP

Mobile Computers:

1 Chainway C66

Scales:

2 G&G Electronic Portable Scales

2 Ohaus Shipping Scales

These can be purchased from any number of resellers.

Barcode Scanners:

1 x USB Laser Barcode Scanners

Recommended Manufacturers: Symbol or Welch Allyn

USB Flash Drives

2 x 4 Gig flash drives

The estimated cost to purchase the recommended laptop is between \$1,000 and \$1,200. You must pay for the cost of any computer maintenance, repairs, upgrades and updates that we may require from time to time, and there are no contractual limitations on the frequency or costs of these obligation in the Franchise Agreement. We estimate the annual costs incurred for any optional or required maintenance updating, upgrading or support contracts for the computer system between \$250 and \$500.

Software

We provide each Barmetrix Franchisee access to our proprietary software program, Pilot Inventory System. This system includes a client database that you must use to keep all client records and information, including customer names, customer lists, contact information, payment information, sales history, and audit report history. These systems will interface with our computer system, and we will have access to the information generated by the Franchised Business. The cost of your initial access to the Pilot Inventory System is included in the initial franchise fee, and you will not pay additional fees for the Pilot Inventory System. In the event we provide a CRM System for use by the Franchised Businesses, you will pay monthly fees between \$30 - \$65 per person for use of the CRM System. See Item 5.

In addition, you will need to purchase the following software applications for each laptop:

- Microsoft Office 365
- Anti Virus Software such as Norton, Symantec, Trend Micro or AVG
- Quick Books Online with Multiple User Access

We estimate the annual subscription costs for these items to be \$300 per year. You must pay for the costs of any software maintenance, repairs, upgrades and updates that we may require from time to time, and there is no contractual limitations on the frequency or costs of these obligations in the Franchise Agreement.

We reserve the right to require you to upgrade your computer hardware or software components at any time during the term of the Franchise Agreement. You will be responsible for the costs of such upgrades. We may modify the computer system specifications from time to time and you must comply with such modifications at your expense within 60 days after you receive notice from us.

You must maintain and use high-speed Internet access to operate the Franchised Business. You and our other franchisees must upload your client database each month to our hosted web server. If you fail to do so, we may restrict your access to our computer system and your inability to access our system will severely limit your ability to operate the Franchised Business.

You must provide us remote access to your computer systems to allow us to have regular access to your weekly audit schedule, your time tracking data, and your Quick Books data. This will facilitate our ability to troubleshoot and support your computer systems. As a result, we will have independent access to the information generated and stored on your computer systems, including customer names, customer lists, contact information, payment information, sales history, and audit report history. There are no contractual limitations on our right to access this information and you must make this information available to us electronically at all times and in other formats at our request. Upon expiration or termination of the Franchise Agreement, we will maintain access to this information.

Training

Initial Training. We will provide to you or your Managing Owner and one employee (who will be your full-time manager if you choose and if he or she satisfies our manager criteria to supervise the day-to-day operations of the Franchised Business in place of you) a mandatory initial training program on the operation of a Barmetrix Business. The initial training program will occur in three (3) phases and include both remote and in-person learning. The in-person portions of the initial training will be held at our offices in Kensington, Maryland, at designated practice venues, and/or other locations of our choosing.

Phase 1 of the initial training program consists of pre-recorded webinars through an online learning management system (LMS), phone call guided reviews, and virtual assignments, and virtual evaluations, which trainees may complete from home or in a remote environment of their choosing. Pre-recorded webinars are given in advance of the assignments and/or evaluations that cover the relevant material. Phase 1 will require approximately 1 week, full-time, to complete. As of the date of this Disclosure Document, Phase 1 of the initial training program is conducted according to the following outline:

TRAINING PROGRAM – PHASE 1 Introductory & Virtual

COLUMN 1 SUBJECT	COLUMN 2 HOURS OF CLASSROOM TRAINING	COLUMN 3 HOURS OF ON-THE-JOB TRAINING	COLUMN 4 LOCATION
Assistant 1	5	2.5	Remote Environment
Assistant 2	2	2.5	Remote Environment
Assistant 3	5	1	Remote Environment
Auditor 1	3	8	Remote Environment
Auditor 2	2	1	Remote Environment
Auditor 3	5	1	Remote Environment
Account Manager 1	4	2	Remote Environment
Account Manager 2	5	3	Remote Environment
Account Manager 3	3	10	Remote Environment
Client Solutions	5	2	Remote Environment
TOTAL	39	33	72

Phase 2 of the initial training program consists of phone calls, virtual training, and field training, which will need to be done both remotely at a place of your choosing and in person at a practice venue designated by us. Phase 2 will require approximately 3-4 weeks, Monday – Friday, to complete. It will include hands-on experience using the required equipment and performing the foundational components of our audit process. As of the date of this Disclosure Document, Phase 2 of the initial training program is conducted according to the following outline:

TRAINING PROGRAM – PHASE 2
Field Training

COLUMN 1 SUBJECT	COLUMN 2 HOURS OF CLASSROOM TRAINING	COLUMN 3 HOURS OF ON-THE- JOB TRAINING	COLUMN 4 LOCATION
Setup Day	3	6	At Practice Venue
Baseline Count	2	8	At Practice Venue
2nd Count/1 st Audit	2	7	At Practice Venue
3rd Count/2 nd Audit	3	6	At Practice Venue
Database Creation, Subcategories, Costs, Prices, Mapping	12	0	Remote Environment
Reviewing Report, Setting up Discovery	8	0	Remote Environment
Additional Training as Needed	10	10	Remote Environment or At Practice Venue
Finalizing Reports	8	0	Remote Environment
Additional Training as Needed	10	10	Remote Environment or At Practice Venue
TOTAL	58	47	

Phase 3 of the initial training program consists of office training and limited field work at our office in Kensington, MD or another location designated by us. It will include presentations, lessons, and field-testing of previous course knowledge using all required equipment. Each trainee will be certified in our audit process and introduced to our company vision, mission, and core values. Phase 3 also will include office administration concepts, business planning, and sales training. Phase 3 will require approximately 1 week, Monday – Friday, to complete. As of the date of this Disclosure Document, Phase 3 of the initial training program is conducted according to the following outline:

TRAINING PROGRAM – PHASE 3
Head Office Training

COLUMN 1 DAY	COLUMN 2 HOURS OF CLASSROOM TRAINING	COLUMN 3 SUBJECT	COLUMN 4 LOCATION
Monday	10	Intro to Office	Head Office
Tuesday	8	Test Audit Certification	Head Office Practice Venue
Wednesday	8	Test Audit Certification	Head Office Practice Venue
Thursday	8	Business Planning	Head Office
Friday	6	Sales Training	Head Office
TOTAL	40		

The initial training program must be completed to our satisfaction within 120 days after you sign the Franchise Agreement. The initial training program will last approximately 4-6 weeks. We use our Manual, other guides, our LMS, and video tutorials in conducting the initial training program. There is no fee for you or your Managing Owner and your full-time manager to attend the initial training program, but you are responsible for the travel and living expenses that you and your employees incur in connection with attending any part of the initial training program. If you wish to have additional personnel attend the initial training program, you must pay a fee of \$3,000 per person, as well as travel, living expenses and wages. There are currently no set dates or frequencies for the initial training program. We plan to be flexible in scheduling the initial training to accommodate our personnel, you, and your personnel.

The training is supervised and conducted by Raymond Walsh, our Chief Executive Officer. Mr. Walsh has been associated with the Barmetrix system since 2008, including over five years operating a Barmetrix business. His experience in the field and with us is described in Item 2 of this Franchise Disclosure Document. All instructors will have a minimum of two years operating a Barmetrix business.

Ongoing Training. You or your Managing Owner and other employees whom we may designate must participate in up to 10 days per year of various refresher training courses. You must pay all travel and living expenses incurred in connection with attending the refresher training and our then current refresher training fee. We estimate the cost of attending refresher training between \$3,000 and \$5,000. In addition, we may require you or your Managing Owner and other employees whom we may designate to attend our annual convention, which will typically be conducted over a period of 3 days. You must pay all travel and living expenses incurred in connection with attending the convention and our then current convention registration fee. We estimate the cost of attending the convention between \$1,500 and \$3,000.

ITEM 12

TERRITORY

You will receive a non-exclusive territory within which you will operate the Franchised Business. We will designate this geographic “Territory” in Schedule A of the Franchise Agreement. The premises designated on the first page of the Franchise Agreement will be the physical location of the Franchised Business' main office and where you will maintain all books and records relating to it (the “**Premises**”). The Premises may not be relocated without our prior written approval.

The Territory will typically be defined by zip codes and or counties. You will have non-exclusivity rights to operate the Franchised Business in the Territory during the term of the Franchise Agreement.

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

Except as provided above, we reserve, on behalf of ourselves and our affiliates, all other rights, including:

(1) the right to establish and operate, and to grant others the right to establish and operate, Barmetrix Businesses within and outside the Territory on the terms and conditions we deem appropriate, and regardless of proximity to the Premises;

(2) the right to promote and advertise the Barmetrix Business within the Territory, through all or any channels of distribution, including the Internet, mail order, telemarketing or other direct marketing both within and outside the Territory and on any terms and conditions we deem appropriate;

(3) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering any other services not related to outsourced liquor or food inventory audits to customers both within and outside the Territory on any terms and conditions we deem appropriate and whether identified by the Marks or other trademarks or service marks;

(4) the right to acquire the assets or ownership interests of one or more businesses providing services similar to those provided by Barmetrix Businesses, and franchising, licensing or creating similar arrangements with respect to those businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located and operating (including in the Territory); and

(5) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing services similar to those provided by Barmetrix Businesses, or by another business, even if the business operates, franchises, and/or licenses competitive businesses in the Territory.

We may, in our sole discretion, designate any customer as a “**National Account**” customer, including any customer that (i) owns, operates, licenses, controls or represents multiple locations in multiple franchised territories or (ii) requires a single contact for purposes of pricing, billing, centralized purchasing or customer satisfaction. We will periodically give you the option to provide Services to National Account customers with locations in your Territory so long as you honor the pricing, payment and other terms (including any sales commissions to be payable to us for procurement of the National Account customer). If you elect not to provide the Services to any National Account customer which you are offered, then we (or our affiliate or another franchisee) may provide the Services to that National Account customer regardless of where the National Account customer is located, including within the Territory. If you elect not to provide Services to a National Account customer we offer to you, then you will lose your right to provide Services to any National Account customers we designate in the future having locations in the Territory. You may not enter into any arrangement with any National Account customers which, in our reasonable judgment, conflicts with that National Account customer's arrangement with us. You must comply with the rules and regulations we issue and modify periodically in the Manual or otherwise in writing regarding the National Account program.

You may not solicit or service customers located outside your Territory without our express prior written consent. You may not use other channels of distribution, such as the Internet, catalog sales, telemarketing and other direct marketing, to provide the Services.

Although we have not done so, we and our affiliates may sell products or services under the Marks through any method of distribution other than a dedicated Barmetrix franchise, including sales through such channels of distribution as the internet, catalog sales, telemarketing, or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales and you will receive no compensation for our sales through alternative distribution channels.

We and our affiliates can use alternative channels of distribution to make sales of products or services under trademarks different from the Marks you will use under the Franchise Agreement, but we and our affiliates have not yet made any sales of this type.

Continuation of your Territory and territorial rights depends on your meeting the Performance Criteria specified below and in Schedule A of the Franchise Agreement. If you do not meet the specified Performance Criteria for any period, we may, at our sole option: (a) reduce the size of the Territory; or (b) terminate the Franchise Agreement. We may not otherwise alter or modify your Territory or your territorial rights during the term of the Franchise Agreement.

PERFORMANCE CRITERIA

Minimum Monthly Gross Revenues

The following Minimum Performance Criteria apply to the Franchised Business:

Part of Term	Minimum Gross Revenues per Month
Months 0 to 6	No minimum
Months 7 to 12	\$5,000
Months 13 to 18	\$7,000
Months 19 to 24	\$9,000
Months 25 to 36	\$11,000
Months 37 to 60	\$14,000

Minimum Performance Criteria for renewal terms (or for franchisees who acquire their Franchised Business through transfer from a Franchisee, rather than from the Franchisor) shall be modified to reflect the potential of an established market, and such requirements shall be set forth in an addendum to the renewal Franchise Agreement.

You have no options, rights of first refusal, or similar rights to acquire additional franchises.

As of the date of this Disclosure Document, neither we nor our affiliates operate, franchise, or have present plans to operate or franchise a business under a different trade name or trademark that sells Services similar to those that you will offer.

ITEM 13

TRADEMARKS

You may use certain Marks in operating the Franchised Business. The principal Mark is:

<u>Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
B BARMETRIX (with design)	5,461,879	May 8, 2018

We own this Mark and have registered it on the Principal Register of the United States Patent and Trademark Office (the “USPTO”). No affidavit or renewal filings are due.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor is there any pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Mark and no affidavits of use are currently due. There are no agreements currently in effect that significantly limit our rights to use or license use of the Marks that are material to you.

You must notify us immediately of any actual or apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark. We may take the action that we deem appropriate (including no action).

If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions at your expense.

We will protect your rights to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our Marks, as long as you have used the Marks properly and have notified us of any claim against you within 10 days of your knowledge of the claim. We will have sole control of any litigation involving the Marks.

We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the Franchised Business. We claim copyright protection for the Manual, although we have not registered any copyrights with the United States Copyright Office. You must not copy or otherwise reproduce the Manual and you must return it to us when the Franchise Agreement terminates or expires.

There currently are no effective determinations of the United States Copyright Office or any court regarding the copyrighted materials. No agreement limits our right to use or allow franchisees to use the copyrighted materials. We do not actually know of any infringing uses which could materially affect a franchisee's use of the copyrighted materials in any state. No agreement requires us to protect or defend copyrights or Confidential Information (defined below), although we intend to do so when the action is in the best interests of the System. No agreement requires us to indemnify you for your expenses or damages if you are a party to an administrative or judicial proceeding involving the copyrighted materials. You must notify us of any apparent infringement or challenge to your use of the copyrighted materials and follow our rules when you use the copyrighted materials.

You will not acquire any interest in our proprietary and confidential information, which includes information and disclosures relating to the System, customer names, customer business information, and our business affairs including the entire contents of the Manual (the “**Confidential Information**”). The duplication or use of the Confidential Information in any other business constitutes an unfair method of competition. You must: (1) not use the Confidential Information in any other business or capacity other than the Franchised Business; (2) maintain the

absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) not make unauthorized copies of or extracts from any portion of the Confidential Information disclosed in written or other tangible form; and (4) adopt and implement procedures that we require to prevent unauthorized use or disclosure to your employees, including using nondisclosure and non-competition clauses in employment agreements with your employees.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchised Business must at all times be under your or your Managing Owner's direct supervision, unless you have proposed and we have approved a full time manager who has completed our initial training program to our satisfaction. In addition, you or your Managing Owner or another full time manager you have designated) must work full time at the Franchised Business to supervise its day-to-day operations, and must exert your (or his or her) best efforts. You will hire all employees and independent contractors of your Franchised Business and are exclusively responsible for the terms of their employment/engagement and their compensation, and you must implement a training program for employees and contractors that complies with our standards. You must ensure that all of your employees and contractors wear uniforms approved by us while performing the Services in connection with operating the Franchised Business. If we request, your employees and contractors must sign non-compete agreements and/or agree to be bound by the restrictions governing Confidential Information described above.

If you are an Entity, your owners must sign the Franchise Agreement as guarantors, thereby personally guaranteeing your obligations under the Franchise Agreement and agreeing to be personally bound by, and personally liable for the breach of, every provision in the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer, sell and perform only the Services that we periodically require or authorize for Barmetrix Businesses, and only in accordance with our System standards, which may regulate, among other things, service quality and restrict the methods and software you use to perform the Services. You may not offer, sell or perform any services that we do not authorize in writing. We retain the right to change the types of Services that you must or may offer, sell and perform, and there are no limitations on our right to do so.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN AGREEMENT	SUMMARY
(a) Length of the franchise term	Section 6 of Franchise Agreement;	Franchise Agreement – 5 years
(b) Renewal or extension of the term	Section 7 of Franchise Agreement	You may renew the franchise for up to 3 renewal terms of 5 years each if you meet the requirements described in (c) below.
(c) Requirements for franchisee to renew or extend	Section 7 of Franchise Agreement	“Renewal” means signing our then current franchise agreement, which may include materially different terms and conditions from the original franchise agreement. You may renew only if you: have complied with the Franchise Agreement throughout the term, have satisfied all monetary obligations to us before renewal, sign our then current form of franchise agreement and general releases of any claims against us (other than claims arising from our representations in this Franchise Disclosure Document, its exhibits or amendments or as limited by state law), provide us with written notice of your intention to renew at least 6 months before the term expires, bring the Franchised Business into conformity with current specifications and standards, not be in default of any license entered into for the operation of the Franchised Business, and pay a renewal fee of \$4,000.
(d) Termination by franchisee	Section 5 of Deposit Agreement	If you (as an applicant) cancel the Deposit Agreement, then as long as you return all materials provided by us and execute our standard release (if state law allows), we will refund you 1/2 of the deposit you paid. Except as applicable law allows, you do not have the right to terminate the Franchise Agreement.

PROVISION	SECTION IN AGREEMENT	SUMMARY
(e) Termination by franchisor without cause	Section 4 of Deposit Agreement	If we in our absolute discretion cancel the Deposit Agreement, then as long as you return all materials provided by us and execute our standard release (if state law allows), we will refund you the deposit you paid. We may not terminate the Franchise Agreement without cause.
(f) Termination by franchisor with cause	Section 25 of Franchise Agreement	We may terminate only if you or your owners commit one of several violations (see (g) below).
(g) “Cause” defined – curable defaults	Section 25 of Franchise Agreement	You have 30 days to cure an unauthorized use of a Mark; a conviction or guilty or no contest plea to a felony or any crime or offense, or engaging in other misconduct that may adversely affect the reputation of Barmetrix Businesses; failure to pay taxes; a breach of any applicable law or regulation; a default of any operating permit; a failure to purchase required Equipment or Supplies; a failure to pay amounts due; a default under any other agreement with us; or a breach of any other provision of the Franchise Agreement.
(h) “Cause” defined – non-curable defaults	Sections 25 and 46 of Franchise Agreement	Franchise Agreement: Non-curable defaults include failure to complete initial training to our satisfaction; failure to commence operations of the Franchised Business within required time frame; failure to meet Performance Criteria in any year in the aggregate or in any three consecutive months; abandonment; bankruptcy-related events; your unauthorized (or attempted unauthorized) transfer in the event of your death or permanent incapacity or otherwise; your unauthorized use of the Manual or other Confidential Information.

PROVISION	SECTION IN AGREEMENT	SUMMARY
(i) Franchisee's obligations on termination/nonrenewal	Sections 26 and 27 of Franchise Agreement	We may assume the management of the Franchised Business, or appoint a third party to do so, for any period of time we deem appropriate. In this event, you will pay us (in addition to other amounts owed under the Franchise Agreement) a fee (see Item 6). Your obligations include: immediately discontinuing Business operations and use of the Marks; and, within 7 days after the effective date of termination/expiration: pay early termination fee (see Item 6) and all other amounts due, return Manual and other Confidential Information, deidentify as a Barmetrix Business, assign telephone numbers and e-mail addresses as directed, and provide us with a copy of your customer list.
(j) Assignment of contract by franchisor	Section 29 of Franchise Agreement	The Franchise Agreement is fully assignable by us.
(k) "Transfer" by franchisee – defined	Section 29 of Franchise Agreement	Includes transfer of the Franchise Agreement and sale of the Franchised Business or its assets.
(l) Franchisor approval of transfer by franchisee	Section 29 of Franchise Agreement	We must approve all transfers; no transfer without our prior written approval.
(m) Conditions for franchisor approval of transfer by franchisee	Section 29 of Franchise Agreement	Transferee or transferee's affiliates are not our competitors; you are not in default under the Franchise Agreement; you sign release (if law allows); transferee enters into a written assignment in form prescribed by us or signs a new franchise agreement (which may contain different provisions); transferee completes training at his/her expense and to our satisfaction; transfer fee paid (25% of then current initial franchise fee for existing franchisee or immediate family member of Guarantor; 50% of then current initial franchise fee for any other franchisee).
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 30 of Franchise Agreement	We may match any offer for any part of your interest in the Franchised Business.
(o) Franchisor's option to purchase franchisee's business	None	The Franchise Agreement does not provide for such an option.

PROVISION	SECTION IN AGREEMENT	SUMMARY
(p) Death or disability of franchisee	Sections 25 and 26 of Franchise Agreement	If you die or become permanently incapacitated, you or your estate must transfer the Franchised Business to a transferee approved by us within 6 months; otherwise we may terminate the Franchise Agreement and/or assume the management of the Franchised Business.
(q) Non-competition covenants during the term of the franchise	Section 24 of Franchise Agreement	You must maintain absolute confidentiality of the Confidential Information and must not directly or indirectly be engaged in, be employed by, have an interest in, or advise any competitive business.
(r) Non-competition covenants after the franchise is terminated or expires	Section 24 of Franchise Agreement	For 2 years, you must not directly or indirectly carry on, be engaged in, be employed by, have an interest in, or advise any competitive business within the Territory, within a 20 mile radius of the Territory, and/or within the territory of any other Barmetrix Business.
(s) Modification of the agreement	Section 49 of Franchise Agreement	No modifications without a written agreement signed by both you and us, although we may change the Manual and system Standards.
(t) Integration/merger clause	Section 38 of Franchise Agreement	Only the terms of the Franchise Agreement (including System standards in the Manual) are binding (subject to state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 43 of Franchise Agreement	Arbitration under the rules of the American Arbitration Association in our geographic area (subject to applicable state law).
(v) Choice of forum	Section 43 of Franchise Agreement	Arbitration under the rules of the American Arbitration Association in Washington DC or our geographic area if we are then located outside the metropolitan Washington DC area (subject to applicable state law).
(w) Choice of law	Section 35 of Franchise Agreement	Except for federal law, District of Columbia law applies (subject to applicable state law).

Applicable state law may require additional disclosures related to the information contained in this disclosure document. These additional disclosures, if any, appear in Exhibit G.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 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 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 stores. 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 store, however, we may provide you with the actual records of that store. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our CEO, Raymond Walsh, c/o Barmetrix Hospitality LLC, 3607 Farragut Avenue, Kensington, Maryland 20895, (443) 439-9899, the Federal Trade Commission, and the appropriate state regulatory agency.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

ITEM 20 TABLE NO. 1
Systemwide Outlet Summary
For years 2022, 2023 and 2024

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	12	13	+1
	2023	13	17	+4
	2024	17	19	+2
Company- Owned	2022	3	3	0
	2023	3	3	0
	2024	3	3	0
Total Outlets	2022	15	16	+1
	2023	16	20	+4
	2024	20	22	+2

ITEM 20 TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022, 2023 and 2024

Column 1	Column 2	Column 3
State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0
Totals	2022	0
	2023	0
	2024	0

ITEM 20 TABLE NO. 3
Status of Franchised Outlets
For years 2021, 2022 and 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
California	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Colorado	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Delaware	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Florida	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	2	0	0	0	0	5
Georgia	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Indiana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Louisiana	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
North Carolina	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Texas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Virginia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
District of Columbia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Totals	2022	12	1	0	0	0	0	13
	2023	13	4	0	0	0	0	17
	2024	17	2	0	0	0	0	19

ITEM 20 TABLE NO. 4
Status of Company-Owned Outlets
For years 2021, 2022 and 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Virginia (incl. DC)	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
Totals	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3

ITEM 20 TABLE NO. 5
Projected Openings
as of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
California	0	2	0
Colorado	0	1	0
Delaware	0	0	0
Florida	0	1	0
New York	0	1	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
Totals	0	5	0

Exhibit H lists the names of all current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2024.

Exhibit I lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Barmetrix franchise system. On one (1) occasion in the last three fiscal years, we signed an agreement with a franchisee that contains a confidentiality clause.

As of the issuance date of this Franchise Disclosure Document, there are no trademark-specific franchisee organizations associated with the franchise system and no independent franchisee organizations.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit E are copies of the following: (i) the Audited Consolidated Financial Statements for Barmetrix Hospitality, LLC as of December 31, 2024, (ii) the Audited Consolidated Financial Statements for Barmetrix Hospitality, LLC as of December 31, 2023 and (iii) the Audited Consolidated Financial Statements for Barmetrix Hospitality, LLC as of December 31, 2022.

ITEM 22

CONTRACTS

The Deposit Agreement is Exhibit B to this Disclosure Document, the Franchise Agreement is Exhibit C to this Disclosure Document, a form of General Release is Exhibit 1 to the Franchise Agreement, the Promissory Note is Exhibit D to this Disclosure Document, and the state-specific Riders to the Franchise Agreement are part of Exhibit G to this Disclosure Document.

ITEM 23

RECEIPT

You will find two copies of a receipt at the end of this Franchise Disclosure Document. You must sign and return one copy of the receipt to Franchisor.

EXHIBIT A

STATE AGENCIES

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws.

California

Department of Financial Protection and
Innovation

Los Angeles:
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

Sacramento:
2101 Arena Boulevard
Sacramento, California 95834
(916) 445-7205 or (866) 275-2677

San Diego:
1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 252-4044 or (866) 275-2677

San Francisco:
One Sansome Street, Suite 600
San Francisco, California 94104
(415) 557-3787 or (866) 275-2677

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and Consumer
Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Franchise Division
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-0735

Maryland

Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-7044

Michigan

Consumer Protection Division
Michigan Department of Attorney General
670 Law Building
Lansing, Michigan 48913
(517) 272-7177

Minnesota

Minnesota Department of Commerce
Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st Floor
New York, New York 10005
(212) 416-8222

North Dakota

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol Fifth Floor, Dept. 414
Bismarck, North Dakota 58505
(701) 378-4387

Oregon

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(401) 462-9588

Rhode Island

Department of Business Regulation
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, Rhode Island 02920
(401) 462-9588

South Dakota

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Virginia

State Corporation Commission
Division of Securities and Retail
Franchising
1300 East Main Street, 1st Floor
Richmond, Virginia
(804) 371-9733

Washington

Department of Financial Institutions
Securities Administrator
150 Israel Rd SW
Tumwater, Washington 98501
(360) 902-8736

Wisconsin

Securities and Franchise Registration
Wisconsin Securities Commission
P.O. Box 1768
Madison, Wisconsin 53701
(608) 266-8559

AGENTS FOR SERVICE OF PROCESS

Agents for service of process in the states described below are:

California

Commissioner
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana

Administrative Office of the
Secretary of State
201 State House
Indianapolis, Indiana 46204

Maryland

Maryland Securities Commissioner
200 Saint Paul Place
20th Floor
Baltimore, Maryland 21202-2020

Minnesota

Minnesota Department of Commerce
Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

New York

New York Secretary of State
99 Washington Avenue
Albany, New York 12231
(518) 473-2492

Rhode Island

Department of Business Regulation
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, Rhode Island 02920

South Dakota

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

Clerk of the State Corporation
Commission
1300 East Main Street
Ninth Floor
Richmond, Virginia 23209

Washington

Dept. of Financial Institutions
Securities Administrator
150 Israel RD SW
Tumwater, Washington 98501

Wisconsin

Commissioner of Securities
Wisconsin Commission
P.O. Box 1765
Madison, Wisconsin 53701

EXHIBIT B

DEPOSIT AGREEMENT FOR A BARMETRIX FRANCHISE

DEPOSIT AGREEMENT FOR A BARMETRIX FRANCHISE

_____ (hereinafter referred to as the "Applicant") has made application for a Barmetrix franchise. Receipt is hereby acknowledged of the sum of Five Thousand Dollars (\$5,000.00), which the Applicant hereby deposits as indication of the Applicant's bona fide intent to enter into a Barmetrix franchise agreement (the "Franchise Agreement") with Barmetrix Hospitality LLC (the "Franchisor").

1. The Applicant understands that, in reliance upon this application, a substantial amount of time may be exerted and expenses incurred by the Franchisor in seeking and evaluating territories suitable for a Barmetrix business and/or in undertaking various other steps preliminary to the granting of a Barmetrix franchise to the Applicant.

2. The Applicant shall have thirty (30) days from the date hereof to review and return complete executed copies of the Franchise Agreement and related documentation, along with the initial fees as required thereunder, failing which the Applicant shall be deemed to have cancelled this application in accordance with paragraph 5 hereunder.

3. In the event that a Franchise Agreement is entered into between the Applicant and the Franchisor, the entire amount of this deposit without any deduction whatsoever will be applied towards the initial franchise fee under the Franchise Agreement.

4. In the event the Franchisor in its absolute discretion, elects not to enter into a Franchise Agreement with the Applicant and grant a franchise to the Applicant and on condition that the Applicant returns all materials provided by the Franchisor, and executes the Franchisor's standard form release, the deposit shall be returned to the Applicant without deduction.

5. In the event that the Applicant desires to cancel this application prior to executing the Franchise Agreement, and on condition that the Applicant returns all materials provided by the Franchisor, and executes the Franchisor's standard form release, one half (1/2) of the deposit shall be returned to the Applicant.

6. In consideration of the services to be rendered to the Applicant hereunder, the Applicant agrees not to disclose (except to its legal and financial representatives who are bound by confidentiality obligations to the Applicant) or to make use of, either directly or indirectly any trade secrets or information disclosed to the Applicant in connection with this application, including, but not limited to, location selection methodology, suppliers, merchandising techniques and operating methods. It is intended that this paragraph shall survive termination, abandonment or cancellation of this application and shall be effective whether or not a Franchise Agreement is entered into between the parties.

7. The Applicant hereby authorizes the Franchisor to make enquiries of the Applicant's bankers and creditors as to their dealings with the Applicant and the Applicant's credit worthiness and hereby authorizes such bankers and creditors to disclose such information to the Franchisor.

8. The Applicant's rights under this application are personal in nature and are not transferable by assignment, will, operation of law, or otherwise.

9. The Applicant acknowledges and confirms that this application does not constitute an offer of a franchise by Franchisor. The Applicant further acknowledges and confirms that no franchise agreement shall be deemed to have arisen between the Applicant and the Franchisor by virtue only of the Applicant

executing this application or making such deposit. A franchise agreement shall only arise upon the execution by the Applicant and the Franchisor of the Franchise Agreement.

Each of the undersigned agrees to the terms of this application.

Barmetrix Hospitality LLC

APPLICANT:

_____, a(n)

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT C
FRANCHISE AGREEMENT

**BARMETRIX HOSPITALITY LLC
FRANCHISE AGREEMENT**

Dated as of the ____ day of _____, 20__ ("**Effective Date**").

Franchisee Information

Legal Name of Franchisee ("**Franchisee**"): _____

Business Premises Address ("**Premises**"): _____ Home Phone: _____

_____ Business Phone: _____

_____ Fax: _____

Email: _____ Cell Phone: _____

Legal Name and Address of Guarantor(s) ("**Guarantor**"): _____

Your signature below indicates your acceptance of the terms and conditions ("**Terms and Conditions**") stated below:

FRANCHISEE

Accepted by
BARMETRIX HOSPITALITY LLC

Signature (Authorized Signing Officer)

Signature (Authorized Signing Officer)

GUARANTOR

Signature

GUARANTOR

Signature

TERMS AND CONDITIONS

The following Terms and Conditions and the attached Schedules form a binding agreement ("**Agreement**") between the above-named Franchisee ("**you**" or "**Franchisee**"), the above named Guarantor(s) and Barmetrix Hospitality LLC ("**Franchisor**" or "**us**");

1. **Acknowledgement.** You acknowledge that Franchisor, and/or its licensors, are the owners of a unique marketing plan and system (the "**System**") relating to outsourced audits for inventory control of liquor, beer, wine and food for the hospitality industry, including without limitation, restaurants having liquor licenses, all as more particularly described in the Manual (the "**Services**"). The business of using the System and the Marks and the Manual to offer Services to customers is referred to as the **Barmetrix Business**.

2. **Definitions.** Where used herein or in any schedules hereto, the following terms shall have the following meanings:

(a) "**Entity**" means a corporation; limited liability company; or general, limited or limited liability partnership;

(b) "**Franchised Business**" means the Barmetrix Business operated by You under this Agreement;

(c) "**Gross Revenues**" means all sums received by you from or arising out of the sale of all services and products sold or rendered by the Franchised Business, whether for cash or credit and regardless of collection in the case of credit, and all other income of every kind and nature related to the Franchised Business, excluding any sales taxes or other taxes collected by you during such period from your customers and paid to the appropriate taxing authority.

(d) "**Managing Owner**" means, if you are an Entity, your managing shareholder, partner or member who manages the Franchised Business.

(e) "**Manual**" means all books, bulletins, notices, correspondence, training sessions, video or audio recordings, computer media, web casts, online training modules or other materials prepared by or on behalf of Franchisor for use by its franchisees, setting out information, advice, standards, requirements, procedures, instructions or policies relating to the offering, sale and performance of the Services;

(f) "**Marks**" means the trademarks, trade names, symbols, designs, logos, domain names, and other intellectual property, designated by Franchisor for use with the System from time to time, including but not limited to those set forth in Schedule A.

(g) "**Minimum Monthly Royalty**" means the minimum monthly royalty you must pay Franchisor each month as set forth in Schedule A.

(h) "**Minimum Monthly Gross Revenues**" means the minimum monthly Gross Revenues that you must generate each month as set forth in Schedule A.

(i) "**Premises**" means the premises at which the Franchised Business head office is to be located, the address of which appears above; and

(j) "**Territory**" means the geographic territory described as such in Schedule A.

3. **Grant.** Subject to the terms of this Agreement, Franchisor hereby grants you the non-exclusive right during the Term, and in accordance with the terms of this Agreement, using the System, the Marks, and the Manual (as amended from time to time), to offer Services to customers located in the Territory, and only within the Territory. Franchisor retains the right to license to other franchisees or anyone else the right to offer the same or similar Services to customers located in the Territory from within or outside the Territory. The foregoing constitutes Franchisee's sole rights to the Territory, and Franchisor, and those parties directly or indirectly licensed by Franchisor, are free to offer, sell and provide the Services to any person located within or outside the Territory, including using the Marks, or under different name(s) or marks.

3.1 Franchisor and its affiliates and licensees shall have the absolute right to promote and advertise the Services within the Territory, through all or any channels of distribution, including without limitation, such as the Internet, mail order, telemarketing. Accordingly, Franchisor or its affiliates or licensees may implement a referral program whereby you (and other franchisees) will be required to refer your customers with locations outside of the Territory, or for services not related to liquor or food inventory, to Franchisor or, upon Franchisor's direction, to other

franchisees]. The rules and details of such referral program established by Franchisor from time to time will be further set out in the Manual and, if implemented, it shall be mandatory for you to abide by it. You agree that, except if and when permitted by this referral program, you shall not solicit customers outside of your Territory without express prior written consent by Franchisor.

3.2 Franchisor and its affiliates and licensees shall have the right: (a) to acquire the assets or ownership interests of one or more businesses providing services similar to those provided by the Barmetrix Business, and franchising, licensing, or creating similar arrangements with respect to such businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located and operating (including in the Territory); and (b) to be acquired (whether through acquisition of assets, ownership interests, or otherwise, regardless of the form of transaction) by a business providing services similar to those provided by the Barmetrix Business or by another business, even if the business operates, franchises, and/or licenses competitive businesses in the Territory.

3.3 The Premises identified above are hereby designated by you as the physical location of the Franchised Business head office and where you will maintain all books and records relating thereto. The location or address of the Premises may not be changed from the address that appears above, except with the written consent of Franchisor, and in any event must remain in the Territory, unless you operate Franchised Businesses in more than one territory, in which case the Premises must remain in a territory in which you operate the Franchised Business. You are not permitted to open any additional offices or Premises under this Agreement.

3.4 In order to retain the Territory and your rights thereto, you must meet the “**Performance Criteria**”, which relate to the number of Services performed in specific time periods during the term of this Agreement. These “**Performance Criteria**” are set forth in Schedule A. If you do not meet the Performance Criteria for any time period, Franchisor may, at its sole option: (a) reduce the size of the Territory; or (b) terminate the Agreement in accordance with Section 25(c).

4. **Franchise Fee.** In consideration of your receipt of the rights granted by this Agreement, you shall pay to Franchisor an initial, non-recurring franchise fee (the “**Franchise Fee**”) which is non-refundable except as otherwise set forth herein in the amount of Fifty-Four Thousand Nine Hundred Dollars (\$54,900).

5. **License to Use Marks.** Franchisor grants you a non-exclusive license to use the Marks, in accordance with the terms of this Agreement and the Manual, solely in connection with your sale and performance of the Services and operation of the Franchised Business. Subject to this limited license, you will have no right, title or interest in the Marks. You may not use the Marks in any manner calculated to represent that you are the owner of the Marks. You will not, during the Term or at any time thereafter, dispute or contest the validity or enforceability of the Marks, attempt any registration thereof, or attempt to dilute the value of any goodwill attaching to the Marks. Any goodwill associated with the Marks shall belong exclusively to Franchisor. You recognize that Franchisor makes no representations or warranty to you that any of the Marks are registered or registerable, that Franchisor has the right or exclusive right to use any of the Marks, or that the Marks do not infringe any intellectual property, proprietary or other right of any person. You shall immediately notify Franchisor of any infringement of or challenge to your use of any of the Marks and Franchisor shall have the sole discretion to take such action as it deems appropriate. Franchisor agrees to indemnify you against and to reimburse you for all damages for which you are held liable in any proceeding arising out of the use of any of the Marks in compliance with this Agreement and for all costs reasonably incurred by you in the defense of any such claim brought against you or in any such proceeding in which you are named as a party, as long as you have notified us of any claim against you within ten (10) days of your knowledge of such claim. If it becomes advisable at any time in the sole discretion of Franchisor for you to modify or discontinue the use of any of the Marks or use one or more additional or substitute trade names or trademarks, you agree to do so at your sole cost and expense.

6. **Term.** The term of this Agreement will commence on the date hereof, and continue for a period of five (5) years (the “**Term**”).

7. **Renewal.** If throughout the Term, and any then current renewal term, as described herein, you shall have fully complied with all of the Terms and Conditions of this Agreement, including the Performance Criteria, and you shall have complied with the operating standards and criteria established for the Franchised Business, you shall have the option to renew this Agreement for up to three (3) renewal terms of five (5) years each. You will have no renewal

rights after the third (3rd) renewal term. Each separate renewal term shall commence on the expiry of the Term, or immediately preceding renewal term, as the case may be, and end on the fifth (5th) anniversary thereof, unless terminated sooner in accordance with the Terms and Conditions of this Agreement. For each separate renewal, you shall pay to Franchisor a renewal fee in the amount of four thousand dollars (\$4,000.00), and you must in full compliance with the following Terms and Conditions prior to the expiration of the Term, or immediately preceding renewal term, as the case may be:

(a) you shall give Franchisor written notice of your desire to exercise the renewal option herein provided for not less than six (6) months prior to the expiration of the Term, or immediately preceding renewal term, as applicable;

(b) you shall do or cause to be done all such things as Franchisor may require to ensure that the Franchised Business (including without limitation, the Equipment) satisfies the then current image, standards and specifications established by Franchisor for new franchises in the System whether or not such image, standards or specifications reflect a material change in the System in effect during the Term, or immediately preceding renewal term, as applicable;

(c) you shall have paid all amounts due and owing from you to Franchisor;

(d) you shall not be in default of any provision of any licenses for the Franchised Business and shall be able to renew such licenses as necessary;

(e) you and Guarantor shall have executed a general release of any and all claims against Franchisor, its directors, officers, agents and employees, their affiliates and the directors and officers thereof (other than claims arising from representations by Franchisor in its Franchise Disclosure Document, or its exhibits or amendments) in the form attached hereto as Exhibit 1; and

(f) at the commencement of each renewal term, you and Guarantor shall, at the option of Franchisor, execute a new franchise agreement in the form then being used by Franchisor, which may contain terms and conditions that differ from those contained in this Agreement, including without limitation, the then current System royalty rates, advertising contributions and Performance Criteria, and shall execute such other documents and agreements as are then customarily used by Franchisor in the granting of franchises. If Franchisor shall elect not to execute such a new franchise agreement, all of the provisions contained in the franchise agreement in effect immediately prior to the commencement of such renewal term shall remain in force during such renewal term (except for any further right of renewal after the third (3rd) renewal term).

8. **Commencement of Operations.** You agree not to commence operations of the Franchised Business until: (a) you (or your Managing Owner) satisfactorily complete Franchisor's initial training; (b) you pay the Franchise Fee and all other amounts then due to Franchisor; and (c) you give Franchisor certificates for all required insurance policies. Subject to your compliance with these conditions, you agree to commence operations of the Franchised Business within one hundred twenty (120) days after you sign this Agreement. If you do not commence operations of the Franchised Business within the applicable time frame, Franchisor may terminate this Agreement in accordance with Section 25(b).

9. **Equipment and Supplies.** Before you commence operating the Franchised Business, and throughout the Term, and any renewal thereof, you agree to purchase, license or lease from Franchisor or its authorized supplier(s) the number and types of equipment (including computer hardware and Franchisor's proprietary software and other third-party software) specified in the Manual from time to time (the "**Equipment**"). You also agree to purchase any and all initial and ongoing inventory of marketing materials and other forms and supplies permitted by Franchisor for use in the System (the "**Supplies**"), the list of which will be specified in the Manual from time to time. You agree that you may offer Services using only Supplies, and that you must purchase Equipment and Supplies only from Franchisor, or its authorized or designated suppliers. You acknowledge that Franchisor or its authorized or designated suppliers may profit from the sale of Equipment and Supplies you purchase from Franchisor or its authorized or designated suppliers. You shall use the Equipment and Supplies in the operation of the Franchised Business only and for no other purpose.

9.1 If you would like to purchase any Equipment or Supplies from an unapproved supplier, you must submit to Franchisor a written request for approval of the proposed supplier. Franchisor shall have the sole right to determine whether or not Franchisor approves such supplier. Franchisor shall have the right to inspect the proposed supplier's facilities, and to request product samples from the proposed supplier. Either you or the proposed supplier may be required to pay Franchisor a fee to make the evaluation (not to exceed Franchisor's costs in conducting such evaluation). Franchisor reserves the right to periodically re-inspect the facilities and products of any approved supplier and to revoke its approval if the supplier does not continue to meet any of Franchisor's criteria.

10. **Pricing and Other Monetary Issues.** You shall pay Franchisor or any other supplier for Equipment and Supplies in accordance with the terms of the supplier's purchase order procedures, or by any other method approved by Franchisor in writing. Where supplied by Franchisor, the terms and prices shall be those in effect at the time of shipment as provided on the price list published by Franchisor from time to time. All terms, prices, discounts and policies, and interest on overdue amounts may be changed by Franchisor at any time without notice.

10.1 Except in the case of National Accounts (which are customers of Franchisor), you are under no obligation to accept Franchisor's suggested resale prices as the lowest price at which you may offer and perform Services, and you may offer and perform the Services at any lower price you choose, having regard to your concern to develop and continually increase sales and to make a profit.

10.2 In the event that any volume discounts, rebate fees or discount bonuses (whether by way of cash, kind or credit) are received by Franchisor from any manufacturer or supplier designated by Franchisor, whether or not on account of purchases made (i) by Franchisor for its own account or for the account of you or (ii) by you directly for your own account, Franchisor shall be entitled to retain the whole of the amount or any part of such volume discounts, rebate fees or discount bonuses.

10.3 Unless otherwise indicated, all amounts listed in this Agreement are in, and are to be paid in U.S. Dollars. Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes that you are required to pay.

10.4 You agree to cooperate fully and comply with any system implemented by Franchisor for the transfer of funds directly from your bank account to Franchisor's or other designated bank account, including the execution of any pre-authorized payment forms required by your bankers, from time to time.

10.5 All amounts due to Franchisor or its affiliates by you shall bear interest after the due date at the "**Interest Rate**", calculated and payable weekly, not in advance, both before and after default, expiration or termination of this Agreement for any reason whatsoever, with interest on overdue interest at the aforesaid rate. Interest Rate means the commercial lending rate of interest which Franchisor's bankers quote from time to time as the reference rate of interest (commonly known as "prime") for the purposes of determining the rate of interest that it charges to its commercial customers for loans, plus four percent (4%). If that rate is not valid under applicable law, then the Interest Rate shall be the maximum rate permissible under applicable law.

11. **National Accounts.** Franchisor shall have the right to designate in its sole discretion any customer as a "**National Account**" customer, including any customer that (i) owns, operates, licenses, controls or represents multiple locations in multiple franchised territories or (ii) requires a single contact for purposes of pricing, billing, centralized purchasing or customer satisfaction. You shall have the option to provide Services to National Account customers with locations in your Territory and which are offered to you from time to time by Franchisor, so long as you honor the pricing, payment and other terms (including any sales commissions to be payable by you to Franchisor, or its agent, for procurement of the National Account) applicable to that National Account customer. If you elect not to provide Services to any such National Account customer, then without prejudice to any other remedy that Franchisor may have under this Agreement, Franchisor or other franchisees shall be permitted to provide Services to such National Account customer regardless of where the National Account customer's premises are located (even within the Territory). You may not enter into any relationship with a National Account that, in Franchisor's reasonable judgment, conflicts with the customer's National Account arrangement with Franchisor. You must comply with all rules and regulations that Franchisor may issue in the Manual from time to time for the National Account program. If you elect not to provide Services to a National Account customer offered to you by Franchisor, then Franchisor may terminate your right to provide Services to any future National Account customers with locations in the Territory.

12. Obligations; Access to Computer. You and Guarantor will, in accordance with the Manual (where specified): (a) offer and perform the Services in accordance with, and to a quality consistent with, the then current System standards (including without limitation, the service, quality and management processes specified by Franchisor) (b) comply with all laws, and adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct; (c) only offer such Services as are authorized from time to time by Franchisor, in its sole discretion; (d) participate fully in all national, regional and local promotions initiated by Franchisor; (e) devote your full time and attention to the Franchised Business (except where a full time manager has been approved by Franchisor); (f) maintain up-to-date books and records and a record keeping system for the Franchised Business that adheres to all of Franchisor's requirements from time to time, including entering any periodic time tracking reports into Franchisor's reporting system, as Franchisor prescribes from time to time; (g) by April 15 of each year (or other date specified by Franchisor), provide Franchisor with an annual statement of profit and loss for the Franchised Business as of the end of the previous calendar year, a balance sheet as of the end of that calendar year, and a statement of cash flow for that calendar year and evidence that all taxes due have been paid; (h) generate monthly income statements and balance sheets for the Franchised Business, to be made available to Franchisor at its request; (i) provide Franchisor with any electronic data and written or other reports as are specified in the Manual from time to time; (j) abide by and implement, at your own cost, all repair, maintenance and replacement guidelines for the Equipment and Supplies required by Franchisor from time to time; and (k) abide by and implement, at your own cost, all changes to the System.

You will acquire such computer hardware and software required by Franchisor from time to time in a configuration such that Franchisor shall have full, remote access to all information on your computer systems at all times. You will allow Franchisor to access your computer systems remotely in the manner required by Franchisor from time to time so that Franchisor has regular access to your weekly audit schedule, your time tracking data, and your Quick Books data. You will upload your customer database to Franchisor's server on or before the third day of each month and if you fail to do so, Franchisor may restrict your access to its computer systems, which will severely limit your ability to use your computer system in the operation of the Franchised Business.

13. Employees and Contractors. You will be responsible for all employee training, and wages and commissions payable to any employee(s) or contractor(s) engaged to assist in carrying out your obligations, and for all other legal obligations relating to their services. You shall ensure that all of your employees or contractor wear uniforms approved by Franchisor while performing their jobs in connection with the Franchised Business.

14. Royalties, Fees and Commissions. In return for the on-going rights and privileges granted to you under this Agreement, you shall pay to Franchisor, throughout the Term, royalties, CRM System user charges and application hosting fees in the amounts specified in Schedule A, such royalties, charges and fees to be payable in arrears on or before the fifteenth (15th) day of each month, for Gross Revenues generated and charges and fees incurred in the prior month. You must begin paying royalties, CRM System user charges and application hosting fees according to the time frames specified in Schedule A.

In addition, if you sell to customers located in your Territory training or consulting services to be provided by Franchisor, such customers shall pay Franchisor directly for such services. Franchisor shall then pay you a commission on such sale. The commission will be equal to a percentage of the revenue received by Franchisor in connection with its performance of such training and/or consulting services.

15. Advertising; Customer Data. Within the first ninety (90) days after you commence operations of the Franchised Business, Franchisor may require you to spend an amount set forth on Schedule A to advertise and market the Franchised Business within the Territory. You agree to comply with Franchisor's guidelines for this initial launch advertising program.

15.1 You agree that Franchisor may maintain and administer one or more general and/or co-operative advertising group funds (each a "**Fund**") for such international, national, regional, local and other advertising and promotional programs as Franchisor may deem necessary or appropriate, in its sole discretion. Except where it specifically delegates such functions for a Fund to others, such as a co-operative group of franchisees, Franchisor shall direct all such advertising programs in its sole discretion with respect to the creative concepts, materials, endorsements and media used therein, and the placement and allocation thereof.

15.2 Upon notice from Franchisor you shall contribute to the Funds in each year of the Term the amounts specified in Schedule A. Franchisor may increase the amount of your required contribution from time to time by an amount commensurate with inflation. The allocation of such amounts as between Funds shall be in the discretion of Franchisor. Any amounts payable hereunder to a Fund, shall be paid together with the royalty fees, for the preceding month.

15.3 Any Fund shall be used and expended for media costs, commissions, market research costs, creative and production costs, including without limitation the costs of creating promotions and artwork, printing costs, and other costs relating to advertising and promotional programs undertaken by Franchisor. Franchisor reserves the right to place and develop such advertisements and promotions and to market same as agent for and on behalf of you and other franchisees, either directly or through an advertising agency retained or formed for such purpose or through co-operative advertising groups composed of System franchisees designated by Franchisor, and Franchisee will pay all reasonable costs associated therewith. Any Fund shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, as Franchisor may incur in activities reasonably related to the administration or direction of a Fund and its advertising programs (including, without limitation, conducting market research). Without in any way limiting the foregoing, Franchisor may, but is in no way obliged, to utilize a Fund or a portion thereof for advertising and promotions on the Internet or Internet-like services including creation and maintenance fees for System websites. A statement shall be prepared annually on the use of a Fund and provided to you upon request, and the cost of such statement shall be paid by the Fund.

15.4 You acknowledge and agree that any Fund is intended for the benefit of the System, and that Franchisor undertakes no obligation in administering any Fund to ensure that any particular franchisee, including you, benefits directly or *pro rata* from the creation or use of such advertising and promotional materials.

15.5 Franchisor may administer advertising campaigns, promotions and contests promoting the Services generally, the contents of which shall be in its sole discretion.

15.6 In addition to your required Fund contributions, you agree to spend at least one percent (1%) of the Franchised Business' monthly revenue to advertise and promote the Franchised Business locally. As part of this local advertising requirement, you may feature the Services in local advertising and promotions in respect of the Franchised Business; and in regard to all such local advertising and promotion, you will: (a) represent the Services in a manner that will favorably reflect on Franchisor and the Marks; and (b) report to Franchisor the details thereof and results produced thereby.

15.7 You shall arrange, and pay, for the placement in Internet directories and other directories applicable to the Territory, a listing for the Franchised Business. If other Barmetrix franchisees are served by the same directories, Franchisor may require a group listing of all such businesses, and the costs shall be allocated among such franchisees by Franchisor, and you shall pay your share thereof on demand. The cost of such listings will count toward satisfying your local advertising requirement.

15.8 All advertising and promotional content and materials that you propose to use must be submitted to Franchisor in writing for pre-approval at least ten (10) days prior to the deadline for distributing the materials. If Franchisor does not disapprove the materials within five (5) days after you have submitted them, they shall be deemed approved. You may not use any advertising and promotional content or materials that Franchisor has disapproved.

15.9 Franchisor may establish a franchisee advisory council in which you must participate and you agree to pay any reasonable associated fees or costs. The primary purpose of any such advisory council will be to foster communications among franchisees and between Franchisor and franchisees. Any such council shall serve in an advisory capacity only and shall have no operational or decision-making power.

15.10 Franchisor may provide you with a webpage on Franchisor's website that references the Franchised Business. If so, you agree to comply with any rules and requirements, and pay any fees or costs Franchisor may periodically establish in connection therewith. You may not develop, maintain or authorize any other website that mentions or describes you or the Franchised Business or displays any of the Marks. You acknowledge and agree that as between you and Franchisor: (a) Franchisor holds all license rights in and to any websites and any e-names

created or used in connection with the System or Franchised Businesses; (b) Franchisor owns all rights, title and interest in and to any and all data or other information collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like; and (c) such data or other information also constitutes our Confidential Information (defined in Section 23 below). Franchisor has the right to designate, approve, control or limit all aspects of your Franchised Business that you conduct over the Internet (“**e-commerce**”), including, use of e-names, e-mail, home pages, bulletin boards, social media, chat rooms, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware. You must follow all of Franchisor’s policies and procedures for the use and regulation of e-commerce and for its use with your Franchised Business and the System.

15.11 You may not advertise, market or promote the Services or the Franchised Business within any territory that has already been assigned to Franchisor or another franchisee.

15.12 You acknowledge and agree that Franchisor is the sole owner of information contained in any customer database maintained by you (“**Customer Data**”) in connection with your operation of the Franchised Business and you must allow Franchisor complete access to your customers to enable Franchisor to conduct customer surveys on the quality of work you provide. Franchisor retains all rights in and to the Customer Data and is the sole owner of such upon termination. Franchisor may maintain Customer Data on its computer system and may use Customer Data for any purpose.

16. Inspections and Audits. Franchisor and/or its representatives shall have the right at all times to inspect the operation of the Franchised Business, Equipment, Premises and Services, and otherwise to examine the manner in which you are conducting the Franchised Business; in the event of any such inspection, you and your staff shall cooperate fully. Franchisor shall also have the right, upon prior notice to you, to inspect or audit, or cause to be inspected or audited the financial books, records, bookkeeping and accounting records, documents or other materials in respect of the Franchised Business, including the right, without limitation, to have a person check and verify your conduct of audits, and/or to examine and make copies of all accounting and business records and procedures.

16.1 In the event that any such audit or inspection shall disclose an understatement of payment, you shall pay to Franchisor, within two (2) days after your receipt of the inspection or audit report, the sums due on account of such understatement. Further, if such audit or inspection is made necessary by your failure to furnish reports, financial statements or any other documentation as herein required, or if it is determined by any such audit or inspection that your records and procedures were insufficient to permit a proper determination of payment due Franchisor for any year or part thereof to be made, or that payments made to the Franchisor for the period in question were understated by two percent (2%) or more of the amounts actually due, or that you were not complying with each of the provisions of this Section 16, you shall immediately take such steps as may be necessary to remedy such default in accordance with the recommendations of such auditor and you shall promptly pay to Franchisor all costs incurred in connection with such audit or inspection, including, without limitation, charges of an accountant and the travel expenses, room, board and compensation of employees of Franchisor.

16.2 If your records and procedures were insufficient to permit a proper determination of payments due, Franchisor shall have the right to deliver to you an estimate of payments due Franchisor for the period under consideration and you shall immediately pay to Franchisor any amount shown thereby to be owing. Any such estimate shall be final and binding upon you.

16.3 You must provide Franchisor within three (3) business days of a written request up-to-date customer lists, copies of customer invoices, and information in the form and medium Franchisor prescribes. Franchisor has the right to contact the customers to ascertain your quality of service, the level of customer satisfaction, and other information Franchisor may wish to obtain. You may not use the customer lists or information for any purpose whatsoever other than in the normal conduct of the Franchised Business.

17. Training. Franchisor will provide you (or, if you are an Entity, your Managing Owner) and one employee (which shall be your full time manager if you choose and we approve him or her to supervise the day-to-day operations of the Franchised Business in place of you) an initial training course of such duration as Franchisor deems necessary,

covering all necessary aspects of the System. Franchisor will provide training to additional or replacement employees at Franchisor's then-current training fee.

17.1 You (or your Managing Owner) and one of your other employees as Franchisor may require, must participate in up to ten (10) days per year of various refresher training courses. In addition, Franchisor may require you (or your Managing Owner) and one of your other employees as Franchisor may require, to attend Franchisor's annual convention, which will typically be conducted over a period of three (3) days.

17.2 You must pay all travel and living expenses which you (or your Managing Owner) and your employees incur in connection with your and/or their participation in all initial and ongoing training and our then current registration fees for annual conventions.

18. **Operating Assistance.** During the Term and any extension thereof, Franchisor shall provide you with such advice and guidance as Franchisor may from time to time deem necessary with respect to the Services and compliance with the System.

19. **Compliance with System.** You acknowledge that for the benefit of the System, Franchisor and all franchisees, it is necessary for you to operate the Franchised Business in a manner and to a quality consistent with the System. Therefore, without limiting the foregoing you agree to operate the Franchised Business and represent, offer and perform the Services in accordance with this Agreement, and in so doing, to abide strictly by Section 12 hereof, and all rules specified by Franchisor, from time to time, in the Manual, as amended by Franchisor from time to time, or otherwise as specified by the Franchisor. The obligation to comply with any amendment to the Manual (or part thereof) shall become effective immediately upon such amendment being available or accessible to Franchisee.

You shall promptly advise Franchisor of all trade secrets, know-how, ideas, concepts, designs, apparatuses, methods, techniques, processes, domain names, company and business names, fictitious names, inventions, trademarks, service marks, trade dress, commercial symbols, trade names, patents, copyrights and all other intellectual property relating to the development and operation of the Franchised Business ("**Improvements**"), conceived, developed or created by you, your Owners, your respective Affiliates, and all of their respective employees, agents and contractors during the Term and any renewal or extension of the Term. In order that such Improvements shall be made available to Franchisor and other franchisees for the benefit of the System, you agree that such Improvements are hereby assigned and transferred to Franchisor, including all copyrights, trade-marks or other rights in connection therewith, without further consideration. You will sign any documents and take such actions as may be necessary or advisable to document the assignment of Improvements to Franchisor and to establish and protect Franchisor's interest in such Improvements. You shall cause your affiliates and owners, and all of their respective employees, agents and contractors to assign, all of their rights in any Improvements (and waiver any moral rights associated therewith) to Franchisor as it may require. Franchisor shall have no obligation to adopt or implement any Improvement and you agree not to use or permit the use of any Improvement without obtaining Franchisor's prior written approval.

20. **Management of the Franchised Business.** The Franchised Business must at all times be under your (or, if you are an Entity, your Managing Owner's) direct supervision, unless you have proposed and Franchisor has approved a full time manager (who has successfully completed Franchisor's initial training) to directly supervise the Franchised Business. In addition, you (or your Managing Owner or full time manager) must work full time at the Franchised Business to supervise its day-to-day operations, and must exert your (or his or her) best efforts to promote and enhance the Franchised Business.

21. **Warranties.** The Equipment (other than Franchisor's proprietary software) and Supplies may carry warranty coverage provided by the respective manufacturer of each such item. Franchisor gives no representation or warranty to you (express or implied, oral or written, statutory or otherwise) regarding the Equipment or Supplies.

ALL EQUIPMENT AND SUPPLIES ARE PROVIDED "AS IS" AND "AS AVAILABLE" FOR YOUR USE. THERE SHALL BE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER OBLIGATION ON THE PART OF FRANCHISOR WITH RESPECT TO ANY OF THE EQUIPMENT (INCLUDING SOFTWARE) AND SUPPLIES. NEITHER FRANCHISOR NOR ITS AFFILIATES ARE LIABLE UNDER ANY CIRCUMSTANCES TO YOU FOR ANY CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL OR COLLATERAL DAMAGES OF ANY

NATURE WHATSOEVER IN CONNECTION WITH ANY OF THE EQUIPMENT OR SUPPLIES YOU OBTAIN FROM US OR OTHERS AND THEIR DESIGN (INCLUDING YOUR RIGHT TO USE, DELIVERY, INSTALLATION AND YOUR USE OF THEM), THE SERVICE AND FUNCTIONS THEY PERFORM (OR FAIL TO PERFORM), THEIR DESIGN AND THIS AGREEMENT, WHETHER BY REASON OF IMPERFECTION OR DEFECT IN THEM OR IN THEIR PERFORMANCE, FRANCHISOR (OR ANY OF FRANCHISOR'S AFFILIATES) BREACH OR OTHERWISE, EVEN IF FRANCHISOR (OR FRANCHISOR'S AFFILIATES) IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, REGARDLESS OF WHETHER THEY ARE BASED IN TORT OR IN CONTRACT. BECAUSE SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES, FRANCHISOR'S LIABILITY IN SUCH JURISDICTIONS SHALL BE LIMITED TO THE EXTENT PERMITTED BY LAW.

You shall not offer any warranty or warranties for the Services to customers, unless such warranty has been approved in writing by Franchisor.

22. **Insurance.** You shall, at your sole cost and expense, take out and keep in full force and effect throughout the Term and any renewal thereof, such types and amounts of insurance coverage as may be required by Franchisor from time to time, which may include without limitation, comprehensive public liability, general liability, product liability and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or incurring in connection with the operation of the Franchised Business. All such insurance must contain the minimum liability coverage Franchisor prescribes from time to time, and must be purchased from licensed insurers having an A.M. Best rating of "A" or higher and must name Franchisor and any affiliates Franchisor designates as additional insureds and provide for thirty (30) days prior written notice to Franchisor of a policy's material modification, cancellation or expiration. You routinely must furnish Franchisor copies of your certificates of insurance or other evidence of your maintaining the required insurance coverage and paying premiums.

23. **Confidentiality.** You and Guarantor agree during and after the Term to maintain the confidentiality of all information and disclosures made to you relating to the System, customer names, each customer's business information, and Franchisor's business affairs including, without limitation, the entire contents of the Manual (collectively "**Confidential Information**"), and will not disclose any Confidential Information whatsoever other than as may be required to enable you to conduct the Franchised Business, nor use any Confidential Information for your own or a third party's benefit or in any manner not specifically approved in writing by Franchisor. You shall have your shareholders, directors, officers, partners, employees and agents, and spouses of the foregoing (each a "**Covenantor**") execute such agreements as Franchisor specifies to ensure that each Covenantor is under similar duties as you are under this Section.

24. **Non-Competition and Non-Solicitation.** Neither you, your Managing Owner, nor Guarantor will: (a) during the Term and any renewal period, directly or indirectly, carry on or be engaged, employed or interested in or advise any business that competes with or is similar to the Franchised Business (a "**Competing Business**"); and (b) during the two (2) year period following the expiration, termination or Transfer of this Agreement for any reason whatsoever, directly or indirectly, carry on or be engaged, employed or interested in or advise a Competing Business operating within the Territory, and/or within a ten (10) mile radius of the Territory, and/or within the territory of any other Barmatrix Business in existence as of the date of such Transfer, expiration or termination of this Agreement .

24.1 Neither you nor Guarantor will, without Franchisor's prior written consent, during the Term and any renewal period, and during the two (2) year period following the expiration or termination or Transfer (defined in Section 29 below) of this Agreement, directly or indirectly, hire, solicit, interfere with or entice away, from Franchisor, or any other franchisee of Franchisor, any employee of Franchisor or any employee of another franchisee of Franchisor.

24.2 You shall have each Covenantor execute such agreements as Franchisor specifies to ensure that each Covenantor is under similar duties as you are under this Section.

25. **Events of Default.** Franchisor has the right to terminate this Agreement, without prejudice to any other legal right or remedy, if you are in default of your obligations hereunder and you fail to cure the default within thirty (30) business days of receiving written notice from Franchisor detailing your default (except in the event of default under Sections 25(a), (b), (c) (d) or (e) wherein no notice and time to cure shall be necessary). Without limitation, "default" includes:

(a) if in Franchisor's reasonable opinion, your participation in its initial training program discloses your inability to effectively operate the Franchised Business or if you fail to successfully complete the initial training program to Franchisor's satisfaction within 120 days;

(b) if you fail to commence operations of the Franchised Business within the period referenced in Section 8;

(c) if you: fail in any one year in the aggregate to meet the Performance Criteria, cease to carry on business or threaten to do so, or take any action to liquidate your assets or threaten to do so, or stop making payments in the usual course of business; you make a general assignment for the benefit of creditors or a bulk sale of your assets, you are the subject of any proceeding under any law relating to insolvency or bankruptcy;

(d) if you die or become permanently incapacitated and your estate does not transfer the Franchised Business to a transferee approved by Franchisor within 6 months, or you attempt to Transfer your rights hereunder without Franchisor's prior written consent;

(e) if you or Guarantor make or permit others to make unauthorized copies of the Manual or any part thereof, or you make or permit others to make any unauthorized use, duplication, distribution or disclosure of any Confidential Information;

(f) if you make a material unauthorized use of any Mark;

(g) if you (or any of your owners) are or have been convicted by a trial court of, or plead guilty or have pleaded no contest to, a felony or any other crime or offense that may adversely affect the reputation of Barmetrix Businesses, or the goodwill associated with the Marks, or engaged in any misconduct that may adversely affect the reputation of the Franchised Business or other Barmetrix Businesses or the goodwill associated with the Marks;

(h) if you fail to pay when due any federal or state income, service, sales or other taxes due on the operation of the Franchised Business;

(i) if you breach any applicable law or regulation, are in default of any operating permit, or fail to purchase the required Equipment or Supplies;

(j) if you fail to timely pay amounts due hereunder or otherwise breach any term or condition of this Agreement; or

(k) a default under this Agreement as provided in Section 46 below.

26. Assumption of Management. If Franchisor has deemed you to be in default under any provision of this Agreement or otherwise as described in Section 25 above, Franchisor has the right (but not the obligation) to assume the management of the Franchised Business for your account (or to appoint a third party to assume its management) for any period of time Franchisor deems appropriate. If Franchisor (or a third party) assumes the management of the Franchised Business, you agree to pay Franchisor (in addition to the royalty fees, Fund contributions and other amounts due under this Agreement) five hundred (\$500) dollars per day, plus Franchisor's (or the third party's) direct out-of-pocket costs and expenses, for up to a minimum of five (5) days after Franchisor assumes management. During the term of this Agreement, Franchisor may adjust the amount of this daily fee from time to time by an amount that is commensurate with inflation.

26.1 If Franchisor (or a third party) assumes the management of the Franchised Business, you acknowledge that Franchisor (or the third party) will have control over all of the revenue and the operations of the Franchised Business, and will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses or obligations the Franchised Business incurs, or to any of your creditors for any Supplies, Equipment, or other assets or services the Franchised Business purchases, while Franchisor (or the third party) manages it.

26.2 If Franchisor exercises its rights under this Section 26, such exercise will not affect its right to terminate this Agreement under Section 25 above or any other rights hereunder.

27. Effect of Termination. On the expiration or termination of this Agreement for any reason, you will immediately discontinue operation of the Franchised Business, and the use of the Marks; and within seven (7) days following the effective date of termination or expiration you will:

(a) account to Franchisor and pay for all amounts then due and unpaid, and return to Franchisor all copies of the Manual, and all other Confidential Information;

(b) make such modifications to the Equipment and the Premises (if any) as Franchisor shall require to remove all identification as a Barmetrix Business; and

(c) assign to Franchisor or its designee all telephone numbers and email addresses, and provide Franchisor with a complete copy of the customer list, associated with the Franchised Business, which Franchisor or its designee may use for their own purposes without compensation to you.

If you are terminated by reason of the failure to successfully complete initial training in accordance with Section 25(a), then provided you and Guarantor shall have executed a general release in the form attached hereto as Exhibit 1, in Franchisor's prescribed form, of any and all claims against Franchisor, its directors, officers, agents and employees, their affiliates and the directors and officers thereof (other than claims arising from representations by Franchisor in its Franchise Disclosure Document, or its exhibits or amendments), you shall be entitled to a refund of ninety percent (90%) of the Franchise Fee. Otherwise, in no event shall you be entitled to a refund or payment of any monies by Franchisor upon the expiration or termination of this Agreement for any reason whatsoever.

(d) If this Agreement is terminated for breach in accordance with Section 25 by Franchisor or terminated by you without cause within the first five years of the Term, an "**Early Termination Fee**" will be due and payable equal to the aggregate monthly Minimum Royalty for each month remaining in the Term of Franchise Agreement or for twelve (12) months, whichever is less. The requirement to pay the Early Termination Fee will in no way affect your obligation to pay all other amounts that may be due and owing and you agree that the Early Termination Fee is a genuine pre-estimate of damages (which would be difficult to calculate) and not a penalty.

28. Survival. All provisions of this Agreement which by their nature survive the expiration or termination hereof, including without limitation, those set out in Sections 23 through 28 shall survive the expiration or termination hereof. Notwithstanding the expiration or termination of this Agreement, or a Transfer, neither you nor Guarantor shall be released from any of your respective continuing obligations hereunder, including without any limitation, any amounts due and payable to Franchisor, their affiliates, or any suppliers, any confidentiality and non-competition covenants, or any other obligations or covenants in any of the foregoing, which by their nature, continue to apply after expiration or termination.

29. Assignment. This Agreement, your rights and interests hereunder, and the property and assets owned and used by you in connection with the Franchised Business shall not be sold, assigned, transferred shared or encumbered in whole or in part in any manner whatsoever including pursuant to an order of a Court under applicable family law legislation (any or all of which are defined in this Agreement as a "**Transfer**"), without the prior written consent of Franchisor, which shall not be unreasonably withheld. Any actual or purported Transfer occurring by operation of law or otherwise without Franchisor's prior written consent shall be a material default of this Agreement and shall be null and void.

29.1 In considering a request for consent to a Transfer, Franchisor may consider, among other things, the information set out in your application, the qualifications, good character, requisite general business experience, apparent ability to operate the Franchised Business and credit standing of the proposed transferee, and its partners, managers, principal shareholders, directors and officers, as appropriate. In addition, Franchisor shall be entitled to require as a condition precedent to the granting of its consent that:

(a) the proposed assignee or an affiliate of the proposed assignee is not a competitor of Franchisor;

(b) you shall not be in default under this Agreement, and you and Guarantor shall have executed a general release, in the form attached hereto as Exhibit 1, of any and all claims against Franchisor, its directors, officers, agents and employees, their affiliates and the directors and officers thereof (other than claims arising from representations by Franchisor in its Franchise Disclosure Document, or its exhibits or amendments);

(c) the proposed transferee shall have entered into a written assignment, in a form prescribed by Franchisor or, at the option of Franchisor, shall have executed a new franchise agreement in the form being used by Franchisor, which may contain provisions that differ from those contained herein, including without limitation, providing for the then current System royalties and fees and for greater expenditures for advertising and promotion than are provided hereunder, and shall have executed such other documents and agreements as are then customarily used by Franchisor in the granting of franchises;

(d) the proposed transferee completing, to the satisfaction of Franchisor, such training in the operations of the Franchised Business, at the proposed transferee's or your sole expense, as Franchisor may require; and

(e) if the transferee is an existing franchisee of Franchisor or an immediate family member of Guarantor, the transfer fee will be an amount equal to twenty-five percent (25%) of the then current initial franchise fee charged by Franchisor to new franchisees; and if the transferee is not an existing franchisee of Franchisor, the transfer fee will be an amount equal to fifty percent (50%) of such then current initial franchise fee.

The refusal of Franchisor to consent to the proposed Transfer based upon the non-compliance with any of the foregoing conditions shall not be deemed to be an unreasonable withholding of such consent. Franchisor's consent to a Transfer shall not operate to release you or Guarantor from any liability under this Agreement.

29.2 In the event you are an Entity:

(a) then the respective transfer, sale, issuance, assignment, pledge, mortgage or hypothecation of any shares, member interests or partner interests, or any change in the composition of the shareholders, members or partners, whether by operation of law, pursuant to an order of a Court under applicable family law legislation, or otherwise, or any amalgamation which results or could result in the change of control of you, as applicable, shall be deemed to be a Transfer of this Agreement and shall be subject to all of the provisions, Terms and Conditions precedent specified in this Section 29, which shall apply mutatis mutandis; and

(b) You will, upon Franchisor's request from time to time, deliver to Franchisor a certificate certifying as to the then current shareholders, directors, officers, members, or partners, as the case may be, of you.

29.3 Franchisor may assign this Agreement without your consent.

30. **Right of First Refusal.** Without in any way derogating from Franchisor's right to reject a proposed Transfer pursuant to Section 29 above, if at any time or times during the term of this Agreement, including any renewal thereof, you obtain a bona fide offer (the "**Offer**") to acquire the whole or any part of your interest in the Franchised Business, which you wish to accept, you shall promptly give written notice thereof to Franchisor together with a true copy of the Offer. Upon receipt of such notice and Offer, Franchisor or its nominee shall have the option of purchasing the property forming the subject matter thereof upon the same terms and conditions as those set out in the Offer except that:

(a) there shall be deducted from the purchase price the amount of any commissions, fee or transfer fee that would otherwise have been payable to Franchisor, any broker, agent or other intermediary in connection with the Transfer;

(b) Franchisor shall have the right to substitute cash for any other form of consideration specified in the Offer and to pay in full the entire purchase price at the time of closing.

30.1 Franchisor may exercise its option at any time within thirty (30) days after receipt of the said notice by giving written notice to you. If Franchisor declines to exercise such option and if such Transfer is approved by Franchisor in accordance with this Section 30, you shall be at liberty to complete the Transfer to such third party transferee in accordance with the Offer, provided that, notwithstanding the terms of the Offer, such transaction must be completed within thirty (30) days of the date on which Franchisor notifies you of its approval of such transaction. If the transaction is not completed within thirty (30) days, the foregoing provisions of this Section 30 shall apply again in respect of the proposed Transfer and so on from time to time.

30.2 In addition to the copy of the Offer you must give to Franchisor together with the notice described above, you shall provide Franchisor with:

(a) information relating to the business reputation and qualifications to carry on the Franchised Business of the proposed transferee;

(b) any credit information you may have as to the financial ability and stability of the proposed transferee, including, if the proposed transferee is an individual, his personal net worth statement and if the proposed transferee is an Entity, its latest financial statements.

31. **Business Risk.** You confirm that you have conducted a full and independent investigation of the business opportunity contemplated by this Agreement, recognize that it involves business risks and that its success will be largely dependent upon your ability as an independent businessperson. Franchisor expressly disclaims and you acknowledge that you have not received any representations, warranties or guarantee, expressed or implied, as to the actual or potential volume, profits, sales or success of the Franchised Business opportunity contemplated herein or of any other comparable business operated by Franchisor or any of its franchisees. You acknowledge that you have had ample time to read, and have read, this Agreement and fully understand its provisions.

32. **Indemnification.** You agree, during and after the term of this Agreement to indemnify and save Franchisor and its affiliates, and their respective directors, shareholders, members, managers, partners, officers, employees and agents harmless from any and all liabilities, losses, claims, demands, costs (including legal fees), penalties, fines and actions of any kind or nature whatsoever which they may suffer by reason of your operation of the Franchised Business, use of the Equipment and Supplies, or any breach, violation or non-performance by you of any term or condition of this Agreement.

33. **Severability.** If any provision of this Agreement is held to be invalid or unenforceable in whole or in part, all other provisions herein shall be unaffected thereby and separately valid and enforceable to the fullest extent permitted by law.

34. **Notice.** All notices, consents, statements, or other communications required or permitted to be given hereunder shall be in writing, and shall be delivered personally, by facsimile or by registered mail, postage prepaid, to the receiving party at its address as stated on this form, or at such other address as may be given by the receiving party to the other in writing from time to time. Such notices shall be deemed to have been given on the third business day following mailing or, if delivered personally or by facsimile, on the day of delivery if a business day or, if not a business day, on the next business day.

35. **Applicable Law.** This Agreement will be construed in accordance with and governed by the laws of the District of Columbia.

36. **Waiver of Obligations.** No acceptance by Franchisor of any payment by you and no failure, refusal or neglect of Franchisor to exercise any right under this Agreement or to insist upon full compliance by you with your obligations hereunder shall constitute a waiver of any provision of this Agreement.

37. **Legal Relationship.** The parties hereto hereby acknowledge and agree, that each is an independent contractor, that no party shall be considered to be the agent, representative, master or servant of any other party hereto for any purpose whatsoever, and that no party has any authority to enter into any contract, assume any obligations or to give any warranties or representations on behalf of any other party hereto. Nothing in this Agreement shall be construed to create a relationship of partners, joint venturers, fiduciaries, or any other similar relationship among the parties.

38. **Entire Agreement.** This Agreement and any schedules, together with Franchisor's Franchise Disclosure Document delivered to you in connection with this Agreement, are the entire agreement between the parties, and supersede all previous agreements and understandings between the parties, relating to the subject matter hereof. Nothing in this or in any related agreement, however, is intended to disclaim representations Franchisor made in the Franchise Disclosure Document that it furnished to you.

39. **Binding Agreement.** This Agreement will inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

40. **Joint and Several.** If two or more individuals or Entities (or any combination of two or more thereof) shall sign or be subject to the Terms and Conditions of this Agreement as Franchisee or as Guarantor, the liability of each of them under this Agreement shall be deemed to be joint and several.

41. **Waivers.** You, Guarantor and Franchisor waive: (a) the right to bring, or be a class member in, any class action or class proceeding by any of them against the other; (b) trial by jury with respect to any action or proceeding by any of them against the other; and (c) any right to or claim for any consequential, punitive or exemplary damages against one another.

42. **Limitations of Claims.** Any and all claims, except claims for monies due to Franchisor, arising out of or relating to this Agreement or our and your relationship shall be barred unless a legal proceeding is commenced within one (1) year from the date you or Franchisor knew or should have known of the facts giving rise to such claims.

43. **Dispute Resolution.**

43.1 Except as otherwise provided in this Section 43, all controversies, disputes, or claims between Franchisor, its affiliates, officers, directors, agents, employees, and attorneys (in their representative capacity) and you, your owners, and your guarantors, if applicable, arising out of or related to:

(1) this Agreement or any other agreement between you (or your owners or guarantors) and Franchisor or any provision of any of such agreements;

(2) Franchisor's relationship with you or your owners or guarantors); or

(3) the scope or validity of this Agreement or any other agreement between you (or your owners or guarantors) and us or any provision of any of such agreements (including the validity and scope of the arbitration obligation under this section, which Franchisor and you acknowledge is to be determined by an arbitrator, not a court),

will be submitted for arbitration to the American Arbitration Association. Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one arbitrator in accordance with the then existing commercial arbitration rules of the American Arbitration Association. Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator in Kensington, MD, or, if Franchisor's principal place of business is not then in Kensington, MD, then at a location selected by the arbitrator in the same county as the county in which Franchisor's principal office is then located. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law.

43.2 The arbitrator shall include in his or her award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive and declaratory relief and attorneys' fees and costs, provided that: (a) the arbitrator shall not have authority to declare any mark generic or otherwise invalid; and (b) subject to the exceptions in Section 45, Franchisor and you waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, and treble and other forms of multiple damages against the other. The award of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

43.3 Franchisor and you agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. Franchisor and you further agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the federal rules of civil procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or Franchisor. Franchisor reserves the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 44 hereof.

43.4 Franchisor and you agree that arbitration shall be conducted on an individual, not a class wide, basis, that only Franchisor (and our affiliates and our and their respective owners, officers, directors, agents and employees, as applicable) and you (and your affiliates and your and their respective owners, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this section, and that no such arbitration proceeding shall be commenced, conducted or consolidated with any other arbitration proceeding involving Franchisor and/or any other natural person, association, corporation, partnership, limited liability company or other entity. Notwithstanding the foregoing or anything to the contrary in this Section 43, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 43, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding. Sections 44 and 45 of this Agreement shall apply to such proceeding.

43.5 The provisions of this section are intended to benefit and bind certain third party non signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

43.6 Notwithstanding anything to the contrary contained in this Section 43, Franchisor and you have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction where arbitration would be seated in accordance with Section 43.1. In that case, Franchisor and you agree to contemporaneously submit the underlying dispute for arbitration on the merits according to this section.

44. **Costs and Attorneys' Fees.** If Franchisor or any of its affiliates take action to enforce this Agreement or take any action due to your breach of this Agreement, you shall reimburse Franchisor and its affiliates for their costs and expenses, including, but not limited to, reasonable accountants', 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 incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce or seek relief for a breach of this Agreement.

45. **Waiver of Jury Trial and Limitation of Liabilities.** You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against Franchisor (and the other parties indemnified under Section 32), provided that this provision shall not be deemed to constitute a waiver of any statutory right to damages to which you are otherwise entitled.

Franchisor and you hereby irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity.

To the full extent permitted by law, Franchisor and other parties indemnified by you will not be liable to you for prospective profits or special, indirect, or consequential damages, and in the event of a dispute against Franchisor or such other indemnified parties, you will be limited to the recovery of any actual damages sustained.

46. **Cross Default.** If you, Guarantor, or any of your shareholders, members, partners, principals or indemnifiers operates one or more other businesses using the Marks and/or the System, whether individually or together with any other persons, any default under any provisions of any one agreement governing the operation of a business, including this Agreement, shall be deemed to be an event of default under all agreements governing the operation of all such businesses.

47. **Guarantee and Indemnity.** In consideration of Franchisor entering into this Agreement with you and in consideration of the sum of two dollars (\$2.00) and other good and valuable consideration, (the receipt and sufficiency whereof is hereby acknowledged by Guarantor) Guarantor hereby unconditionally guarantees to Franchisor that you will pay all amounts to be paid and otherwise observe and perform all terms, conditions and obligations to be so observed and performed by you, either in this Agreement and/or in any agreement between you and Franchisor and/or any of its affiliates. If you shall default in making any such payments or in the observance or performance of any such obligations, Guarantor hereby covenants and agrees to pay to Franchisor forthwith all amounts not so paid by you and all damages that may arise in consequence of any such non-observance or non-performance.

47.1 Guarantor hereby waives all rights to payments and claims for reimbursement or subrogation which Guarantor may have against you arising as a result of Guarantor's execution and performance of the obligations contained herein.

47.2 Without in any way restricting or limiting the guarantee given by Guarantor as set out above or any other rights and remedies to which Franchisor may be entitled, Guarantor hereby covenants and agrees to indemnify and save Franchisor harmless against any and all liabilities, losses, suits, claims, demands, costs (including legal fees), fines and actions of any kind or nature whatsoever to which Franchisor shall or may become liable for, or suffer, by reason of the operation of the Franchised Business, or any breach, violation or non-performance by you of any term or condition of this Agreement, or any other agreement made between you and Franchisor and/or any of its affiliates.

47.3 In the enforcement of any of its rights against Guarantor, Franchisor may in its discretion proceed as if Guarantor was the primary obligor under this Agreement, or any other agreement made between you and Franchisor and/or its affiliates. Guarantor hereby waives any right to require Franchisor to proceed against you or any other person or to proceed against or to exhaust any security (if any) held from you, or to pursue any other remedy whatsoever which may be available to Franchisor before proceeding against Guarantor.

47.4 No dealings of whatsoever kind between Franchisor and you and/or any other persons as Franchisor may see fit, whether with or without notice to Guarantor, shall exonerate, release, discharge or in any way reduce the obligations of Guarantor in whole or in part, and in particular, and without limiting the generality of the foregoing, Franchisor may modify or amend this Agreement, grant any indulgence, release, postponement or extension of time, waive any term or condition of this Agreement or any obligation of you, take or release any securities or other guarantees for the performance by you of your obligations and otherwise deal with you and/or any other persons as Franchisor may see fit without affecting, lessening or limiting in any way the liability of Guarantor. Guarantor hereby expressly waives notice of all or any default of you.

47.5 Any settlement made between Franchisor and/or you and/or any other persons as Franchisor may see fit to deal with, or any determination made pursuant to this Agreement which is expressed to be binding upon you, shall be binding upon Guarantor.

47.6 Notwithstanding any assignment for the general benefit of creditors or any bankruptcy or any other act of insolvency by you and notwithstanding any rejection, disaffirmance or disclaimer of this Agreement (including its agreement and covenant under this Section 47), Guarantor shall continue to be fully liable hereunder.

47.7 Without in any way limiting the generality of any other section of this Agreement, the covenants and agreement of Guarantor contained in this Section 47 shall inure to the benefit of and be binding upon Guarantor and the heirs, executors, administrators, successors and assigns of Guarantor.

47.8 Guarantor acknowledges reviewing all of the provisions of this Agreement and agrees to be bound by, and personally liable for the breach of, each and every provision hereof insofar as applicable to him or her, including without limitation, the provisions relating to confidentiality, non-competition, transfer and dispute resolution.

48. **Set Off.** You may not, on grounds of the alleged non-performance by Franchisor of its obligations or otherwise, withhold payment of any royalty fees or other amounts due to Franchisor or its affiliates. Notwithstanding anything contained in this Agreement, upon your failure to pay to Franchisor as and when due, any amounts of money, Franchisor shall have the right at its election, to deduct any and all such amounts remaining unpaid from any monies or credits held by Franchisor for the account of you.

49. **Modification.** This Agreement may only be modified by a written agreement signed by Franchisor and you.

50. **Right to Information.** You and Guarantor consent to Franchisor obtaining, using and disclosing to third parties (including, without limitation, its licensors, perspective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by Franchisor or disclosed to Franchisor in accordance with this Agreement, including, without limitation, sales information and other information pertaining to the operation and performance of the Franchised Business.

51. **Receipt of Disclosure.** You acknowledge that you and Guarantor, each have received in a manner permitted by applicable franchise law, a copy of this Agreement, the schedules hereto, and a complete Franchise Disclosure Document, not less than fourteen (14) days prior to the earlier of: (i) the date on which this Agreement or any other agreement relating thereto was executed, and (ii) the payment of any consideration by you or on your behalf relating to this Agreement, and the Franchise Business associated therewith.

SCHEDULE A

Marks (Section 2(f)):

<u>Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
B BARMETRIX (with design)	5,461,879	May 8, 2018

PERFORMANCE CRITERIA:

Minimum Monthly Gross Revenues (Section 2(h)):

You must meet the following Performance Criteria calculated on a monthly basis:

Part of Term	Minimum Gross Revenues per Month
Months 0 to 6	No minimum
Months 7 to 12	\$5,000
Months 13 to 18	\$7,000
Months 19 to 24	\$9,000
Months 25 to 36	\$11,000
Months 37 to 60	\$14,000

Territory (Section 2(i)):

The geographic region encompasses the following area (defined by zip codes or counties) as of the date of this Agreement.

Royalties (Section 14):

- 8.0% of Gross Revenues generated each month between \$0 and \$62,500;
- 7.0% of Gross Revenues generated each month between \$62,501 and \$83,333; and
- 6.0% of Gross Revenues generated each month above \$83,333.

or

- The Minimum Monthly Royalty as provided below:

Part of Term	Minimum Monthly Royalty
Months 1 to 6	No minimum
Months 7 to 12	\$500
Months 13 to 18	\$650
Months 19 to 24	\$800

Part of Term	Minimum Monthly Royalty
Months 25 to 36	\$1,000
Months 37 to 60	\$1,200

All Royalties are calculated and paid on a monthly basis.

Application Hosting Fees (Section 14):

Currently \$70 - \$100 per month

CRM System User Charges (Section 14):

Not currently charged.

Advertising (Section 15):

Initial Launch Advertising:

- Two thousand dollars (\$2,000.00)

Advertising Fund:

- Up to 4% of Gross Revenues
- Current Fund contribution is .5% of Gross Revenues
- It is anticipated that the Fund contribution will be increased to 1% of Gross Revenues in 2025.

FORM OF RELEASE

KNOW THAT _____ and its successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and future principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "RELEASOR"), in consideration of the right [to renew, assign or transfer] its Franchise Agreement with Barmetrix Hospitality LLC ("Barmetrix") [or to a refund of certain fees paid to Barmetrix] and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, releases and discharges Barmetrix and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants and their respective successors and assigns (collectively, "RELEASEE") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses, cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, which the RELEASOR, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the RELEASEE for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, except for any claims that may arise under the Maryland Franchise Registration and Disclosure Law or claims arising from representations in the Barmetrix Franchise Disclosure Document, or its exhibits or amendments.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR has executed this RELEASEE on

_____, ____.

Executed and delivered in the
presence of:

[Franchisee]

Witness

By: _____

EXHIBIT D

PROMISSORY NOTE

PROMISSORY NOTE

\$ _____, 20__ (the “Issuance Date”)

FOR VALUE RECEIVED, the undersigned, _____, a _____ corporation (the “Maker”), promises to pay to BARMETRIX HOSPITALITY LLC, a Maryland limited liability company (the “Payee”), to an account designated in writing by the Payee, in lawful money of the United States of America, in immediately available funds to such account, or such other account as the Payee may designate from time to time in writing, the principal amount of _____ Dollars and _____ Cents (\$ _____) and interest at the rate of 7.0% per annum, plus all costs of collection, including court costs and reasonable attorney’s fees, if collected by or through an attorney at law.

1. Payments. The Maker shall pay the sums due under this Note on the unpaid balance in thirty-six (36) equal consecutive monthly installments due on the 1st day of each month, each in the amount of _____ Dollars and _____ Cents (\$ _____) in cash (collectively, “Payments”), commencing on _____ 1, 20__ and ending on _____ 1, 20__ (the “Maturity Date”) subject to any prepayment of the unpaid principal amount of this Note and any accrued late charges on such amount by the Maker. The Maker shall have the right at any time and from time to time to prepay, in whole or in part, without premium or penalty, the unpaid principal amount of this Note and any accrued late charges. Any prepayments shall be applied first to any accrued and unpaid late charges and then to the unpaid principal amount of this Note, and shall be applied in the case of principal to the then remaining installments equally. Any payment hereunder received by the Payee after 5:00 p.m. (Washington, DC time) on any day, will be deemed to have been received on the next succeeding Business Day. Notwithstanding anything contained herein to the contrary, in the event that any payment due on a date that is not a Business Day, then the payment shall be due on the first Business Day following such date. For purposes of this Note, the term “Business Day” means any day other than a Saturday, Sunday, legal holiday or day on which banks in Washington, DC are authorized or permitted to be closed.

2. Late Payment. The Maker shall pay to the Payee a late charge of five percent (5%) of any installment not paid by the Maker within five (5) Business Days after the installment is due.

3. Event of Default Acceleration. In the event of (i) any default by the Maker in the payment of any installment, or in the payment or performance of any other obligation, due under this Note, which default remains uncured after the expiration of ten (10) Business Days following written notice of default by the Payee; (ii) any petition in bankruptcy being filed by or against the Maker as debtor under any applicable bankruptcy, reorganization, insolvency or other similar law as now or hereafter in effect; (iii) any default by the Maker under any other agreement with the Payee, including that certain Franchise Agreement entered into as of even date herewith, which default remains uncured after the expiration of the applicable cure period, if any, following written notice of default if required to Maker and subject to the Franchise Default Limitation (as defined below); or (iv) if the Maker is an entity, any change in voting or economic control of the Maker that has not been approved by Payee (each an “Event of Default”), then at the option of the Payee, the entire unpaid balance of this Note shall immediately become due and payable.

Notwithstanding anything to the contrary in this Note, in the case of an Event of Default under the Franchise Agreement, except when such default is for Maker’s failure to pay royalties and other monies due to Payee under the Franchise Agreement, Payee will not accelerate and declare due the balance of the amounts payable under this Note, unless the Franchise Agreement is terminated for such default (this is referred to as the “**Franchise Default Limitation**”).

4. No Waiver by Payee. Failure by the Payee, for any period of time or on more than one occasion, to exercise the Payee's option to accelerate the due date under Section 3 shall not constitute a waiver of the right to exercise the same at any time after the occurrence and during the continuance of an Event of Default or in the event of any subsequent Event of Default whether of the same, similar or different character. The Payee shall not by any other omission or act be deemed to waive any of the Payee's rights or remedies hereunder unless such waiver is in writing and signed by the Payee, and then only to the extent specifically set forth in such writing. A waiver in connection with one event shall not be construed as continuing or as a bar to or a waiver of any right or remedy in connection with any subsequent event whether of the same, similar or different character.

5. Successors and Assigns. This Note and the obligations of the Maker shall not be assigned or transferred by the Maker without the express prior written consent of the Payee. This Note shall bind the Maker and his successors and permitted assigns, and the benefits of this Note shall inure to the benefit of the Payee and his successors and assigns. All references herein to the "Maker" and the "Payee" shall be deemed to apply to the Maker and the Payee, respectively, and to their respective successors and permitted assigns.

6. Amendments. This Note may not be modified or terminated orally but only by agreement or discharge in writing expressly referring to this Note and signed by the Maker and the Payee.

7. Collection Costs. If (i) an Event of Default occurs and is not timely cured within the applicable cure period, if any, (ii) the Maker thereafter fails to immediately pay this Note in full, and (iii) the Payee institutes a legal action to enforce and collect this Note, the Maker will pay the Payee on demand all reasonable collection costs incurred by the Payee, including, without limitation, reasonable attorneys' fees.

8. Governing Law; Severability; Headings. The provisions of this Note shall be construed according to the laws of the District of Columbia without regard to conflict of laws principles. If any provision of this Note is in conflict with any statute or rule of law of the District of Columbia or is otherwise unenforceable for any reason whatsoever, then such provision shall be ineffective to the extent of such invalidity and shall be deemed separable from and shall not invalidate any other provision of this Note. Headings of sections are for ease and convenience of reference only and shall not alter or be used to construe the meaning of this Note.

9. Waivers. **THE MAKER AND THE PAYEE HEREBY VOLUNTARILY AND KNOWINGLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE.** Presentment, demand, notice of dishonor, and protest are hereby waived by the Maker and all other makers, sureties, guarantors, and endorsers hereof.

Witness

By: _____
Its: _____

EXHIBIT E
FINANCIAL STATEMENTS



CONSENT LETTER OF INDEPENDENT AUDITOR

Alta CPA Group, LLC consents to the use in the Franchise Disclosure Document issued by Barmetrix Hospitality, LLC ("Franchisor") on February 25, 2025, as it may be amended, of our report dated February 14, 2025 relating to the financial statements of Franchisor for the period ending December 31, 2024.

Alta CPA Group, LLC

Alta CPA Group, LLC

BARMETRIX HOSPITALITY, LLC

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**

BARMETRIX HOSPITALITY, LLC

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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Independent Auditor's Report

To the Board of Directors of
Barmetrix Hospitality, LLC

Opinion

We have audited the accompanying financial statements of Barmetrix Hospitality, LLC (a Maryland limited liability company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Barmetrix Hospitality, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Alta CPA Group, LLC

Annapolis, MD
February 14, 2025

BARMETRIX HOSPITALITY, LLC
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 94,470	\$ 76,779
Accounts Receivable	<u>41,026</u>	<u>17,408</u>
Total Current Assets	135,496	94,187
Property and Equipment, Net of Depreciation	97,397	42,153
Other Assets:		
Goodwill, Net of Amortization	<u>200,000</u>	<u>200,000</u>
Total Other Assets	<u>200,000</u>	<u>200,000</u>
Total Assets	<u>\$ 432,893</u>	<u>\$ 336,340</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
Current Liabilities:		
Accounts Payable	\$ 9,188	\$ 33,054
Accrued Expenses	28,375	26,131
Note Payable, Current Portion	40,493	29,461
Line of Credit	<u>28,775</u>	<u>-</u>
Total Current Liabilities	<u>106,831</u>	<u>88,646</u>
Long Term Liabilities:		
Note Payable, Long Term Portion	<u>75,834</u>	<u>72,971</u>
Total Long Term Liabilities	<u>75,834</u>	<u>72,971</u>
Total Liabilities	182,665	161,617
Members' Equity:		
Members' Equity	<u>250,228</u>	<u>174,723</u>
Total Members' Equity	<u>250,228</u>	<u>174,723</u>
Total Liabilities And Members' Equity	<u>\$ 432,893</u>	<u>\$ 336,340</u>

See auditor's report and accompanying notes to consolidated financial statements.

BARMETRIX HOSPITALITY, LLC
STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUES		
Franchise Fees	\$ 47,672	\$ 91,623
Royalties	553,849	513,419
Services	<u>676,371</u>	<u>629,508</u>
Total Revenue	1,277,892	1,234,550
DIRECT COSTS	<u>385,467</u>	<u>386,801</u>
GROSS PROFIT	892,425	847,749
SELLING AND GENERAL ADMINISTRATIVE EXPENSES	<u>776,801</u>	<u>804,951</u>
INCOME FROM OPERATIONS	115,624	42,798
OTHER INCOME (EXPENSE)		
Interest Expense	(6,067)	(6,929)
Depreciation and Amortization Expense	(26,984)	(10,538)
Other Income	<u>4,503</u>	<u>-</u>
Total Other Income (Expense)	(28,548)	(17,467)
NET INCOME	<u>87,076</u>	<u>25,331</u>
MEMBERS' EQUITY, Beginning of Year	174,723	149,392
MEMBER DISTRIBUTIONS	<u>(11,571)</u>	<u>-</u>
MEMBERS' EQUITY, End of Year	\$ <u><u>250,228</u></u>	\$ <u><u>174,723</u></u>

See auditor's report and accompanying notes to consolidated financial statements.

BARMETRIX HOSPITALITY, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ 87,076	\$ 25,331
Adjustments to Reconcile Net Income (Loss) to Net Cash Used		
For Operating Activities:		
Depreciation and Amortization	26,984	10,538
Changes in Operating Assets and Liabilities:		-
Accounts Receivable	(23,618)	(5,422)
Accounts Payable	(23,866)	28,733
Accrued Expenses	<u>2,244</u>	<u>2,245</u>
Net Cash Provided by Operating Activities	68,820	61,425
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long Term Debt	52,228	-
Payments on Notes Payable	(38,333)	(27,780)
Purchase of Equipment	(82,228)	(52,690)
Proceeds from Line of Credit	28,775	-
Member Distributions	<u>(11,571)</u>	<u>-</u>
Net Cash Used by Financing Activities	<u>(51,129)</u>	<u>(80,470)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,691	(19,045)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>76,779</u>	<u>95,824</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ <u>94,470</u>	\$ <u>76,779</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Interest Paid	\$ <u>6,067</u>	\$ <u>6,929</u>
Federal and State Income Taxes	\$ <u>-</u>	\$ <u>-</u>

See auditor's report and accompanying notes to consolidated financial statements.

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Barmetrix Hospitality, LLC (The Company) was organized as a limited liability company under the laws of the state of Maryland on December 7, 2021.

The Company is an industry leader in the areas of liquor and food inventory control, staff training and consultancy. The Company specializes in selling franchises that utilize their unique and proprietary software to measure current business performance. The Company also operates a national business education program that helps to educate bar owners and managers to measure current business performance, set clear goals with management and motivate the entire team to hit profit targets.

Basis of Method

The financial statements of Barmetrix Hospitality, LLC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost and depreciated on a straight line basis over the estimated useful lives, from three to seven years. The Company capitalizes amounts \$2,500 and greater per its fixed asset capitalization policy. Expenditures for maintenance and repairs are charged to operations as incurred.

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. These revenues are recognized net of discounts, waivers, and refunds.

The Company determines revenue recognition through the five-step model prescribed by Topic 606 as follows:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract;
- Recognition of revenue when, or as, performance obligations are satisfied.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service in the contract and recognized as revenue when, or as, the performance obligation is satisfied

The primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which we evaluate the market and estimate a price that a customer would be willing to pay for the goods and services we provide.

Royalty fees are a percentage of franchisees gross receipts, as defined in the franchise agreement and are recorded as revenue when earned. Income from sales of franchises are recognized at the point when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company, substantially all of the initial services of the Company required by the franchise agreement have been performed, and no other material conditions or obligations relating to the determination of substantial performance exist, in accordance with the practical expedient permitted under

FASB ASC 606 for franchisors. After both parties sign the contract, the fee is nonrefundable. Initial services may include training, advisory, and inspection and testing procedures.

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contract Balances

The timing of billings, cash collections, and revenue recognition results in accounts receivable (contract assets) on the balance sheets. Receivables are only recognized to the extent that it is probable that the Company will collect substantially all of the consideration to which it is entitled in exchange for the goods and services that will be transferred.

Accounts receivable for royalties and fees are recorded at the amounts the Company expects to collect on balances outstanding at the end of the year. Late fees can apply if customers do not conform to payment terms. Management closely monitors outstanding balances, existing economic conditions, and historical collection information, and provides for estimates of uncollectible balances in an allowance for doubtful accounts. Accounts are charged off when management deems them uncollectible. All accounts are considered collectible at December 31, 2024.

All of the Company's contract assets and liabilities are considered accounts receivable and deferred revenue, respectively, on the balance sheet. Total accounts receivable from contracts with customers for the period ending December 31, 2023 and 2022 were \$41,026 and \$17,408, respectively.

Costs to Obtain a Contract

There are certain costs associated with obtaining a contract, including proposal development costs, which are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are considered immaterial and thus have been expensed in the period incurred instead of deferred and then amortized over the period of benefit, which would be the life of the initial franchise agreement.

Practical Expedients and Optional Exemptions

The Company elected to adopt this standard using the modified retrospective approach with the cumulative effect of adoption recognized at the initial date of application. The Company has elected to apply the standard only to contracts which are not completed at the initial date of application.

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Practical Expedients and Optional Exemptions (Continued)

The Company has made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by governmental authorities which are both imposed and concurrent with the specific revenue-producing transactions and collected by the entity from the Company's customers, e.g., sales and use taxes.

The Company maintains an annually-renewed contract related to business education for bar owners and managers. The Company recognizes revenue on a monthly basis according to the contract terms. Any advance payments received in excess of recognized revenue is reflected as deferred income.

Income Taxes

The Company is a limited liability company, which is treated as a partnership for federal and state income tax purposes. Taxable income or losses of a limited liability company are reported by the members on their respective income tax returns.

Subsequent Events

The Company evaluated subsequent events through the date that the financial statements were available to be issued. The Company is not aware of any significant events that occurred subsequent to the balance sheet date but prior to February 14, 2025 that would have a material impact on the financial statements.

NOTE 2 - INTANGIBLE ASSETS/PURCHASE

The Company, through an Asset and Purchase Agreement dated March 8, 2022, purchased certain assets that included the franchising, licensing, and inventory divisions of Barmetrix Hospitality, LLC. The Purchase Price was \$130,000 which was paid in cash on the closing date. The Company assumed liabilities of \$106,225 that were concurrently paid off on the closing date.

Intangible assets, including cost in excess of fair value of assets purchased, are reviewed for impairment on an annual basis or whenever events or circumstances indicate that the estimated fair value is less than the related carrying value. The carrying value of cost in excess of fair value of assets purchased is assessed for any permanent impairment by evaluating the operating performance and using valuation techniques such as future discounted cash flows of the underlying businesses.

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 - INTANGIBLE ASSETS/PURCHASE (CONTINUED)

In assessing the recoverability of the Company's goodwill and other intangibles the Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the Company may be required to record non-cash impairment charges for these assets not previously recorded. The Company has selected December 31 as the date on which it will perform its annual goodwill impairment test.

Intangible assets are comprised of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Goodwill	\$ <u>200,000</u>	\$ <u>200,000</u>

Goodwill of \$200,000 related to the purchase of the Company was recorded during the year ended December 31, 2022.

No amortization expense related to intangible assets is expected during the next five years.

NOTE 3 - PROPERTY AND EQUIPMENT

	<u>2024</u>	<u>2023</u>
Office Equipment	\$ 2,691	\$ 2,691
Software Development	80,000	50,000
Vehicles	<u>52,228</u>	<u>-</u>
	134,919	52,691
Less Accumulated Amortization and Depreciation	<u>(37,522)</u>	<u>(10,538)</u>
Property and Equipment, Net of Amortization and Depreciation	\$ <u>97,397</u>	\$ <u>42,153</u>

Depreciation and amortization expense totaled \$26,984 and \$10,538 for the years ended December 31, 2024 and 2023, respectively.

NOTE 4 - FRANCHISING

The Company generates revenues from franchising through individual franchising sales and development agreements. In general, the Company's franchise agreements provide for the payment of a franchise fee for the use of the Company's marketing plan and system relating to outsourced audits for inventory control of liquor, beer, wine, and food for the hospitality industry.

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 4 - FRANCHISING (CONTINUED)

Typically, the franchise agreements are for a period of five years, with an option to renew for up to three renewal terms of five years each. For each separate renewal, the franchisee is required to submit a \$4,000 renewal fee. Subject to approval and payment of renewal fee, a franchisee may generally renew its agreement upon expiration.

Franchisees pay royalty fees to the Company as defined in the franchise agreement. Such royalties are on a per-standard-inventory audit, as well as a percentage of other revenue the franchisee generates. In addition, there are minimum weekly royalty payments that are calculated in conjunction with a minimum weekly number of audits that must be performed, and payable on a monthly basis. For new franchisees, the royalty fees and minimums are based on a percentage of revenue.

The Company may also require the franchisee to spend an amount for initial advertising and marketing of the franchised business. Furthermore, the Company can set up an advertising fund for ongoing advertising and promotional programs that it deems necessary. The franchisee is required to contribute to the advertising fund in each year of the franchise term as stipulated in the franchise agreement.

The Company entered into two new franchise agreement during 2024.

NOTE 5 - NOTES PAYABLE

During the year ended December 31, 2022, the Company obtained a term loan with a bank to assist with the purchase of the Company. The Note totaled \$150,000 with a fixed interest rate of 5.89% with a duration of 5 years. The Note is secured by all of the Company's assets. The balance as of December 2024 and 2023 was \$67,724 and \$102,432, respectively.

During the year ended December 31, 2024, the Company obtained a loan with a bank to purchase a vehicle. The note totaled \$52,228, with a fixed interest rate of 8.49%. The Note is secured by all of the Company's assets. The balance as of December 2024 and 2023 was \$48,603 and \$0, respectively.

The future scheduled maturities of long term debt are as follows:

<u>Year Ending December 31</u>	<u>Amount Due</u>
2025	\$ 40,493
2026	43,200
2027	14,299
2028	11,921
2028	<u>6,414</u>
Total	\$ <u>116,327</u>

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 - LINE OF CREDIT

The Company has a \$50,000 line of credit with M&T Bank, established on February 9, 2024. The line of credit is unsecured and carries a variable interest rate based on the Prime Rate published in The Wall Street Journal, plus a margin of 1.250 percentage points. As of December 31, 2024, the Prime Rate is 7.650%, resulting in an initial interest rate of 8.900% per annum, calculated on a 360-day basis. Interest accrues monthly and is payable on the last day of each month.

As of December 31, 2024, the outstanding balance on the line of credit was \$28,775. The Company has the option to borrow additional funds up to the credit limit, subject to the lender's terms and conditions. All outstanding principal and accrued interest are due upon demand by the lender.



CONSENT LETTER OF INDEPENDENT AUDITOR

Alta CPA Group, LLC consents to the use in the Franchise Disclosure Document issued by Barmetrix Hospitality, LLC ("Franchisor") on March 15, 2024, as it may be amended, of our report dated February 26, 2024, relating to the financial statements of Franchisor for the period ending December 31, 2023.

Alta CPA Group, LLC

Alta CPA Group, LLC



We are the auditors for Barmetrix. Per our audit for the year ending December 31, 2022 the Company was incorporated in December 2021. The Company had no activity during the year ending December 31, 2021. Our December 31, 2022 audited financial statements show \$0 in beginning (January 1, 2022) equity. This supports the assertion that operations did not begin until 2022.

Alta CPA Group, LLC

Alta CPA Group, LLC

BARMETRIX HOSPITALITY, LLC

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2023 and 2022**

BARMETRIX HOSPITALITY, LLC

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors of
Barmetrix Hospitality, LLC

Opinion

We have audited the accompanying financial statements of Barmetrix Hospitality, LLC (a Maryland limited liability company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Barmetrix Hospitality, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Alta CPA Group, LLC

February 26, 2024

BARMETRIX HOSPITALITY, LLC
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 76,779	\$ 95,824
Accounts Receivable	<u>17,408</u>	<u>11,986</u>
Total Current Assets	94,187	107,810
Property and Equipment, Net of Depreciation	42,153	-
Other Assets:		
Goodwill, Net of Amortization	<u>200,000</u>	<u>200,000</u>
Total Other Assets	<u>200,000</u>	<u>200,000</u>
Total Assets	<u>\$ 336,340</u>	<u>\$ 307,810</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
Current Liabilities:		
Accounts Payable	\$ 33,054	\$ 4,321
Accrued Expenses	26,131	23,886
Note Payable, Current Portion	<u>29,461</u>	<u>27,779</u>
Total Current Liabilities	<u>88,646</u>	<u>55,986</u>
Long Term Liabilities:		
Note Payable, Long Term Portion	<u>72,971</u>	<u>102,432</u>
Total Long Term Liabilities	<u>72,971</u>	<u>102,432</u>
Total Liabilities	161,617	158,418
Members' Equity:		
Members' Equity	<u>174,723</u>	<u>149,392</u>
Total Members' Equity	<u>174,723</u>	<u>149,392</u>
Total Liabilities And Members' Equity	<u>\$ 336,340</u>	<u>\$ 307,810</u>

See auditor's report and accompanying notes to consolidated financial statements.

BARMETRIX HOSPITALITY, LLC
STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Franchise Fees	\$ 91,623	\$ 44,204
Royalties	513,419	308,321
Services	<u>629,508</u>	<u>319,498</u>
Total Revenue	1,234,550	672,023
DIRECT COSTS	<u>386,801</u>	<u>148,107</u>
GROSS PROFIT	847,749	523,916
SELLING AND GENERAL ADMINISTRATIVE EXPENSES	<u>804,951</u>	<u>524,262</u>
INCOME (LOSS) FROM OPERATIONS	42,798	(346)
OTHER INCOME (EXPENSE)		
Interest Expense	(6,929)	(6,242)
Depreciation and Amortization Expense	<u>(10,538)</u>	<u>-</u>
Total Other Income (Expense)	(17,467)	(6,242.00)
NET INCOME (LOSS)	25,331	(6,588)
MEMBERS' EQUITY, Beginning of Year	149,392	-
MEMBER CONTRIBUTIONS	<u>-</u>	<u>155,980</u>
MEMBERS' EQUITY, End of Year	<u>\$ 174,723</u>	<u>\$ 149,392</u>

See auditor's report and accompanying notes to consolidated financial statements.

BARMETRIX HOSPITALITY, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ 25,331	(6,588)
Adjustments to Reconcile Net Income (Loss) to Net Cash Used For Operating Activities:		
Depreciation and Amortization	10,538	-
Changes in Operating Assets and Liabilities:		-
Accounts Receivable	(5,422)	(11,986)
Accounts Payable	28,733	4,321
Accrued Expenses	<u>2,245</u>	<u>23,886</u>
Net Cash Provided by Operating Activities	61,425	9,633
CASH FLOWS FROM INVESTING ACTIVITIES		
Recordation of Goodwill	<u>-</u>	<u>(200,000)</u>
Net Cash Used for Investing Activities	-	(200,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of Long Term Debt	-	150,000
Payments on Term Debt	(27,780)	(19,789)
Purchase of equipment	(52,690)	-
Member Contributions	<u>-</u>	<u>155,980</u>
Net Cash Provided/(Used) by Financing Activities	<u>(80,470)</u>	<u>286,191</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(19,045)	95,824
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>95,824</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ <u><u>76,779</u></u>	<u><u>95,824</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Interest Paid	\$ <u><u>6,929</u></u>	<u><u>6,242</u></u>
Federal and State Income Taxes	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

See auditor's report and accompanying notes to consolidated financial statements.

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Barmetrix Hospitality, LLC (The Company) was organized as a limited liability company under the laws of the state of Maryland on December 7, 2021.

The Company is an industry leader in the areas of liquor and food inventory control, staff training and consultancy. The Company specializes in selling franchises that utilize their unique and proprietary software to measure current business performance. The Company also operates a national business education program that helps to educate bar owners and managers to measure current business performance, set clear goals with management and motivate the entire team to hit profit targets.

Basis of Method

The financial statements of Barmetrix Hospitality, LLC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost and depreciated on a straight line basis over the estimated useful lives, from three to seven years. The Company capitalizes amounts \$2,500 and greater per its fixed asset capitalization policy. Expenditures for maintenance and repairs are charged to operations as incurred.

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. These revenues are recognized net of discounts, waivers, and refunds.

The Company determines revenue recognition through the five-step model prescribed by Topic 606 as follows:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract;
- Recognition of revenue when, or as, performance obligations are satisfied.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service in the contract and recognized as revenue when, or as, the performance obligation is satisfied

The primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which we evaluate the market and estimate a price that a customer would be willing to pay for the goods and services we provide.

Royalty fees are a percentage of franchisees gross receipts, as defined in the franchise agreement and are recorded as revenue when earned. Income from sales of franchises are recognized at the point when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company, substantially all of the initial services of the Company required by the franchise agreement have been performed, and no other material conditions or obligations relating to the determination of substantial performance exist, in accordance with the practical expedient permitted under

FASB ASC 606 for franchisors. After both parties sign the contract, the fee is nonrefundable. Initial services may include training, advisory, and inspection and testing procedures.

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contract Balances

The timing of billings, cash collections, and revenue recognition results in accounts receivable (contract assets) on the balance sheets. Receivables are only recognized to the extent that it is probable that the Company will collect substantially all of the consideration to which it is entitled in exchange for the goods and services that will be transferred.

Accounts receivable for royalties and fees are recorded at the amounts the Company expects to collect on balances outstanding at the end of the year. Late fees can apply if customers do not conform to payment terms. Management closely monitors outstanding balances, existing economic conditions, and historical collection information, and provides for estimates of uncollectible balances in an allowance for doubtful accounts. Accounts are charged off when management deems them uncollectible. All accounts are considered collectible at December 31, 2023.

All of the Company's contract assets and liabilities are considered accounts receivable and deferred revenue, respectively, on the balance sheet. Total accounts receivable from contracts with customers for the period ending December 31, 2023 and 2022 were \$17,408 and \$11,986, respectively.

Costs to Obtain a Contract

There are certain costs associated with obtaining a contract, including proposal development costs, which are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are considered immaterial and thus have been expensed in the period incurred instead of deferred and then amortized over the period of benefit, which would be the life of the initial franchise agreement.

Practical Expedients and Optional Exemptions

The Company elected to adopt this standard using the modified retrospective approach with the cumulative effect of adoption recognized at the initial date of application. The Company has elected to apply the standard only to contracts which are not completed at the initial date of application.

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Practical Expedients and Optional Exemptions (Continued)

The Company has made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by governmental authorities which are both imposed and concurrent with the specific revenue-producing transactions and collected by the entity from the Company's customers, e.g., sales and use taxes.

The Company maintains an annually-renewed contract related to business education for bar owners and managers. The Company recognizes revenue on a monthly basis according to the contract terms. Any advance payments received in excess of recognized revenue is reflected as deferred income.

Income Taxes

The Company is a limited liability company, which is treated as a partnership for federal and state income tax purposes. Taxable income or losses of a limited liability company are reported by the members on their respective income tax returns.

Subsequent Events

The Company evaluated subsequent events through the date that the financial statements were available to be issued. The Company is not aware of any significant events that occurred subsequent to the balance sheet date but prior to February 26, 2024 that would have a material impact on the financial statements.

NOTE 2 - INTANGIBLE ASSETS/PURCHASE

The Company, through an Asset and Purchase Agreement dated March 8, 2022, purchased certain assets that included the franchising, licensing, and inventory divisions of Barmetrix Hospitality, LLC. The Purchase Price was \$130,000 which was paid in cash on the closing date. The Company assumed liabilities of \$106,225 that were concurrently paid off on the closing date.

Intangible assets, including cost in excess of fair value of assets purchased, are reviewed for impairment on an annual basis or whenever events or circumstances indicate that the estimated fair value is less than the related carrying value. The carrying value of cost in excess of fair value of assets purchased is assessed for any permanent impairment by evaluating the operating performance and using valuation techniques such as future discounted cash flows of the underlying businesses.

In assessing the recoverability of the Company's goodwill and other intangibles the Company must make assumptions regarding estimated future cash flows and other factors to determine

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

NOTE 2 - INTANGIBLE ASSETS/PURCHASE (CONTINUED)

the fair value of the respective assets. If these estimates or their related assumptions change in the future, the Company may be required to record non-cash impairment charges for these assets not previously recorded. The Company has selected December 31 as the date on which it will perform its annual goodwill impairment test.

Intangible assets are comprised of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Goodwill	\$ <u>200,000</u>	\$ <u>200,000</u>

Goodwill of \$200,000 related to the purchase of the Company was recorded during the year ended December 31, 2022.

No amortization expense related to intangible assets is expected during the next five years.

NOTE 3 - PROPERTY AND EQUIPMENT

	<u>2023</u>	<u>2022</u>
Office Equipment	\$ 2,691	\$ ---
Software Development	<u>50,000</u>	<u>---</u>
	52,691	---
Less Accumulated Amortization and Depreciation	<u>(10,538)</u>	<u>---</u>
Property and Equipment, Net of Amortization and Depreciation	\$ <u><u>42,153</u></u>	\$ <u><u>---</u></u>

Depreciation and amortization expense totaled \$10,538 and \$0 for the years ended December 31, 2023 and 2022, respectively.

BARMETRIX HOSPITALITY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

NOTE 4 - NOTES PAYABLE

During the year ended December 31, 2022, the Company obtained a term loan with a bank to assist with the purchase of the Company. The Note totaled \$150,000 with a fixed interest rate of 5.89% with a duration of 5 years. The Note is secured by all of the Company's assets. The balance as of December 2023 and 2022, was \$102,432 and \$130,211, respectively.

The future scheduled maturities of long term debt are as follows:

<u>Year Ending December 31</u>	<u>Amount Due</u>
2024	\$ 29,461
2025	31,244
2026	33,135
2027	<u>8,592</u>
Total	\$ <u>102,432</u>

NOTE 5 - FRANCHISING

The Company generates revenues from franchising through individual franchising sales and development agreements. In general, the Company's franchise agreements provide for the payment of a franchise fee for the use of the Company's marketing plan and system relating to outsourced audits for inventory control of liquor, beer, wine, and food for the hospitality industry.

Typically, the franchise agreements are for a period of five years, with an option to renew for up to three renewal terms of five years each. For each separate renewal, the franchisee is required to submit a \$4,000 renewal fee. Subject to approval and payment of renewal fee, a franchisee may generally renew its agreement upon expiration.

Franchisees pay royalty fees to the Company as defined in the franchise agreement. Such royalties are on a per-standard-inventory audit, as well as a percentage of other revenue the franchisee generates. In addition, there are minimum weekly royalty payments that are calculated in conjunction with a minimum weekly number of audits that must be performed, and payable on a monthly basis. For new franchisees, the royalty fees and minimums are based on a percentage of revenue.

The Company may also require the franchisee to spend an amount for initial advertising and marketing of the franchised business. Furthermore, the Company can set up an advertising fund for ongoing advertising and promotional programs that it deems necessary. The franchisee is required to contribute to the advertising fund in each year of the franchise term as stipulated in the franchise agreement.

The Company entered into four new franchise agreement during 2023.

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STATE-SPECIFIC ADDITIONAL DISCLOSURES AND RIDERS

**ADDENDUM TO BARMETRIX HOSPITALITY LLC
DISCLOSURE DOCUMENT
FOR THE COMMONWEALTH OF VIRGINIA**

Items 5, 7 and 11 of the disclosure document are amended with the addition of the following disclosure:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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

Pursuant to section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**AMENDMENT TO BARMETRIX HOSPITALITY LLC
FRANCHISE AGREEMENT
FOR THE COMMONWEALTH OF VIRGINIA**

The Franchise Agreement between _____ (“Franchisee” or “You”) and Barmetrix Hospitality LLC (“Franchisor” or “we”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

VIRGINIA LAW MODIFICATIONS

1. Franchise Agreement: Clause (b) in the first sentence of Section 8 of the Franchise Agreement is deleted in its entirety.

The last sentence of Section 8 is deleted in its entirety and replaced with the following sentence:

If you do not commence operations of the Franchised Business within the applicable time frame and immediately thereafter, pay the Initial Franchise Fee and any other amounts then due to Franchisor, Franchisor may terminate this Agreement in accordance with Section 25(b).

2. Deposit Agreement: Section 2 of the Deposit Agreement is modified by adding the following sentence:

Payment of the Initial Franchise Fee will be deferred until the Applicant has commenced doing business under the Franchise Agreement.

IN WITNESS WHEREOF, the parties have fully executed and delivered this Amendment to the Franchise Agreement on the day and year first above written in the Franchise Agreement.

FRANCHISOR:

Barmetrix Hospitality LLC
A Maryland limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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 FRANCHISE DISCLOSURE DOCUMENT.

No person named in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. §78a, et seq., suspending or expelling such persons from membership in such association or exchange.

The California Business and Professions Code Section 20000-20043 provide rights to the Franchisee concerning termination, transfer or non-renewal for a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, *et seq.*).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Tampa, Florida. This provision may not be enforceable in California. 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 a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporation Code Section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

The Franchise Agreement requires application of the laws of the District of Columbia. This provision may not be enforceable under California law.

You must sign a general release if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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

We use <http://www.barmetrix.com> as our website. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dfpi.ca.gov.

**AMENDMENT TO BARMETRIX HOSPITALITY LLC
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

The Amendment to the Franchise Agreement dated _____, 20__ is agreed to this ____ day of _____, 20__, between Barmetrix Hospitality LLC (“Franchisor”) and _____ (“Franchisee”). The Franchise Agreement shall be modified to provide as follows:

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

IN WITNESS WHEREOF, the parties have fully executed and delivered this Amendment to the Franchise Agreement on the day and year first above written in the Franchise Agreement.

FRANCHISOR:

Barmetrix Hospitality LLC
A Maryland limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

Notwithstanding anything to the contrary in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Illinois.

Illinois law governs the Franchise Agreement(s).

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

Your 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.

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

**AMENDMENT TO BARMETRIX HOSPITALITY LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

This Addendum to the Franchise Agreement dated _____, 20__ is agreed to this ____ day of _____, 20__, between Barmetrix Hospitality, LLC (“Franchisor”) and _____ (“Franchisee”). In recognition of the requirements of the Illinois Franchise Disclosure Act and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified as follows:

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement entered concurrently herewith. This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being executed because the Franchised Business to be operated by Franchisee pursuant to the Franchise Agreement will be located in the State of Illinois and/or because Franchisee is a resident of the state of Illinois. This Addendum shall be of no force and effect unless the jurisdictional requirements of the Illinois Franchise Disclosure Act and any regulation thereunder are met independently without reference to this Addendum.

2. Governing Law. Illinois law shall govern the Franchise Agreement(s).

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

4. Termination and Non-Renewal. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. Waiver. The following language is added to the Franchise Agreement:

“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.”

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

INTENDING TO BE LEGALLY BOUND, the parties hereto have duly executed this Agreement on the date first above written.

FRANCHISEE

By: _____

Name: _____

Title: _____

BARMETRIX HOSPITALITY, LLC.

FRANCHISOR

By: _____

Signature of Corporate Officer

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK**

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

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

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities,

antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

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

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

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

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts—Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

ADDENDUM TO FRANCHISE AGREEMENT FOR THE STATE OF WASHINGTON

This Addendum to the Franchise Agreement dated _____, 20__ is agreed to this _____ day of _____, 20__, between Barmetrix Hospitality, LLC (“Franchisor”) and _____ (“Franchisee”). In recognition of the requirements of the Washington Franchise Disclosure Act and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified as follows:

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.

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

INTENDING TO BE LEGALLY BOUND, the parties hereto have duly executed this Agreement on the date first above written.

FRANCHISEE

By: _____

Name: _____

Title: _____

BARMETRIX HOSPITALITY, LLC.
FRANCHISOR

By: _____

Signature of Corporate Officer

EXHIBIT H
LIST OF FRANCHISEES

Current

Daniel Breaux
Bar and Restaurant Consultants
4939 Jamestown Ave, Suite 103-A
Baton Rouge, LA 70808
(337) 781-5107
(became a franchisee in 2013)

Stuart Newcomb
Restaurants concepts of Indiana
21556 Shorevista Lane
Noblesville, IN 46062
(317) 385-7086
(became a franchisee in 2014)

David Nitzel
Rally 5 Consultants LLC
3740 Rolling Creek Drive
Buford, GA 30519
(404) 433-5368
(became a franchisee in 2014)

Arno Stemmer
Rubicon Consulting
10061 Riverside Dr. STE 808
Burbank, CA 91602
(310) 994-8747
(became a franchisee in 2014)

David Domzalski
Chain Bridge Consulting
7601 E Treasure Drive, Ste 2114
Miami, FL 33141
(443) 846-3384
(became a franchisee in 2017)

Robert Gallana
SWG Holding Company
3021 Ridge Road, #144
Rockwall, Texas 75032

Giovanny Josepha
Fidelis Consulting Group
13330 N Miami Ave
Miami, FL 33168
(became a franchisee in 2022)

Jonathan Sewell
JMS Hospitality Consulting
10943 Sparkle Creek Drive
Midland, NC 28107
(704) 451-1133
(became a franchisee in 2023)

Keith Warner
Dram Shop Consultants
700 El Camino Real Suite 120 #1191
Menlo Park,
CA 94025
(became a franchisee in 2023)

Luke Fairbank
Chicago Bar Solutions
1454 N Kedzie Ave,
Chicago, IL 60651
(312) 823-3903
(became a franchisee in 2023)

Juan Murillo
MCT Hospitality Solutions
839 S Wells St, Apt 211
Chicago, IL 60607
(became a franchisee in 2023)

EXHIBIT I

LIST OF FRANCHISEES WHO HAVE LEFT SYSTEM IN PAST FISCAL YEAR

None

State Effective Dates

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

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

State	Effective Date
California	April 13, 2025
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.

RECEIPT

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

If Barmetrix Hospitality LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, Barmetrix Hospitality LLC or an affiliate in connection with the proposed franchise sale.

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Barmetrix Hospitality LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows: Daniel Breau and Raymond Walsh (443.439.9899), Barmetrix Hospitality LLC, 3607 Farragut Avenue, Kensington, Maryland 20895.

Issuance date: February 25, 2025

The franchise seller for this offering is Ray Walsh.

The franchise broker for this offering is ☐ Entrepreneur Source or ☐ Not Applicable.

We authorize the respective state agents identified on Exhibit A to receive service of process for us in the particular states.

I received a Disclosure Document from Barmetrix Hospitality LLC dated February 25, 2025 that included the following Exhibits:

- A. List of State Agencies/Agents for Service of Process
- B. Deposit Agreement
- C. Franchise Agreement
- D. Promissory Note
- E. Financial Statements
- F. Table of Contents of Manual
- G. State-Specific Additional Disclosures and Riders
- H. List of Franchisees
- I. List of Franchisees Who Have Left System in Last Fiscal Year

Date

Prospective Franchisee [Print Name]

(Date, Sign, and Return to Us)

Prospective Franchisee [Signature]

RECEIPT

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

If Barmetrix Hospitality LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, Barmetrix Hospitality LLC or an affiliate in connection with the proposed franchise sale.

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- F. Table of Contents of Manual
- G. State-Specific Additional Disclosures and Riders
- H. List of Franchisees
- I. List of Franchisees Who Have Left System in Last Fiscal Year

Date

Prospective Franchisee [Print Name]

(Date, Sign, and Retain for Your Records)

Prospective Franchisee [Signature]