

FRANCHISE DISCLOSURE DOCUMENT



Salty Trucks, LLC
a Delaware limited liability company
43 Rehoboth Avenue
Rehoboth Beach, Delaware 19971
(800) 388-8892
info@saltypawsicecreamtruck.com
www.saltypawsicecreamtruck.com

The franchise offered in this Franchise Disclosure Document is for the operation of an ice cream truck offering a variety of different dog-friendly ice cream flavors prepared using proprietary recipes, a wide selection of toppings, frozen treats, and snacks.

The total investment necessary to begin operation of a Salty Paws Ice Cream Truck (hereinafter, each a "Salty Paws Ice Cream Truck" or "Truck" or "Mobile Business" or "Franchised Business") is between \$72,250 and \$255,750. This includes \$36,100 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Suzanne Tretowicz at 43 Rehoboth Avenue, Rehoboth Beach, Delaware 19971, (800) 388-8892, or by email at info@saltypawsicecreamtruck.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contracts carefully. Show your contracts and this Franchise 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, DC 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: July 1, 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:

| <u>QUESTION</u> | <u>WHERE TO FIND INFORMATION</u> |
|---|---|
| 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 Exhibit C. |
| 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 C 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 Salty Paws Ice Cream Truck 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 Salty Paws Ice Cream Truck franchisee? | Item 20 or Exhibit C lists 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. |

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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. The franchisor is at an early state of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
2. We may use the services of one or more franchise brokers or referral sources to assist us in selling our franchise. If we do, the franchise broker or referral source represents us, not you and we would pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.
3. There may be other risks concerning this franchise.

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.

TABLE OF CONTENTS

| Item | | Page |
|---------------------|---|-------------|
| 1 | The Franchisor and any Parents, Predecessors, and Affiliates | 1 |
| 2 | Business Experience | 4 |
| 3 | Litigation | 5 |
| 4 | Bankruptcy | 5 |
| 5 | Initial Fees | 5 |
| 6 | Other Fees | 6 |
| 7 | Estimated Initial Investment | 12 |
| 8 | Restrictions on Sources of Products and Services | 15 |
| 9 | Franchisee's Obligations | 18 |
| 10 | Financing | 19 |
| 11 | Franchisor's Assistance, Advertising, Computer Systems and Training | 19 |
| 12 | Territory | 26 |
| 13 | Trademarks | 28 |
| 14 | Patents, Copyrights, and Proprietary Information | 30 |
| 15 | Obligation to Participate in the Actual Operation of the Franchise Business | 31 |
| 16 | Restrictions on What the Franchisee May Sell | 32 |
| 17 | Renewal, Termination, Transfer, and Dispute Resolution | 32 |
| 18 | Public Figures | 35 |
| 19 | Financial Performance Representations | 35 |
| 20 | Outlets and Franchisee Information | 36 |
| 21 | Financial Statements | 38 |
| 22 | Contracts | 39 |
| 23 | Receipts | 39 |
| Exhibits | | |
| A | Salty Paws Ice Cream Truck Franchise Agreement (with exhibits) | |
| B | Financial Statements | |
| C | Schedule of Franchisees | |
| D | Confidential Operations Manual Table of Contents | |
| E | List of State Administrators/Agents for Service of Process | |
| F | Franchise Disclosure Questionnaire | |
| G | State Addenda and Agreement Riders | |
| H | State Effective Dates | |
| I | Receipt | |

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

To simplify the language in this Franchise Disclosure Document, “Salty Paws Ice Cream Truck,” “we,” “us,” and “our” means Salty Trucks, LLC, doing business as Salty Paws Ice Cream Truck, the franchisor. “You,” “your,” and “Franchisee” means the person who buys the franchise from Salty Paws Ice Cream Truck and its owners, if the Franchisee is a business entity.

Franchisor, Parent, and Affiliate

Salty Trucks, LLC is the Franchisor. For ease of reference, we will refer to Salty Trucks, LLC as “Salty Paws,” “us,” “our,” or “we.” We are a Delaware limited liability company formed on April 3, 2025. Our principal business address is 43 Rehoboth Avenue, Rehoboth Beach, Delaware 19971. We began offering franchises in June 2025; however, our predecessor, Salty Trucks LLC began offering franchises in January 2024. We were formed to offer franchises for the operation of dog ice cream trucks under the name “Salty Paws®.” We do not conduct business under any other name.

We have an affiliated entity, Salty Paws Franchise LLC, a Delaware limited liability company formed on February 1, 2024, which has a principal place of business at 43 Rehoboth Avenue, Rehoboth Beach, Delaware 19971 (the “Salty Paws Affiliate”). The Salty Paws Affiliate operates a non-food-truck franchise system using the Salty Paws name and intellectual property. Our Salty Paws Affiliate does not provide products or services to our franchisees.

We have an affiliated entity, Stay Salty IP LLC, a Delaware limited liability company formed on September 27, 2023, which has a principal place of business at 43 Rehoboth Avenue, Rehoboth Beach, Delaware 19971 (the “IP Affiliate”). The IP Affiliate owns the Marks under which the franchise system operates, as described in more detail in Item 13. The IP Affiliate does not offer franchises in any line of business or provide products or services to our franchisees.

Our affiliate, Salty Paws Distribution, LLC (“SPD”) is a Delaware limited liability company that was formed February 12, 2019. SPD’s physical address is 43 Rehoboth Avenue, Rehoboth Beach, Delaware 19971. SPD does not operate any Salty Paws® businesses, does not offer franchises in this or any other line of business and is a manufacturing and distribution company. SPD will be providing franchisees with all privately labeled products (which are products developed by a third-party vendor and carry our brand such as: powder ice cream container mixes, pre-packed powder base and dehydrated treats), limited dog-friendly baked goods as an approved vendor. We and SPD are independent entities and SPD does not assume any of our legal or other obligations, nor us of theirs.

We have affiliated entities, Salty Paws RB, LLC (“SPRB”) and Salty Paws WC, LLC (“SPWC”), each a Delaware limited liability company, formed on October 3, 2018 and November 16, 2023, respectively. (SPRB and SPWC are collectively referred to as the “Operating Affiliates”). SPRB operates a traditional Salty Paws business at 43 Rehoboth Ave, Rehoboth Beach, Delaware 19971, and has been operating continuously since October 2018.

SPWC operates a traditional Salty Paws business at 27 West Gay Street, West Chester, Pennsylvania 19380, and has been operating continuously since September 2022. The Operating Affiliates are not substantially similar to the franchises offered under the Franchise Agreement, in that they operate out of a brick-and-mortar location, and not a food truck as is offered by way of this Disclosure Document. Our Operating Affiliates do not offer franchises in any line of business or provide products or services to our franchisees.

Agents for Service of Process

Our agent for service of process for the State of Delaware is Harvard Business Services, Inc. at 16192 Coastal Highway, Lewes, Delaware 19958. Our agents for service of process for other states are identified in Exhibit F of this Franchise Disclosure Document. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above where we have appointed an agent for service of process. There may also be additional agents appointed in some states listed.

Salty Paws Ice Cream Truck Franchises

We license and train others to operate Salty Paws Ice Cream Truck(s) (each a “Truck” or “Salty Paws Truck” “Mobile Business” or “Franchised Business”) using our trade names, trademarks, service marks, associated logos and symbols (“Marks”), business system, procedures and trade secrets (collectively, the “System”). The franchise authorizes you to engage in our System and business offering a variety of food products and services for sale to the general public for consumption from a mobile food truck (the “Truck”). Your Truck will serve a variety of different dog-friendly ice cream flavors prepared using proprietary recipes, a wide selection of toppings, frozen treats, and snacks, some with proprietary and private label recipes (the “Approved Products and Services”). You must sign one of our standard Franchise Agreements, which is attached to this Franchise Disclosure Document as Exhibit A (a “Franchise Agreement”). You may operate one (1) Salty Paws Ice Cream Truck for each Franchise Agreement you sign.

If you are interested in becoming a Salty Paws Ice Cream Truck franchisee, you may be asked to complete a confidential application and questionnaire when applying for consideration. This may include your authorization for us to do, at our discretion, various background checks on you, including making criminal and financial inquiries. This information will remain confidential.

Market Competition

Salty Paws Trucks target their products and services to the general public. The market for dog-friendly frozen desserts and confections and other food and beverage products served in a mobile dining atmosphere is not very competitive or well-developed. Despite this, due to the nature of the frozen treats and snacks, sales may be seasonal with more business activity in the warm months. The dog industry is highly competitive and is often affected by changes in local and national conditions affecting spending habits, and by population and traffic patterns. Salty Paws Trucks will compete with other local businesses, as well as local, regional, and national

businesses, grocery stores, street vendors, and other pet services businesses offering similar products for mobile consumption, take out, and delivery.

Industry Regulations

You are required to follow all laws and regulations that apply to business generally. In addition, your business is subject to federal, state, and local health and consumer protection laws and other regulations and guidelines governing the food service and pet industries.

Any person who drives your Salty Paws Truck must have a valid driver's license and each of your Salty Paws Trucks must be properly licensed and registered. The requirements for these licenses may vary, depending on your location. If we require safety additions to your Salty Paws Truck or your Salty Paws Truck is subject to a manufacturer's vehicle safety recall, you must immediately perform the required repairs, changes, maintenance, and/or inspections before using your Salty Paws Truck in the operation of your Salty Paws Mobile Business. You should also be aware of federal, state, and local environmental laws about the disposal of waste materials and packaging. You may be required by local law to participate in a recycling program, which may require that you register and make ongoing fee payments.

At your cost and expense, you must investigate and ensure that you comply with all payment card industry ("PCI") and data security standard ("DSS") standards, regulations, and requirements; however, we reserve the right to approve of the vendor you use for compliance. You must meet the requirements of, and comply with enhancements and changes to, the PCI and DSS and maintain PCI compliance with the current version of the PCI and DSS. We reserve the right to require an audit (and to designate the auditor) to verify compliance. You are responsible to use all required tools, systems, and vendors to complete ongoing PCI requirements including quarterly external security scans and annual self-assessment questionnaires. You are solely responsible for all costs relating to PCI compliance and data security issues, such as security threats, breaches, and malware. It is your responsibility to alert us, not later than 24-hours following a suspected or confirmed data security breach, so that appropriate action can be taken to protect customer data and notify relevant parties. You are not permitted to collect, store, transfer, etc. any unnecessary customer information. Additional information can be found at <https://pcisecuritystandards.org/>.

The details of state, county and local laws and regulations vary from place to place. It is your responsibility to research these matters. Please be aware that the changes in these laws may increase the cost to operate your business. You are solely responsible to determine what local or state regulations, permits and licenses you will need to comply with and/or obtain to conduct the franchise business in a particular state, city or town.

ITEM 2
BUSINESS EXPERIENCE

Suzanne Tretowicz – President and Chief Executive Officer

Suzanne has been serving as our President and Chief Executive Officer since our inception in December 2023. Suzanne also serves as President and Chief Executive Officer of our affiliate, Salty Paws Franchising LLC, and has been since January 2024. Suzanne also serves as President and Chief Executive Officer of our affiliate, Salty Paws IP, LLC, and has been since October 2023. Since May 2018, Suzanne has also served as President of our affiliate, Salty Paws RB, LLC. Since December 2023, Suzanne has also served as President of our affiliate, Salty Paws WC, LLC. Since October 2018, Suzanne has also served as President of our affiliate, Salty Paws Distribution, LLC. Each of our affiliates are based in Rehoboth Beach, Delaware.

Teresa Baker – Pack Leader – Operations

Ms. Baker joins the Salty Paws Team after serving as Director of Operations of BVF since its inception in February 2022 and has also been the Director of Operations of BVI since January 2018, and Ms. Baker previously served as Field Representative for BVI's franchisees from March 2011 to December 2017. BVI/BVF are the parent company of Central Bark, a dog day care franchise.

Karen Landwehr – Pack Leader – Marketing

Ms. Landwehr joins the Salty Paws Team after serving as Director of Marketing Coordinator of BVF since its inception in February 2022 and has also served as Director of Marketing for BVI since January 2018. She previously served as Marketing Assistant for BVI from January 2009 to December 2017. BVI/BVF are the parent company of Central Bark, a dog day care franchise. From March 2013 to December 2014, she was also the Office Manager for Doggy Day Care, Inc., in Milwaukee, Wisconsin.

Jacqueline R. Jordan – Pack Leader – Sales and Finance

Ms. Jordan joined Salty Trucks, LLC in May 2025 as a partner and to oversee finance and operations. Prior to that she had been President and Treasurer of BVF since its inception in February 2022 and had been the President and Treasurer of BVI since August 2003. BVI/BVF are the parent company of Central Bark, a dog day care franchise. Ms. Jordan was also the Owner and President of Doggy Day Care, Inc. located in Milwaukee, WI from January 1997 to May 2019. She earned her B.S. degree in Sociology, minoring in Business Administration and an A.S. degree in Veterinary Technology from North Dakota State University.

ITEM 3
LITIGATION

Randall Scheuch, et al. v. Stay Salty, LLC and Suzanne Tretowicz, Case No. 30-2023-01342937 (Superior Court of California, Orange County, filed on August 18, 2023). Former franchise owners filed suit, *pro se*, against our affiliate and our President and Chief Executive Officer, Suzanne Tretowicz, for breach of contract and fraud, alleging we failed to provide sufficient training and provided incorrect information regarding one of the trainers associated with Stay Salty, LLC. The franchisees seek damage of \$45,063.45. Our affiliate and Ms. Tretowicz reject the allegations and intend to fully defend against the claims. A trial is presently scheduled for September 2025.

Other than the foregoing, no litigation is required to be disclosed at this time.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed at this time.

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee (“Initial Franchise Fee”) of \$35,000 when you sign the Franchise Agreement. The Initial Franchise Fee is payment for all of our pre-opening assistance that we provide to allow you to open your Mobile Business and also offsets some of our franchisee recruitment expenses. Each Franchise Agreement will grant you the right to operate one Truck in the Protected Territory. If you desire to operate more than one Truck, you will be required to purchase an additional Salty Paws Franchised Business for each Truck. The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement(s), and is deemed fully earned by us once paid and is not refundable.

Opening Inventory

You must purchase from us or our affiliate a portion of the Opening Inventory which includes products and supplies necessary for your first month of operation. The cost of the start-up inventory is estimated to be between \$4,000 to \$6,000. The portion you will pay to us or our affiliate is \$1,100, and is non-refundable.

ITEM 6
OTHER FEES

| Type of Fee ⁽¹⁾ | Amount | Due Date | Remarks |
|---|---|--|--|
| Royalty Fee | \$500 per month or 6% of gross revenue, whichever is greater | 5th of each Month | Paid each month via ACH. |
| Brand Fund | 2% initially, we reserve the right to require up to 3% of Gross Revenues | Paid with the first royalty payment of each month via ACH. | Based on Gross Revenues during the previous month. See Item 11 for a detailed discussion about the Brand Fund. |
| Local Advertising Fee | \$750 per quarter | As incurred. | Local marketing requirements are discussed in Item 11. Any marketing materials you wish to use must first be approved by us. If you fail to spend the local marketing requirement in any given period, you will be required to pay the difference to the Brand Fund Contribution. |
| Additional Franchise Reservation Fee ⁽²⁾ | \$10,000 per territory | As incurred | Existing Franchisees may reserve territories in addition to the Protected Territory. The reservation fee (“Reservation Fee”) will be applied to the Initial Franchise Fee if you purchase an additional Franchise and a new Truck. |
| Territory Infringement Fee | \$1,000 plus invoice amount for first violation; \$5,000 plus invoice amount for second and subsequent violations | As incurred | Payable to us if you infringe on another Salty Paws franchisee’s Protected Territory by receiving payment for goods and/or services provided and/or rendered within the other franchisee’s Protected Territory without that franchisee’s and/or our permission. We may direct the funds at our option. |

| | | | |
|----------------------------------|--|-------------|---|
| Initial Territory Adjustment Fee | \$1,000 to \$2,500 | As incurred | We may, subject to availability and our approval, allow you to adjust your Protected Territory during your first 90 days of operation of your Mobile Business. You will be required to pay an “Initial Territory Adjustment Fee.” This fee will be \$1,000 during the first 30 days of operation and \$2,500 beginning on the 31 st day. No revisions will be granted after 90 days of the delivery of your Truck. |
| Territory Relocation Fee | \$2,500 | As incurred | This “Territory Relocation Fee” is payable to us if we approve the relocation of your Protected Territory. |
| Unauthorized Advertising Fee | \$500 per occurrence | On demand | This fee is payable to the Brand Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement. |
| Additional Training | Then-current fee (currently \$500 per day) plus costs and expenses | As incurred | We may charge you for training newly-hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you may need or request. The fee amount will depend on the training required and experience level of the trainer. We may also require you to reimburse us for costs and expenses incurred in providing training to you. |

| | | | |
|--|--|-----------------|---|
| Email Address Fee | Currently \$168 per year | Same as Royalty | Payable to us for each email address we establish for you. Each franchisee entity is required to have at least one Salty Paws email address. We reserve the right to increase this fee upon 30 days' written notice to you. |
| Point-of-Sale Fee | Then-current fee (currently \$150 per month) | Same as Royalty | Paid directly to POS provider, which is currently Clover. |
| Insurance | Reimbursement of our costs, plus a 20% administration charge | On demand | If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance. |
| Customer Satisfaction Reimbursement | Varies under circumstances | As incurred | We may, in our sole discretion, remedy any issues with customers of your Mobile Business, including full reimbursement of any fees paid to you. You must reimburse us for any such costs. |
| Misappropriated Operations Manual Fee ⁽³⁾ | Will vary under the circumstances | On demand | Our "Operations Manual" contains valuable intellectual property and trade secrets. Each franchisee will get one copy of the Operations Manual. If you lose, give away, make unauthorized copies, fail to return or otherwise misappropriate all or some of the Operations Manual, you must pay us liquidated damages according to the formula listed in Note 3 to offset the damages that we will incur as a result of this misappropriation. |

| | | | |
|--|--|-------------|---|
| Non-Compliance Fee | \$1,000 for the first violation; \$5,000 if violation is not corrected within 30 days; \$5,000 for the second violation. | As incurred | This fee is assessed if you receive notice that you are failing to follow our System Standards (defined in Item 8), failing to use the approved suppliers or products, failing to comply with the provisions of the Franchise Agreement or failing to follow the provisions of our Operations Manual. This fee is in addition to any and all remedies that we have available under the Franchise Agreement. If you commit three or more violations in a single year, we may terminate your Franchise Agreement. |
| Payment Services Fee | Up to 3% of total charge | As incurred | If payment is made to us or our affiliates by credit card for any fee required, we may include a service fee of up to 3% of the total charge. |
| Late Fees | \$25 per day, plus the lesser of the daily equivalent of 12% per year simple interest or the highest rate allowed by law | On demand | Payable if any payment due to us or our affiliate is not made by the due date. Interest accrues from the original due date until payment is received in full. |
| Returned Check or Insufficient Funds Fee | \$100 | As incurred | Payable if any check or electronic funds transfer payment is not successful due to insufficient funds, stop payment, or any similar event. |
| Indemnification | Varies under circumstances | As incurred | You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Mobile Business or Franchise. |

| | | | |
|--------------------------------|---|---|--|
| Professional Fees and Expenses | Will vary under circumstances | As incurred | You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement. You will also be required to pay any professional fees that we incur for certain transfers as discussed in this Item 6. |
| Renewal Franchise Fee | 50% of our then-current initial franchise fee | At the time you sign the successor franchise agreement | Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. |
| Transfer Fee | \$7,500 to \$15,000 | \$1,000 nonrefundable deposit at time of transfer application submittal and the remaining balance of fee at time of approved transfer | This fee (“Transfer Fee”) is payable in connection with the transfer of your Salty Paws Franchise Business, your Truck, a transfer of ownership of your legal entity, or the Franchise Agreement. If you transfer to an existing Salty Paws franchisee, the Transfer Fee is \$7,500. Otherwise, it is \$15,000. If you are transferring the Franchise Agreement to an entity that you control, family, or adding minority equity owners, you will not be required to pay a Transfer Fee, but you must pay our actual costs, including legal fees. |

| | | | |
|---------------------------|---|---|--|
| Truck Remodel or Upgrades | Will vary under circumstances | Upon execution of successor franchise agreement, upon a Truck rewrap or upon a transfer of an existing Truck that has not completed the required remodels | You must keep your Truck in compliance with current System Standards which includes a rewrap when required (at least every seven years of operation). You may need to pay this fee for Truck: (1) upon execution of successor franchise agreement for a Salty Paws Franchise that has not completed the required remodels or is not in compliance with current standards; (2) for the transfer of a Mobile Business that has not completed the required remodels; or (3) if they are not in compliance with current standards. |
| Mystery Shopper Fee | \$1,000 per occurrence | On demand | We may require you to conduct a self-shop by sending photos of your Truck. If the results of the self-shop are unsatisfactory or you do not participate, we may send a mystery shopper or similar third party to conduct a mystery shop. If the results of the mystery shop are unsatisfactory, we will conduct a mystery shop of your Salty Paws Franchise and you must pay us a fee of \$1,000 to cover our travel and expenses and you will be subject to non-compliance fees. |
| Audit | Cost of audit and any related accounting and legal expenses and related travel and administrative expenses (we estimate this cost to be between \$1,000 and \$10,000) | On demand | You will be required to pay these costs if an audit reveals that you have failed to submit required reports or other information that we require. |

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us and our affiliates via automated clearing house (“ACH”) or other similar means. You are required to complete the ACH authorization (in the form attached to the Franchise Agreement). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. Additional Franchise Reservation Fee. Existing franchisees may also reserve an additional franchise and territory (“Reserved Franchise”) subject to availability and our approval by paying a Reservation Fee of \$10,000 per territory. You will pay this fee when you sign the “Additional Franchise Reservation Agreement.” You will be able to reserve a territory for up to 12 months. We will also give you a right of first refusal for an additional 12 months if you do not purchase the Reserved Franchise within the 12-month period. You cannot renew the Additional Franchise Reservation Agreement if you fail to purchase the Reserved Franchise. The Reservation Fee will be applied to the Initial Franchise Fee if you purchase an additional Franchise and a new Truck. The Reservation Fee is nonrefundable.

3. Misappropriated Operations Manual fee. These liquidated damages are determined by taking our total revenue from our previous fiscal year, multiplied by the fraction which results from taking one divided by the current number of Salty Paws Mobile franchisees as of the date of the misappropriation, except that this fee will not, under any circumstances, be less than \$30,000.

ITEM 7
YOUR ESTIMATED INITIAL INVESTMENT

| Expenditure | Estimated Range | | Method of Payment | When Due | To Whom Payment is Made |
|--|-----------------|-----------|-------------------|--|---|
| | Low | High | | | |
| Initial Franchise Fee | \$35,000 | | Lump Sum | Upon signing Franchise Agreement | To Us |
| Truck and Installed Equipment ⁽¹⁾ | \$16,000 | \$160,000 | As Incurred | As Incurred | Third-Parties |
| Training Expenses ⁽²⁾ | \$1,000 | \$3,000 | As Incurred | As Incurred | Providers of Travel, Lodging, and Food Services |
| Truck Delivery ⁽³⁾ | \$0 | \$5,000 | Lump Sum | Upon delivery of the Truck and related equipment | Third-Parties |

| | | | | | |
|--|-----------------|------------------|-------------|--------------------------------------|----------------------|
| Tax, Title, and Licensing for Truck ⁽⁴⁾ | \$2,500 | \$7,500 | Lump Sum | Upon delivery or pickup of the Truck | Government Agencies |
| Truck Insurance | \$2,400 | \$5,500 | As Incurred | As Incurred | Insurance Companies |
| Opening Inventory ⁽⁵⁾ | \$4,000 | \$6,000 | Lump Sum | Before Opening | Us or Our Affiliates |
| Pop-Up Tent/Supplies | \$2,500 | \$4,000 | As Incurred | As Incurred | Us, Suppliers |
| Permits and Licenses ⁽⁶⁾ | \$200 | \$2,000 | Lump Sum | As Incurred | Government Agencies |
| Grand Opening Advertising | \$1,000 | \$3,000 | As Incurred | As Incurred | Third-Parties |
| Truck Storage ⁽⁷⁾ | \$0 | \$1,800 | As Incurred | As Incurred | Third-Parties |
| Professional Fees ⁽⁸⁾ | \$2,000 | \$7,500 | As Incurred | As Incurred | Third-Parties |
| Computer System and Software | \$650 | \$3,450 | As Incurred | Before Opening | Suppliers |
| Additional Funds – 3 Months ⁽⁹⁾ | \$5,000 | \$12,000 | As Incurred | As Incurred | Us, Third-Parties |
| TOTAL ESTIMATED INITIAL INVESTMENT | \$72,250 | \$255,570 | | | |

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Salty Paws Ice Cream Truck for three (3) months. We do not offer direct or indirect financing for these items. The availability and terms of financing from third-parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the lending policies of financial institutions from which you may request a loan. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Salty Paws Ice Cream Truck may be greater or less than the estimates given depending upon the location of your Salty Paws Ice Cream Truck and current relevant market conditions. We did not include state or local sales taxes in any of the above estimates. Unless otherwise stated, these estimates are subject to increase based on changes in market conditions, our costs of providing services, and future policy changes. All fees paid to us pursuant to this Franchise Disclosure Document are uniform and non-refundable. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers.

1. Truck and Installed Equipment. Only the Truck may be used in the operation of your Salty Paws Mobile Business. No other truck or vehicle may be used in the operation of your Salty Paws Mobile Business. The low-end estimate assumes you are leasing the Truck and Installed Equipment, and the high-end estimate assumes you are purchasing same.

2. Training Expenses. You are responsible for all costs for any initial training program attendees, including hotel and airfare. The low estimate is for one attendee's travel expenses, and assumes the attendee drives to the initial training program. The high estimate is for two attendees' airfare, hotel, and miscellaneous travel expenses.

3. Truck Delivery. You are responsible for picking up your Truck from the manufacturer after initial training, or you may choose to have your Truck delivered. If you choose delivery, you will pay the delivery fee directly to the transportation company based on the then-current delivery rate.

4. Tax, Title, and Licensing of the Truck. You are required to pay all federal and state tax, title, licenses, and other costs of titling the Truck. The estimates include a sales (or usage) tax of an estimated 6% of the purchase price of the Truck. The actual amount may be more depending on the tax rate in the jurisdiction where you title your Truck. You should check with your local county clerk's office or other governmental titling office for your state's tax rate and the exact cost to title and license your Truck.

5. Opening Inventory. You must purchase an initial inventory of products and supplies to begin operation of your Salty Paws Mobile Business. The items must be purchased from us, our affiliates, or from third-parties that we approve. These estimates include between \$4,000 and \$6,000 for three months' inventory.

6. Permits and Licenses. You are required to pay for local permits and licenses, usually required in each city, county, and state where you operate. You should check with your local taxing authorities and with your tax advisor for the amount of such governmental charges.

7. Truck Storage. Because most of our franchisees will operate their Mobile Business out of their residences, this chart does not include estimates for items such as real property, real estate deposits, leases, leasehold improvements, furniture, fixtures, fixed assets, remodeling, construction, decorating costs, utility deposits, or security deposits, which will likely not apply unless you choose to acquire a business premises. In addition, we assume that you will not need to obtain desks, chairs, and other standard office supplies and equipment and do not include estimates for these items. You may need to rent a storage area for your Truck. The low end assumes that you can store your Truck at your residence. The high estimate provides for three months of storage at an outdoor vehicle storage area.

8. Professional Fees. We recommend that you consult with an attorney, accountant, and/or other advisor prior to purchasing a franchise. You must obtain state and local licenses and business licenses. You may have to post bonds in order to obtain certain governmental permits.

9. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your Mobile Business. Expenses could include office/warehouse space (if required), utilities, special event fees, uniforms, as well as additional operating capital for other variable costs such as fuel, vehicle maintenance, internet service, and mobile phones/telephone. In the event you intend to hire employees to operate your Truck, you should add their expected salary to this figure. These figures include \$1,500 in royalty fees, which may be due within your initial three-month start-up phase. We have elected to include certain fees as line items above, including the Truck insurance payments. These fees could also be included in our Additional Funds amounts. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Mobile Business opens for business. We have relied on our operation of similar businesses to arrive at these estimates. Your costs will depend

on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the start-up period.

This is an estimate of your initial start-up expenses for one Mobile Business. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

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

You must operate your Salty Paws Ice Cream Truck according to our System and specifications. Except as described below, however, we do not require you to purchase or lease goods, services, supplies, fixtures, equipment, inventory, or real estate for your Salty Paws Ice Cream Truck from us or any affiliate, or an Approved Supplier.

System Standards

To ensure the highest degree of quality and service is maintained, you must operate the Mobile Business in strict conformity with the methods, standards, and specifications (“System Standards”) we list in our proprietary and confidential operating manual (“Operations Manual”), which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components.

System Standards may regulate, among other things, the types, models, and brands of supplies, equipment, furnishings, and signs; services, products, and supplies the Salty Paws Franchise must offer; unauthorized and prohibited services and products; inventory requirements; and designated and approved suppliers of these items. You must not: (i) deviate from these methods, standards, and specifications without our prior written consent, or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System. Your Mobile Business must prepare and sell only the products that we designate and approve. We have the right to periodically make modifications to these products and you must comply with these modifications. You may not offer or sell any other product or service without our prior written consent. Establishing and enforcing System Standards are the mechanism by which we maintain the quality and consistency of the Salty Paws brand. If any product dispensed at your Mobile Business violates our System Standards or any applicable laws or regulations, or poses a health risk to the public, we may require that you immediately close your Mobile Business and not reopen until approved to do so by us after our inspection. In order to protect the public from any risk of harm and to protect the goodwill and reputation of the System, we may seek immediate injunctive relief seeking an order to close your Mobile Business if you fail to close your Mobile Business upon our request.

We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Operations Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you unless these standards and specifications contain our confidential information. We may require

you to remodel, modernize, and redecorate the Truck, at your sole expense, so that the Truck reflects our then-current System Standards as to image and quality.

You must use the computer hardware and software, including the point-of-sale system that we periodically designate to operate your Salty Paws Franchise. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify.

Truck Appearance

You must maintain the appearance of the Truck in accordance with our System Standards, including a rewrapping as required by us based on the condition of the Truck (but no later than seven years after you purchase the Truck) at your expense. You will be required to update the Truck appearance as follows: (1) the execution of successor franchise agreement for a Salty Paws Franchise with a Truck that has not completed the required remodels or is not in compliance with current standards; (2) for the transfer of a Mobile Business with a Truck that has not completed the required remodels; or (3) for a Truck that is not in compliance with current standards. See Item 11 for more information. You must use our approved supplier for the window tinting, wrapping and upfitting of your Truck.

Insurance

You must obtain and maintain at your own expense and from a supplier rated “A-” or better by Best’s Insurance Reports, the insurance coverage that we periodically require and satisfy other insurance- related obligations. You currently must have the following coverage:

A. If you have employees, workers’ compensation insurance in an amount not less than \$500,000 or a higher amount as required by state statute or rule in the state in which your Mobile Business is located;

B. Comprehensive business automobile insurance, including physical damage for the Truck, if applicable, in an amount of \$1,000,000 or greater, except that an appropriate deductible clause (maximum \$5,000 deductible) will be permitted. Also including any ancillary equipment and any other property used in the operation of the Mobile Business;

C. Comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may generally be customary for a shaved ice business located in your Protected Territory, but not less than \$1,000,000, insuring both you and us against all claims, suits, obligations, liabilities and damage, including attorney fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of the Franchise;

D. You must procure, maintain and provide evidence of automobile (truck) vehicle liability insurance covering the driving of the Truck, Hire/Non Owned Autos and any Additional Equipment or vehicles used in your business in an amount of not less than \$1,000,000; and

E. Such additional insurance as may be required by the terms of any lease or mortgage for the Franchise.

We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time.

All insurance policies, except for employment liability insurance policies, must name us and any affiliates we designate as additional named insured parties and provide for 30 days prior written notice to us of a policy's material modification, cancellation or expiration. You must furnish us with a copy of your Certificate of Insurance within ten days after the policy is issued or renewed.

Approved Products and Services

We may develop proprietary food products ("Products") and may develop and own proprietary recipes ("Proprietary Recipes"). In order to protect their trade secrets and to monitor the manufacture, packaging, processing, and sale of Products, we or our affiliate will: (i) manufacture, supply, and sell Products to Salty Paws Franchisees; and/or (ii) disclose Proprietary Recipes to a limited number of suppliers, including our affiliate.

You must obtain services and products from: (1) designated suppliers, (2) approved suppliers, and/or (3) according to our specifications. We will issue you a list of the designated and approved suppliers. If you want to use or sell a product or service that we have not yet evaluated or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for services and products that require supplier approval), you must follow the policies and procedures contained in our Operations Manual. Our approval generally will be based on the supplier's ability to consistently make the manufactured product to our standards, requirements, and/or specifications; the supplier's willingness to protect our confidential information; production, delivery, and service capability to meet supply and service commitments; and other criteria as may be detailed in the Operations Manual. We will use commercially reasonable efforts to notify you within 60 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. Costs associated with gaining approval may be your responsibility and/or the supplier's where existing suppliers are capable of providing an existing product. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, provider, product or service that does not continue to meet our specifications. We do not provide material benefits to you based solely on your use of designated or approved suppliers, other than that you will not be in default, will be able to renew or transfer, and will have the intangible benefit of uniform quality standards.

Salty Paws Distribution, LLC which is our affiliate is currently (or intends to soon be) the only approved vendor and supplier for all privately labeled products (which are products that carry our brand such as: powder ice cream container mixes, pre-packed powder bases and dehydrated treats), antlers and limited dog-friendly baked goods to be purchased by you for the operation of your Business. During the previous fiscal year, neither we nor our affiliates derived any revenue from franchisee purchases.

We estimate that approximately 90% of purchases required to open your Salty Paws Franchise and 15% of purchases required to operate your Salty Paws Franchise will be from us or from other approved suppliers or under our specifications. During our last fiscal year, ended December 31, 2024, we received \$0 in revenue from these required purchases. This number represents revenue and not profit from product sales and includes those products which franchisee may choose to buy from us but are not required (such as merchandise). During our last fiscal year, ended December 31, 2024, our affiliate, Salty Paws Distribution, LLC, received \$29,533 in revenue from these required purchases from our franchisees. This was 100% of our revenue in 2024, as we did not commence operations until 2025.

We may negotiate purchase arrangements with suppliers and distributors for the benefit of our Franchisees, and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you or that our franchisees purchase from approved vendors.

Approval of New Suppliers

We may update the list of approved suppliers in the Operations Manual. If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit samples of the supplier’s products or services to us, along with a written statement describing why such items, items, services,

or suppliers should be approved for use in the System. We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we will be required to respond to a request within 60 days, we generally respond to a request for an additional approved supplier within seven days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. You must stop selling any products and/or purchasing products from any supplier if we notify you we no longer approve of that specific product or supplier.

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 Franchise Disclosure Document.

| Obligation | Section in Franchise Agreement | Item in Franchise Disclosure Document |
|--|--------------------------------|---------------------------------------|
| a. Site selection and acquisition/lease | Sections 2, 3A & 3B | Items, 7 & 11 |
| b. Pre-opening purchases/leases | Section 3 | Items 7 |
| c. Site development and other pre-opening requirements | Section 3, , & 9 | Items 7 & 11 |

| | | | |
|----|--|----------------------------|------------------|
| d. | Initial and ongoing training | Section 5A, 5B & 5C | Items 11 |
| e. | Opening | Sections 3 | Items 6 & 7 |
| f. | Fees | Section, 4, 5D, 13C, & 14A | Items 5, 6 & 7 |
| g. | Compliance with standards and policies/ Operations Manual | Sections 5C, 5D & 9 | Items 11 |
| h. | Trademarks and proprietary information | Section 6 & 7 | Items 13 & 14 |
| i. | Restrictions on products/services offered | Sections 9B & 9D | Items 8 & 16 |
| j. | Warranty and customer service requirements | Section 6.E | |
| k. | Territorial development & sales quotas | Section 2 | |
| l. | Ongoing products/service purchases | Sections 9D | Items 8 & 16 |
| m. | Maintenance, appearance, and remodeling requirements | Sections 3 & 9 | Items 11 |
| n. | Insurance | Section 9G | Items 7 |
| o. | Advertising | Section 10 | Items 6 & 11 |
| p. | Indemnification | Section 17D | Items 6, 13 & 14 |
| q. | Owner's participation/management/staffing | Sections 3, 5E, 5F & 9F | Items 11 & 15 |
| r. | Records and reports | Section 11 | Items 6 |
| s. | Inspections and audits | Section 12 | Items 6 & 11 |
| t. | Transfer | Section 13 | Items 17 |
| u. | Renewal | Section 14 | Items 17 |
| v. | Post-termination obligations | Section 16 | Items 17 |
| w. | Non-competition covenants | Section 16D | Items 17 |
| x. | Dispute resolution | Section 18 | Items 17 |

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or any of your obligations.

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

Except as listed below, Salty Trucks, LLC is not required to provide you with any assistance.

Before you open the Salty Paws Franchise, we (or our affiliate or designees) will provide the following assistance and services to you:

1. Because you do not have to locate a site from which to operate your Salty Paws Business, we do not provide you with assistance in doing so. You may open an office, but it is not required and does not need to be approved by us. You must find a location to store the Truck, which may be at your residence if permitted. Before you purchase the Salty Paws Franchise, you and we will jointly agree on the Protected Territory in which you will operate your Salty Paws

Business. If we cannot agree on a territory location, we will not award you a Salty Paws Franchise (Franchise Agreement – Sections 3A and 3B).

2. Provide you with mandatory and discretionary specifications for the Salty Paws Business, including standards and suggested criteria for design, image, and branding of Truck (Franchise Agreement – Sections 3 and 9).

3. Identify products, supplies, and designated and approved suppliers that you must use to develop and operate the Salty Paws Business; establish minimum standards and specifications that you must satisfy while operating the Salty Paws Business (Franchise Agreement – Sections 3 and 9).

4. Loan you or make available to you on our website one copy of our Operations Manual. The Operations Manual contains approximately 74 pages. The table of contents for the Operations Manual is attached to this Franchise Disclosure Document as Exhibit E (Franchise Agreement – Section 5D).

5. Provide an initial training program for up to three attendees (Franchise Agreement – Section 5A).

6. Provide you with the necessary Truck design. We reserve the right to establish requirements regarding the design, image, and branding of the Truck, and the right to control and approve all content of the Truck, including the right to use the Truck to advertise our brand, products, and services (Franchise Agreement – Sections 3 and 9).

7. Provide you with advice and guidance regarding your pricing policies in compliance with the applicable laws. We have the right to recommend retail prices and prescribe minimum and/or maximum retail prices for the products and/or services offered and sold at your Salty Paws Business. (Franchise Agreement – Section 9H).

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing Salty Paws Businesses.

Schedule for Opening

We estimate that it will take five weeks to five months after you sign the Franchise Agreement before you open your Salty Paws Business. The factors affecting this length of time include the time necessary for you to obtain the Truck and equipment, schedule your initial training, and hire and train any necessary employees.

Continuing Obligations

During the operation of your Salty Paws Franchise, we (or our affiliates or designees) will provide the following assistance and services to you:

1. Upon reasonable request, provide advice regarding the Salty Paws Business operations based on your reports and our inspections. We also will guide you on standards, specifications, and operating procedures, and methods that Salty Paws Businesses use; purchasing required and authorized operating assets and other items and arranging for their distribution to you from us or the suppliers; advertising and marketing materials and programs; employee training; and administrative, bookkeeping, accounting, and inventory control procedures. We will guide you through the Operations Manual in bulletins or other written materials, through the use of electronic media, telephone conferences, and/or meetings at our offices or at your Salty Paws Business (Franchise Agreement – Section 5C).

2. Continue to loan you or make available to you on our website one copy of the Operations Manual, which may consist of electronic media, and/or written materials. We may modify the Operations Manual periodically to reflect changes in System Standards (Franchise Agreement – Section 5D).

3. We may periodically modify System Standards, and those modifications may require you to invest additional capital in the Salty Paws Business and/or incur higher operating expenses (Franchise Agreement – Section 9).

4. License the Marks (Franchise Agreement – Section 1).

5. License to you for your use of our Marks, as set forth in greater detail below in Item 13 (Franchise Agreement – Sections 6A and 6B).

6. Maintain and administer one or more websites to advertise, market, and promote Salty Paws Businesses and the services and products offered (Franchise Agreement – Section 10.Bt). We may allow you to have primary control over the website, subject to our terms and conditions.

7. Your Truck must come wrapped in vinyl containing the Salty Paws® design and insignia. You are required to update the wrap every seven years, or sooner, if needed, at your expense to comply with our current System Standards. All necessary updates, removal of vinyl, and installation of vinyl must be performed at an authorized upfit facility. (Franchise Agreement – Section 3E).

8. Provide additional training to you for newly-hired personnel regarding the Salty Paws brand and System Standards through our learning management system, refresher training courses, and additional training or assistance that you need or request subject to our discretion. We may require you to pay additional fees for this training or assistance (Franchise Agreement – Section 5).

Optional Assistance

During the term of the Franchise Agreement, we (or our affiliates or designees) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new menu items, new equipment, or new techniques.
2. Maintain and administer the Brand Fund. We may dissolve the Brand Fund upon written notice (Franchise Agreement - Section 10.3).
3. Hold periodic national or regional conferences to discuss business and operational issues affecting Salty Paws franchisees.

Advertising

Local Advertising

Franchisee is required to invest in local advertising to promote the Salty Paws Business within the Territory. We may conduct market research and testing to determine consumer trends and the marketability of new food products and services. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other Salty Paws franchisees under any such program, so long as such compliance does not contravene any applicable law, rule, or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all Salty Paws Businesses, and you will not issue coupons or discounts of any type except as approved by us. We may conduct market research and testing to determine consumer trends and the marketability of new food products and services.

You will not participate in any crowdfunding campaigns or similar money-raising programs for your Salty Paws Business. You agree to cooperate by participating in our market research programs, test marketing new food products and services in the Salty Paws Business and providing us with timely reports and other relevant information regarding such market research. You must conduct and participate in promotional campaigns (“Promotions”) which we may periodically require in the Operations Manual, and you must conduct and participate in those Promotions in accordance with the policies and provisions set forth in the Operations Manual. This may include requiring you to offer free products to customers on certain days or providing coupons (not to exceed \$1,000 per year). If we require you to conduct and participate in any Promotion, we reserve the right (but we are not required) to use a portion of the Brand Fund to defray a portion of any costs attributable to the Promotions (Franchise Agreement – Section 10.1).

It is a material breach of the Franchise Agreement to use other marketing material, logos, and our Marks without obtaining our prior written approval. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks, and other name identification materials must be consistent with our approved standards (Franchise Agreement – Section 10.4).

Brand Fund

Currently, we require you to contribute 2% of Gross Revenues per month to a system-wide advertising fund, but reserve the right to require you to contribute additional amounts of Gross Revenue each month to our system-wide advertising and promotions fund (“Brand Fund”). All franchises will contribute on an equal basis to the Brand Fund. The Brand Fund will be intended to promote the services of the System. We will administer the Brand Fund and all programs that the Brand Fund finances. We will use the Brand Fund for public relationships and the development and placement of print, electronic media and web-based advertising. We will not use the Brand Fund to solicit prospective franchisees, but we may use the Brand Fund to develop a website and social media platforms. We may use an outside advertising agency to create and place advertising, and handle public relations. The Brand Fund will advertise locally, regionally and nationally, as we decide in our sole discretion, to promote the System.

We will account for the Brand Fund separately from our other funds each year. The Brand Fund will not be audited, but we will prepare an annual unaudited financial statement of the Brand Fund that will be available on your request about 120 days after the end of the fiscal year. Other than reimbursement for reasonable costs and overhead incurred in activities for the administration or direction of the Brand Fund, which may include prorated salary and benefits of any personnel who manage and administer the Brand Fund, meeting costs and similar expenses, neither we nor any affiliate will receive any payment for providing services or products to the Brand Fund. We may, but are not required to, collect for deposit into the Brand Fund any advertising, marketing or similar allowances paid to us for that purpose by suppliers who deal with your Salty Paws Business.

System Website

We have established a website for Salty Paws Businesses (“System Website”). We reserve the right to develop a local website or local pages on the System Website. If you wish to advertise online, you must follow our online policy, which is contained in our Operations Manual. Our online policy may change as technology and the internet changes. Under our online policy, we may retain the sole right to market on the internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page. As long as we maintain a System Website, we will have the right to use the Brand Fund assets to develop, maintain, and update the System Website.

We are only required to reference your Salty Paws Business on the System Website while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to your Salty Paws Business from the System Website until you fully cure the subject default(s) (Franchise Agreement – Section 10.2).

Computer System

You must have regular access to a computer that is capable of connecting to the internet for the operation of your Salty Paws Business. You may use a computer that you own. If you were to purchase a computer, we estimate the cost to be approximately \$200 to \$1,000. You will need to buy and/or license third-party software such as QuickBooks and Microsoft Office to use in the operation of your Salty Paws Business. You must use the Clover software, although we reserve the right to specify required computer hardware or software and to specify other computer-related standards in the future. We may require you to purchase other point-of-sales hardware and/or software (“POS System”) in the future. You must periodically check your email and the portion of our website devoted to franchise owners. We reserve the right to market and sell over the internet. You must use any payment vendors and methods that we determine.

Independent Access to Information. We have a right and you are required to provide us with independent access to the information that will be generated or stored in your computer systems, which includes, but is not limited to, customer, transaction, and operational information. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Truck and any other operations taking place through your Truck.

We need not provide you with any ongoing maintenance, repairs, upgrades, updates, or support for your computer system (Franchise Agreement – Section 3C). You must arrange for the installation, maintenance, and support of the computer system at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the computer system. You may need to upgrade your hardware and/or software in order to utilize the computerized system as technological advances require, which may include a POS System. You will be responsible for the cost of such upgrades. Because we do not require you to purchase a computer, there will not be required costs for maintaining, updating, or upgrading it; however, we reserve the right to impose a Technology Fee at any point in time upon 30 days’ notice.

Training

Initial Training

Your Managing Owner (defined in Item 15) and any designated manager or representative that we require must complete the training program to our reasonable satisfaction before you open your Salty Paws Franchise. We provide initial training at no cost for up to three attendees. You will not receive any other compensation or reimbursement for services or expenses for participation in the initial training program and are responsible for all other costs of attendance, including ground transportation, food, and similar expenses. Franchisees that purchase existing Salty Paws Franchises as a result of a transfer are also required to attend initial training, and are responsible for their own travel and hotel expenses. Initial training classes are held whenever necessary to train new franchisees. We plan to provide the training listed in the table below. The hours presented for each subject are estimates and may change as our training program continues to evolve. You will receive pre-training materials prior to training, and will need to be prepared to attend Initial

Training. If you do not attend fully prepared, we may reschedule to a date that is convenient for us.

You must complete training to our satisfaction. If not completed on your first attempt at Initial Training, we reserve the right to charge you an additional training fee.

TRAINING PROGRAM

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|--|-----------------------------|------------------------------|---------------------------------------|
| The Salty Paws Mobile, Standards, Culture, and Creating the Experience | 4 hours | 0 hours | Rehoboth Beach, DE/ On-Site/Remote |
| Introduction and Set Up to Vendors and Suppliers | 2 hours | 0 hours | Rehoboth Beach, DE/ On-Site/Remote |
| Customer Service and Sales | 2 hours | 1 hour | Rehoboth Beach, DE/ On-Site/Remote |
| Why Branding is Important | 2 hours | 0 hours | Rehoboth Beach, DE/ On-Site/Remote |
| Ordering | 4 hours (2 Sessions) | 0 hours | Rehoboth Beach, DE/ On-Site/Remote |
| Truck Set Up | 0 hours | 2 hours | Rehoboth Beach, DE/ On-Site/Remote |
| Making Ice Cream | 0 hours | 2 hours | Rehoboth Beach, DE/ On-Site/Remote |
| Menu, Menu Boards, and Presentation | 0 hours | 2 hours | Rehoboth Beach, DE/ On-Site/Remote |
| Events | 2 hours | 2 hours | Rehoboth Beach, DE/ On-Site/Remote |
| Social Media and Marketing | 2 hours | 0 hours | Rehoboth Beach, DE/ On-Site/Remote |
| How to use the Truck | 0 hours | 8 hours | Rehoboth Beach, DE/ On-Site/Remote |
| Truck Maintenance, Cleaning, and Storage | 0 hours | 2 hours | Rehoboth Beach, DE/ On-Site/Remote |
| Totals | 16 hours | 18 hours | |

1. The training may be less than the times indicated above depending on the number and experience of the attendees. Training includes actual operation of a Truck under our supervision. The instructional materials for the training program consist of the Truck and its equipment, manufacturer brochures and operational manuals, and the Operations Manual.

2. Suzanne Tretowicz, our CEO, currently oversees our training program to which she brings more than 20 years of management experience.

3. Other instructors will include Salty Paws employees and franchisees, who have had at least two years of experience in the operation and management of a Salty Paws Business or have successfully completed initial training.

Ongoing Training

We may require that you, designated managers, and other employees periodically attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new designated manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Salty Paws Business. If we conduct an inspection of your Salty Paws Business and determine you are not operating in compliance with the Franchise Agreement or our System Standards, we may require you to temporarily close your Salty Paws Business, and we may require that you attend remedial training that addresses your operational deficiencies and pass our inspection before reopening. You may also request that we provide additional training (either at corporate headquarters or at your Salty Paws Business). You are responsible for costs and expenses for all training attendees. We may charge a fee for providing training and may require you to reimburse us for our associated costs and expenses.

ITEM 12 **TERRITORY**

The Franchise Agreement for your Salty Paws Business grants you an exclusive territory based on the geographic area and population properties within that area and other relevant demographic characteristics. We will generally grant only one license to a franchisee for any area with a population up to 100,000. We will use the population as listed on zip-codes.com, which is derived from known delivery information, household occupancy rates, as well as any other sources that we believe are reliable for determining the current population in and around your Protected Territory. In certain densely populated metropolitan areas, a territory may be considerably smaller, while franchisees operating in less densely populated urban areas may have significantly larger areas. If the population of your Protected Territory increases by more than 25%, we may reduce the size of your Protected Territory to 100,000 people unless you purchase an additional Truck.

You will operate a single Salty Paws Business and a single Truck within the Protected Territory identified in the Franchise Agreement. Your Protected Territory will be identified in an exhibit to your Franchise Agreement. The boundaries of your territory will coincide with the boundaries of one or more adjacent zip codes. You will be permitted to engage in direct advertising and solicitation of clients only within the boundaries of your Protected Territory unless we approve otherwise. Other than as described below, while the Franchise Agreement is in effect and you are not in default, we and our affiliate will not, in your Protected Territory, operate a company-owned unit or grant a franchise for a similar or competitive mobile business. You will only have the right to operate the Salty Paws Mobile Business in your Protected Territory under the terms and conditions of the Franchise Agreement, and we reserve all other rights to ourselves and our affiliate. You may not operate, solicit, or accept orders outside your Protected Territory unless we allow otherwise in our sole discretion.

We reserve all rights not expressly granted in the Franchise Agreement. Affiliate Franchisor's franchisees may operate franchises in your Protected Territory. We or our affiliate may own, operate, or authorize others to own or operate Salty Paws Businesses or any other form of Salty Paws business outside your Protected Territory, including co-branding activities, and may operate other kinds of businesses under other marks within your Protected Territory. We and our affiliate may conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks. We reserve the right to use and license the use of technology to non-franchisee locations inside and outside your Protected Territory. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

Although we have not done so, we and our affiliate may sell products under the Marks within and outside your Protected Territory through any method of distribution other than through a dedicated Salty Paws Business, including sales through such channels of distribution as the internet, mail order sales, telemarketing, or other direct marketing sales, wholesalers, unrelated retail outlets or other distribution outlets (together, "Alternative Distribution Channels"). You may not use Alternative Distribution Channels to make sales outside or inside your Protected Territory and you will receive no compensation for our sales through Alternative Distribution Channels except as described in the following paragraph.

If we engage in electronic commerce through the internet, or sell through any other Alternative Distribution Channel, and we receive orders for any products or services calling for delivery or performance in your Protected Territory, then we will offer the order to you at the price we establish. If you choose not to fulfill the order or are unable to do so, then we, our affiliate, or a third party we designate (including another Salty Paws Business) may fulfill the order, and you will be entitled to no compensation in connection with the sale.

Your Salty Paws Business and Protected Territory do not depend upon obtaining any certain sales quotas, sales goals, market penetration, or any other contingency. You must not relocate the Salty Paws Business without obtaining our written consent of the relocation. If you wish to purchase an additional Salty Paws Business, you must apply to us, and we may offer an additional Franchise to you.

If you wish to revise, amend, or relocate your Protected Territory, you must apply to us to do so, and we may, but are not required, to grant your request. We may condition our approval of such request on any terms or conditions which we deem reasonable, including, but not limited to, requiring you to pay an Initial Territory Adjustment Fee or a Territory Relocation Fee of \$2,500 as discussed in Item 6.

We do not grant a right of first refusal to franchisees to purchase new or existing locations, but we do allow you to reserve adjacent territories by signing the Additional Franchise Reservation Agreement and paying a non-refundable Reservation Fee.

ITEM 13
TRADEMARKS

We grant you the right to operate a Truck using our System, which is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the “Marks”), as are designated by us in writing for use in connection with the System. Our affiliate has our right to use and license others to use the Marks is exercised pursuant to an intellectual property license agreement with Stay Salty IP LLC. We are granted the right to use and to permit others to use the Marks. We have the right to license the use of the registered trademark to you for the term of the Franchise Agreement, including any extensions or renewals.

Our affiliate Stay Salty IP LLC owns the following registration with the United States Patent and Trademark Office (“USPTO”) on the Principal Register:

| Trademark | Registration Date | Registration Number |
|---|-------------------|---------------------|
|  The logo for "Salty Paws" features the word "Salty" in a large, brown, rounded font with a white paw print inside the letter 'y'. Below it, the word "Paws" is written in a similar brown, rounded font, also with a white paw print inside the letter 'a'. | December 31, 2019 | 5948042 |

You must follow our rules when you use the Marks. You cannot, under any circumstances, use any Mark with modifying words, designs or symbols, except for those which we license to you or have expressly approved in writing. You cannot modify a Mark in any way without our express written consent. You may not use any Mark in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

You may not, under any circumstances, use any of the Marks, including “Salty Paws,” in any manner, in the name of your corporation, limited liability company, partnership, or other legal entity.

In connection with the establishment of our trademarks, we operate a website for the promotion of the marks and Salty Paws Ice Cream Trucks. This website lists the location, operating hours, and other facts regarding our Trucks; however, we may provide you access to your own website (or sub-website) for the promotion of your specific Truck. You may not register any domain name nor operate any website that includes the terms “Salty Paws Ice Cream Truck.” You may request the establishment of a web page within the Salty Paws Ice Cream Truck website to include additional information specific to your franchised Salty Paws Ice Cream Truck. You may not use any electronic media, including the Internet, or any social media, for viewing by the public that contains our registered trademarks without our prior written approval. You may not establish a Facebook®, TikTok®, SnapChat®, or similar page, post through Instagram® or on YouTube®, or utilize other, similar social media, without our prior written approval. You may not establish a X® feed or other social media without our prior, written approval.

The confidentiality provisions of the Franchise Agreement apply to all uses of electronic media.

There are no other license agreements in effect that significantly limit our right to use or license the use of the principal trademarks that are material to the franchise.

Determinations

There is no currently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the above-described Marks which are relevant to your use of these Marks.

We do not know of any pending material state or federal court litigation regarding our use or ownership rights in the trademarks.

Protection of Rights

You must notify us immediately when you learn about an infringement of or challenge to your use of our trademarks. We will take the action we think is appropriate in these situations, and we have exclusive control over any settlement or proceeding concerning any Mark. You must take actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks. While we are not required to defend you against a claim arising from your use of our Marks, we will indemnify and hold you harmless from all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark in accordance with the Franchise Agreement and the Operations Manual, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

You must promptly notify us in writing of any claim, demand, or suit against you or your principals in connection with your use of the Marks. We have the right to select legal counsel and to control the proceedings. In certain cases, as described in Section 8.5 of the Franchise Agreement, we will indemnify and hold you harmless.

Modification of Trademarks

You must modify or discontinue the use of a trademark if we modify or discontinue it at your own cost. Because your telephone listings and email addresses will be associated with our trademarks, we will own all rights to the telephone listings, and all goodwill generated from the use of the telephone listings will inure to our benefit.

We may acquire or develop additional trademarks, and may use those trademarks ourselves, make those trademarks available for use by you and other Salty Paws Ice Cream Truck franchisees or make those trademarks available for use by other persons or entities. You may not directly or

indirectly contest our rights in our trademarks. We may require you to use and display a notice in a form we approve that you are a franchisee under the System using the trademarks under a Franchise Agreement.

You may not directly or indirectly contest our rights to our trademarks, trade secrets or business techniques that are part of our business.

Superior Prior Rights or Infringing Uses

We do not know of any superior rights of infringing uses that could materially affect your use of our principal trademarks.

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

Patents

No patents are material to the franchise.

Copyrights

We have not registered any copyrights with the United States Copyright Office (Library of Congress), but various marketing, sales, training, management and other materials that we have created are and will be protected under the U.S. Copyright Act, whether or not we have obtained registrations. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of promoting your Truck.

There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials that are relevant to their use by our franchisees.

There are no agreements currently in effect that significantly limit our right to use or license the use of our copyrighted materials in any manner material to the franchise. All of the provisions in Item 13 under the heading “Protection of Rights” also apply to copyrights; provided, however, that you must modify or discontinue use of any subject matter covered by a copyright if directed by us.

We do not know of any superior rights in or any infringing uses of our copyrighted materials that could materially affect your use of the copyrighted materials.

Proprietary Information

We have proprietary, copyrighted manuals that include guidelines, standards and policies for the operation of your Truck, and other proprietary, copyrighted materials. Item 11 and Exhibit E to this Franchise Disclosure Document describe the manuals and the manner in which you may use them. All proprietary manuals and materials provided to you are for your exclusive use during the

term of the franchise, and may not be reproduced, copied, loaned to, used by or shown to any person outside the System without our permission.

Each Operating Principal, manager, supervisory employee, independent contractor, or other person attending initial training must sign an agreement in which he or she agrees to the confidentiality of the System, agrees not to use any information about the system for his or her own benefit, and agrees not to compete in certain respects with your business and other franchisees' businesses. Each of these persons must sign the confidentiality agreement (see Exhibit E to the Franchise Agreement), before you grant him or her access to our manuals or any other confidential information.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE
ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You must own your Salty Paws Mobile Franchise in a legal entity. The sole purpose of your legal entity will be the development and operation of a Salty Paws Franchise. The Salty Paws Mobile Franchise shall be managed by one of your owners who is a natural person with at least a 51% ownership interest and voting power in the entity ("Managing Owner"). During the term of the Franchise Agreement, the Managing Owner shall directly supervise and participate in the day-to-day operation of the Salty Paws Mobile Business.

Because our franchisees who have actually been owner/operators in the past have generally proven to have greater success than passive owners, we require you (or your Managing Owner) to be an active owner and operator of your Salty Paws Mobile Business for at least the first 60 days that you operate as a Salty Paws franchisee.

Under certain circumstances, after the first 60 days of operation, we may allow you to appoint a designated manager ("Designated Manager"), who has been approved by us, to run the day-to-day operations of Salty Paws Mobile Business. The Designated Manager must successfully complete our initial training program (See Item 11). The Designated Manager need not have an ownership interest in the Salty Paws Mobile Business. If you replace a Designated Manager for any reason, the new Designated Manager must satisfactorily complete our initial training program at your own expense.

Any Designated Manager and any officer that does not own equity in the Franchisee entity, must sign the "System Protection Agreement." All of your employees, independent contractors, agents, or representatives that may have access to our confidential information must sign a "Confidentiality Agreement" (unless they already signed a System Protection Agreement). Each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in your entity) of the Franchisee entity must sign an "Owners Agreement." We also require that the spouses of the Salty Paws Franchise owners sign the Owners Agreement. The Owners Agreement extends the obligations of the Franchise Agreement to each owner and their spouse with each owner and spouse bound to and liable for the terms of the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only products and services that have been approved and specified by us in the Operations Manual and any updates that are periodically incorporated in the Operations Manual. You must sell or offer for sale all types of products and services specified by us. You may not offer for sale any products or services not specifically approved by us in writing. There are no limitations on our rights to make changes to the required products and services offered by you.

You may not use the Truck or our marks for purposes other than selling flavored ice cream and related products without our express permission. You may not establish an account or participate in any social networking sites, crowdfunding campaigns, or blogs or mention or discuss the Salty Paws Franchise, us, or our affiliate, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, internet or mail order sales.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

| Provision | Section in Franchise Agreement | Summary |
|-------------------------------------|--------------------------------|---|
| a. Length of the franchise term | Section 15A | Ten (10) years from the Effective Date of the Franchise Agreement. |
| b. Renewal or extension of the term | Not Applicable | If you are in good standing and have met the conditions set forth in row (c), below, you have the right to renew the Franchise Agreement for one (1) Ten (10) year term (or the length of your then-current lease term, whichever is shorter), with payment of any franchise renewal fee that is in effect at the time of renewal. The current renewal fee is 50% of the then-current Franchisee Fee. |

| | | | |
|----|--|----------------|--|
| c. | Requirements for you to renew or extend | Section 14A | Good standing; timely advance notice; pay any then-current renewal fee; sign new Franchise Agreement that may contain materially different terms and conditions than the Franchise Agreement in this Disclosure Document; be current in payments; sign release; and modernize Truck to meet then-current standards. |
| d. | Termination by you | Section 15A | |
| e. | Termination by us without cause | Section 15B | |
| f. | Termination by us with cause | Section 16 | We can terminate only if you default. |
| g. | “Cause” defined – curable defaults | Section 15 | You have 30 days to cure noticed curable defaults other than for non-payment of fees. You have five (5) days to cure non-payment of fees. |
| h. | “Cause” defined – non-curable defaults | Section 15 | Non-curable defaults include misuse of trademarks; breach of non-competition; unauthorized assignment or transfer of any rights of the Franchise Agreement; material misrepresentation; lack of prior consent when required; abandonment; repeated defaults even if cured; threat to public health or safety; bankruptcy; plead guilty or no contest to or conviction of a felony. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 1101, <i>et seq.</i>). |
| i. | Your obligations on expiration, termination or non-renewal | Section 16 | Obligations include final accounting, complete de-identification, our option to purchase assets, our option to assume your real estate lease (if any), and payment of amounts due. See row (r) below. |
| j. | Our transfer of Franchise Agreement | Section 13 | No restriction on our right to assign. |
| k. | “Transfer” by you – definition | Not Applicable | Includes transfer of contract or assets, or any change of ownership. |

| | | | |
|----|---|--------------------|--|
| l. | Our approval of your transfer | Section 13 | We have the right to approve all transfers. |
| m. | Conditions for our approval of transfer | Section 13 | New franchisee qualifies, payment of all of your outstanding debts to us, cure of any defaults, then-current agreement signed by new franchisee transfer fee paid; training completed; and release signed by you and your Related Parties. |
| n. | Our right of first refusal to acquire your Truck | Section 13 | We or our designee can match any offer for your Truck. |
| o. | Our option to purchase your Truck | Sections 13 and 16 | We or our designee may, but are not required to, purchase your inventory and equipment at the lesser of the fair market value or depreciated value, if franchise is terminated for any reason. |
| p. | Your death or disability | Section 15 | Heirs or beneficiaries must demonstrate within 60 days ability to operate franchise. Otherwise, franchise must be assigned by estate to approved buyer within sixty (60) days. |
| q. | Non-competition covenants during the term of the franchise | Section 16 | No competing business during the Term. |
| r. | Non-competition covenants after the franchise expires, is terminated, or is not renewed | Section 16 | No competing business for two (2) years: (i) at the Approved Location, (ii) within 25 miles of the Approved location, or (iii) within 25 miles of another Salty Paws Ice Cream Truck (including after assignment). |
| s. | Modification of the Franchise Agreement | Section 18 | No modification, generally, unless on consent of both parties, but Operations Manual subject to change. |
| t. | Integration/merger clause | Section 18 | Only the terms of the Franchise Agreement are binding (subject to this Disclosure Document and applicable state law). Any other promises may not be enforceable. |

| | | | |
|----|--|------------|--|
| u. | Dispute resolution by arbitration or mediation | Section 18 | Except for certain claims, claims must first be mediated prior to arbitration or litigation. All disputes must be litigated in Pennsylvania. The arbitration will occur with each respective party paying their own costs. |
| v. | Choice of forum | Section 18 | Arbitration in Chester County, Pennsylvania, or, if litigated, the Court of Common Pleas for Chester County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania. |
| w. | Choice of law | Section 18 | Pennsylvania law applies. |

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

We do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Suzanne Tretowicz, 43 Rehoboth Avenue, Rehoboth Beach, Delaware 19971, add email; add phone, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary for Years 2022 to 2024

| Outlet Type | Year | Outlets at Start of Year | Outlets at End of Year | Net Change |
|----------------------|-------------|--------------------------|------------------------|------------|
| Franchised | 2022 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 9 | +9 |
| Company-Owned | 2022 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 |
| Total Outlets | 2022 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 9 | +2 |

Table 2
Transfers of Outlets From Franchisees to New Owners
(Other than Franchisor or an Affiliate) for Years 2022 to 2024

| State | Year | Number of Transfers |
|--------------|------|---------------------|
| Total | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |

Table 3
Status of Franchised Outlets for Years 2022 to 2024

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations | Outlets at End of Year |
|-----------------------|------|--------------------------|----------------|--------------|--------------|--------------------------|-------------------|------------------------|
| Louisiana | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| North Carolina | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| New Jersey | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Nevada | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| New York | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

| | | | | | | | | |
|---------------------|------|----------|----------|----------|----------|----------|----------|----------|
| Pennsylvania | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Tennessee | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Virginia | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 | 9 | 0 | 0 | 0 | 0 | 9 |

Table 4
Status of Company-Owned Outlets For Years 2021 to 2023

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of Year |
|--------------|-------------|---------------------------------|-----------------------|--|-----------------------|------------------------------------|-------------------------------|
| Total | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 |

Table 5
Projected Openings as of December 31, 2024

| State | Franchise Agreements Signed But Outlet Not Opened as of December 31, 2024 | Projected New Franchised Outlets as of December 31, 2024 (in 2025) | Projected New Company-Owned Outlets as of December 31, 2024 (in 2025) |
|----------------|--|---|--|
| Florida | 0 | 2 | 0 |
| Georgia | 0 | 2 | 0 |
| North Carolina | 0 | 2 | 0 |
| New Jersey | 1 | 0 | 0 |
| Pennsylvania | 1 | 0 | 0 |
| South Carolina | 0 | 2 | 0 |
| Tennessee | 0 | 2 | 0 |
| Total | 2 | 10 | 0 |

Attached as Exhibit C to this disclosure document is a list of the names, addresses and telephone numbers of our current franchised businesses. Also attached as Exhibit C to this disclosure document is a list of the names and city, state and last known business telephone number, of every franchisee who had an outlet terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the previous fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Please note that Exhibit C is current as of the issuance date of this Disclosure Document, while the tables above reflect the status of our outlets at the end of our prior fiscal year. Any discrepancies between Exhibit C and the Item 20 tables are due to events that have occurred in the intervening period.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses with us that would restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchisee organizations associated with our franchise system.

ITEM 21 **FINANCIAL STATEMENTS**

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Exhibit C to this Franchise Disclosure Document includes our audited financial statements, dated May 31, 2025.

ITEM 22 **CONTRACTS**

Copies of all proposed agreements regarding the Salty Paws Ice Cream Truck franchise offering are included in Exhibit A. These include:

The Franchise Agreement and the following exhibits:

- Exhibit A – Franchise Data Sheet
- Exhibit B – Statement of Ownership
- Exhibit C – Principal Owner’s Guaranty
- Exhibit D – Sample Release Agreement,
Waiver and Release of Claims
- Exhibit E – Nondisclosure, Nonsolicitation and
Noncompetition Agreement
- Exhibit F – Sample Confidentiality Agreement
- Exhibit G – Sample Approval of Requested Assignment
- Exhibit H – Lease Addendum
- Exhibit I – ACH Payment Agreement
- Exhibit J – SBA Addendum

ITEM 23
RECEIPTS

Exhibit J to this Franchise Disclosure Document includes detachable documents acknowledging your receipt of this disclosure document. Please sign one (1) copy of the receipt and return it to us at the following address:

Salty Trucks, LLC
43 Rehoboth Avenue
Rehoboth Beach, Delaware 19971
info@saltypawsicecreamtruck.com

The duplicate receipt is for your records.

**EXHIBIT A TO SALTY TRUCKS, LLC
FRANCHISE DISCLOSURE DOCUMENT**



SALTY PAWS ICE CREAM TRUCK FRANCHISE AGREEMENT

Franchise Owner: _____

Date: _____

TABLE OF CONTENTS

| <u>Section</u> | <u>Page</u> |
|---|-------------|
| 1. PREAMBLES, ACKNOWLEDGMENTS, AND GRANT OF FRANCHISE | 1 |
| 2. TERRITORY..... | 4 |
| 3. DEVELOPMENT AND OPENING OF THE SALTY PAWS FRANCHISE..... | 5 |
| 4. FEES..... | 9 |
| 5. TRAINING AND ASSISTANCE | 13 |
| 6. INTELLECTUAL PROPERTY | 15 |
| 7. CONFIDENTIAL INFORMATION | 19 |
| 8. EXCLUSIVE RELATIONSHIP | 20 |
| 9. SYSTEM STANDARDS | 21 |
| 10. MARKETING..... | 27 |
| 11. REPORTS | 30 |
| 12. INSPECTIONS AND AUDITS | 32 |
| 13. TRANSFERS | 32 |
| 14. EXPIRATION OF THIS FRANCHISE AGREEMENT | 37 |
| 15. TERMINATION OF FRANCHISE AGREEMENT..... | 39 |
| 16. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS FRANCHISE AGREEMENT | 42 |
| • RELATIONSHIP OF THE PARTIES/INDEMNIFICATION..... | 45 |
| 17. ENFORCEMENT | 46 |
| 18. NOTICES AND PAYMENTS..... | 54 |
| 19. COMPLIANCE WITH ANTI-TERRORISM LAWS..... | 54 |
| 20. ELECTRONIC MAIL..... | 54 |

ATTACHMENTS:

| | |
|--------------|--------------------------------|
| ATTACHMENT A | FRANCHISE DATA SHEET |
| ATTACHMENT B | OWNERSHIP INTERESTS |
| ATTACHMENT C | OWNERS AGREEMENT |
| ATTACHMENT D | ADDITIONAL EQUIPMENT AMENDMENT |

SALTY PAWS ICE CREAM TRUCK FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Franchise Agreement”) is made and entered into by and between Salty Trucks, LLC, a Delaware limited liability company, with its principal business address at 43 Rehoboth Avenue Rehoboth Beach, Delaware 19971 (“Franchisor,” “we,” “us,” or “our”), and the franchise owner identified on the signature block of this Franchise Agreement (“Franchisee,” “you” or “your”), made effective as of the date listed in Attachment A (the “Effective Date”).

1. PREAMBLES, ACKNOWLEDGMENTS, AND GRANT OF FRANCHISE.

1.A PREAMBLES.

- A. We have developed a unique system of selling flavored ice cream, and related products to the general public within a mobile environment (“Salty Paws Business(es)”). Salty Paws Ice Cream Trucks have distinctive business formats, methods, procedures, designs, standards, and specifications, all of which we may improve, further develop, or otherwise modify from time to time.
- B. We and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols to be used in connection with the operation of Salty Paws Ice Cream Trucks, and we may create, use, and license other trademarks, service marks, and commercial symbols for the same use (collectively, the “Marks”).
- C. We grant franchises (“Salty Paws Franchise” or “Franchise”) to persons who meet our qualifications, and are willing to undertake the investment and effort, to own and operate a Salty Paws Business offering the services and goods we authorize using under our “System Standards,” which consist of business formats, methods, procedures, signs, designs, standards, specifications, and Marks we authorize (the “System”).
- D. As a Salty Paws Franchise owner, you must comply with this Franchise Agreement and all System Standards to maintain the high and consistent quality, critical to attracting customers of Salty Paws Ice Cream Trucks and preserving the goodwill of the Marks.

1.B ACKNOWLEDGMENTS.

You acknowledge and agree:

- (1) That like any other business, the nature of the business that a Salty Paws Franchise conducts may, and probably will, evolve and change over time.
- (2) That attracting customers to your Salty Paws Franchise will require you to make continual marketing efforts.
- (3) That retaining customers for your Salty Paws Franchise will require you to have a high level of customer service and adhere strictly to and maintain the System and our System Standards.
- (4) That in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual capacity and that business dealings between you and them as a result of this Franchise Agreement are deemed only between you and us.
- (5) That you have represented to us, to induce our entry into this Franchise Agreement,

that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise.

- (6) That this Franchise Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service and to protect and preserve the goodwill of the Marks.
- (7) That other present or future franchisees of ours may operate under different forms of agreement and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances.
- (8) That we may have negotiated terms or offered concessions to other franchisees, and we have no obligation to offer you the same or similar negotiated terms or concessions.
- (9) That you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Salty Paws Franchise except those materials prohibited or restricted under applicable federal and state law and/or regulations.
- (10) That you alone will exercise day-to-day control over all operations, activities, and elements of the Salty Paws Franchise and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications, and procedures of the System which you are required to comply with under this Franchise Agreement, whether set forth in the Operations Manual (defined in Section 5C) or otherwise, do not directly or indirectly constitute, suggest, infer, or imply that we control any aspect or element of the day-to-day operations of the Salty Paws Franchise, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of the Salty Paws Franchise.

1.C LEGAL ENTITY.

You are required to be a legal entity ("**Entity**"). You agree and represent that:

- (1) You have the authority to execute, deliver, and perform your obligations under this Franchise Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;
- (2) Your organizational documents, operating agreement, or partnership agreement, as applicable, restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Franchise Agreement's restrictions;
- (3) Attachment B to this Franchise Agreement completely and accurately describes all of your direct and indirect owners (i.e. each person or entity holding a direct or indirect ownership in you under this Franchise Agreement), (each a "**Owner**") and their interests in you as of the Effective Date;
- (4) Each of your Owners and your Owners' spouses will execute the Owners Agreement in the form attached hereto as Attachment C undertaking personally to be bound, jointly and severally, by all provisions of this Franchise Agreement and

any ancillary agreements between you and us. Subject to our rights and your obligations under Section 13, you and your Owners agree to sign and deliver to us revised versions of Attachment B from time to time to reflect any changes in the information that Attachment B now contains;

- (5) The Salty Paws Franchise will be the only business you operate during the term of this Franchise Agreement (although your Owners may own other, noncompetitive business interests); and
- (6) You have identified on Attachment A one of your Owners who is a natural person with at least 51% ownership interest and voting power in you and has the authority of a chief executive officer (the “**Managing Owner**”). If you are an entity with multiple Owners, one of your Owners who is a natural person must have at least 51% ownership interest and voting power in you (including a spouse’s interest). You have delivered to us a completed Attachment A to accurately identify the Managing Owner.

1.D GRANT AND TERM OF FRANCHISE AGREEMENT.

We grant you a Franchise to own and operate a Salty Paws Business. You must operate one proprietary Salty Paws Truck (a “**Truck**”) within the Protected Territory. The term of the Salty Paws Franchise and this Franchise Agreement begins on the Effective Date and expires ten years ~~after~~ after the Effective Date (“**Initial Term**”), unless sooner terminated. You agree at all times faithfully, honestly, and diligently to perform your obligations under this Franchise Agreement and to use your best efforts to promote the Salty Paws Business. If you are signing this franchise agreement as a successor franchise agreement, the references to the “Initial Term” shall mean the applicable renewal term of the successor agreement. If you do not sign a successor franchise agreement prior to the expiration of this Franchise Agreement and continue to accept the benefits of this Franchise Agreement after its expiration, then, at our option, this Franchise Agreement may be treated either as (i) expired as of the date of expiration with your continued operation being a violation of this Franchise Agreement; or (ii) continued on a month-to-month basis (“**Interim Period**”) until one party provides the other with written notice of such party’s intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Franchise Agreement had not expired, and all covenants, obligations, and restrictions imposed on Franchisee upon expiration of this Franchise Agreement shall be deemed to take effect upon termination of the Interim Period.

1.E RIGHT TO OPERATE MULTIPLE TRUCKS.

You must operate one Truck during the Initial Term pursuant to the terms of this Franchise Agreement. If you would like to operate more than one Truck, you will be required to purchase an additional Salty Paws Franchise for each Truck and execute an additional franchise agreement.

2. TERRITORY

2.A TERRITORIAL RIGHTS.

As long as you are not in default under the Franchise Agreement, except as permitted by this Section, we (including our affiliates) will not establish, or franchise any entity to establish, a Salty Paws Business

within the geographic area described in Attachment A (the “**Protected Territory**”). If the population of your Protected Territory increases during the Initial Term of this Franchise Agreement by more than 25% using the population listed on zip-codes.com, we may reduce the size of your Protected Territory to 100,000 people upon 30 days’ notice. “**Territory Infringement**” occurs when a franchisee generates income from a customer by receiving payment for goods and/or services provided and/or rendered within the protected territory of another Salty Paws franchisee without first obtaining that franchisee’s and our written permission. A franchisee who infringes upon another franchisee’s protected territory is subject to the following fines, payable to us within five days after the infringement(s) is/are proven:

- (1) first violation - \$1,000 plus the invoice amount for the products or services sold; and
- (2) second violation and subsequent violations - \$5,000 plus the invoice amount for the products or services performed.

The collected fine amounts shall become our property and any distribution of these funds shall be in our sole discretion. The total violations count is cumulative over the life of this Franchise Agreement regardless of where and when the violations occur.

You may provide services and sell products to customers located outside of the Protected Territory without being subject to Territory Infringement under the following circumstance: (1) there is no other franchisee in that area; (2) the customer initiates the contact with you; and (3) you first receive our express written consent, which may be withheld in our sole discretion. You are prohibited from directly marketing to or soliciting customers whose principal business office (or principal residence, if the customer is an individual) is outside of your Protected Territory unless we specify otherwise to you in writing. You may not advertise in any media whose primary circulation is outside of the Protected Territory without our permission, unless the advertisement is part of a cooperative advertising program. We do not grant a right of first refusal to franchisees to purchase new or existing locations. This Franchise Agreement does not grant you rights to pursue any of Franchisor’s or its affiliates’ business concepts other than the Salty Paws Franchise.

2.B TERRITORIAL RIGHTS WE RESERVE.

We and our affiliates retain certain rights with respect to the sale of similar, or dissimilar, services and products, and any other activities. These rights include the right to:

- (1) use, and to license others to use, the Marks and the System for the operation of Salty Paws Franchises at any location other than in the Protected Territory, including co-branding activities, regardless of proximity to the Protected Territory;
- (2) use, license, and franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or at any location, including the Protected Territory, in association with operations that are similar to or different than the Salty Paws Franchise, including co-branding activities;
- (3) use the Marks and the System in connection with the provision of other services and products, or in alternative channels of distribution at any location outside the Protected Territory;
- (4) offer the services or products similar to those offered by Salty Paws Franchises, or grant others the right to offer the services or products, whether using the Marks or other trademarks or service marks, through alternative channels of distribution,

- including without limitation, by Internet, mail order sales, telemarketing, or other direct marketing sales, wholesalers, retail outlets, or other distribution outlets (other than Salty Paws Franchises), whether inside or outside the Protected Territory;
- (5) utilize any websites, including social media websites, utilizing a domain name incorporating the word “Salty Paws”, or the Marks, or similar derivatives thereof;
 - (6) to engage in any transaction, including to purchase or be purchased by, merge, or combine with, to convert to the System or be converted into a new system or chain with any business, whether franchised or corporately owned, including, but not limited to, a business that competes directly with your Salty Paws Franchise, wherever located, provided that in such situations the newly acquired businesses located in your Protected Territory will not operate using the Marks;
 - (7) to use and license the use of technology to non-franchisee locations inside and outside the Protected Territory;
 - (8) implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers anywhere or direct such customers to the Salty Paws Franchise that Franchisor chooses, in its discretion. Franchisor reserves the right to issue mandatory policies to coordinate such multi-area marketing programs; and
 - (9) to engage in any other business activities not expressly prohibited by this Franchise Agreement, both within and outside your Protected Territory.

If we engage in electronic commerce through the Internet, or sell through any other alternative channel of distribution, and we receive orders for any products or services calling for delivery or performance in your Protected Territory, then we will offer the order to you at the price we establish. If you choose not to fulfill the order or are unable to do so, then we, our affiliate, or a third party we designate (including another Salty Paws Business) may fulfill the order, and you will be entitled to no compensation in connection with the sale.

3. DEVELOPMENT AND OPENING OF THE SALTY PAWS FRANCHISE.

3.A FRANCHISE PREMISES.

Salty Paws Franchises are typically operated out of the franchisee’s home or Truck but may be operated from office buildings, business parks, and other commercial real estate locations. If you decide to operate your Salty Paws Franchises out of an office, you will be solely liable for its compliance with all applicable business ordinances and building codes, and for obtaining all necessary health, building, sign, and other permits, licenses, and bonds, as may be required for the operation of the office.

3.B Intentionally Omitted.

3.C COMPUTER SYSTEM, SOFTWARE & RELATED EQUIPMENT.

We reserve the right to periodically designate computer hardware or software, including a point-of-sale system, for you to use. As of the Effective date, we require you to use Clover; however, we have the right to amend this obligation. In order to provide for inevitable but unpredictable changes to the technology, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System. If required by us, you agree to purchase point-of-sales hardware and/or software (“POS System”) and pay ongoing POS System fees to us, our affiliate,

and/or the third-party vendor we designate. We do not currently have independent access to your computer system but reserve the right to conduct periodic audits for any accounting records contained in such hardware. You agree to provide us with any and all codes, passwords, and information necessary to access your computer system, point-of-sale systems, and software and must receive our prior written approval before changing such codes, passwords, and other necessary information.

You will be responsible for any increase in fees that result from any upgrades, modifications, or additional systems or software and for any increases in fees from suppliers. We reserve the right to: (i) change or add approved suppliers or vendors of these services at any time, in our sole discretion; (ii) enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology; (iii) create proprietary software or technology that must be used by Salty Paws franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support, and maintenance fees; and (iv) increase or decrease the other technology and licensing and expenses that you are required to pay under this Franchise Agreement at any time, upon 30 days' written notice to Franchisee.

You must obtain and use at least one Salty Paws email address from us. You must pay us \$168 per year for each email address you obtain, which is currently due at the same time as your Royalty. We reserve the right to increase this fee upon 30 days' written notice to you. You must have access to accounting software such as QuickBooks and word processing software such as Microsoft Office.

3.D Intentionally Omitted.

3.E SALTY PAWS EQUIPMENT STANDARDS.

Throughout the term of this Franchise Agreement, you must:

- (1) operate and maintain the truck and any additional equipment in accordance with our System Standards, as may be provided in the Operations Manual or otherwise in writing and, at our request, periodically update or improve the decoration and/or design of the truck and any additional equipment. You may be required to pay a fee in the event that we or our affiliate needs to modify any part of the truck and any additional equipment from our standard specifications in order to meet with relevant state or local health department requirements in your Protected Territory. Any required update or improvement must be made within 30 days of our delivery of notice to you that such updates or improvements must be made at your sole expense;
- (2) maintain the condition of the truck and any additional equipment as clean, orderly, and consistent with the image of a Salty Paws Franchise as we prescribe from time to time, at your sole expense, including, but not limited to, allowing us to rewrap the truck and any additional equipment, at your expense, as needed, but no later than after seven years of operation for your truck. You agree to remodel each truck you operate at least once every seven years to meet our then-current System Standards at your sole cost and expense or more frequently if any truck is not in compliance with our then-current System Standards. All necessary updates, removal of vinyl, and installation of vinyl must be performed at an authorized upfit facility;

- (3) not use the truck or any additional equipment for any purpose other than the operation of the Salty Paws Franchise and store the truck and additional equipment in accordance with our System Standards;
- (4) place or display on the truck and any additional equipment only the signs, emblems, branding audio content, video content, lettering, and logos we provide or approve from time to time;
- (5) send us photographs of the truck, and any additional equipment at least once per calendar year, as we request;
- (6) allow us to inspect the truck, and any additional equipment in the frequencies and manners described in the Systems Standards; and
- (7) not transfer, sell, pledge, give away, decommission, or otherwise encumber the truck and any additional equipment without our prior written approval and, except for a transfer or sale of the truck or any additional equipment to us, our affiliates or another Salty Paws franchisee, you must fully decommission the truck and any additional equipment by removing all proprietary items and Marks from the truck and additional equipment in accordance with our System Standards including. Once the Truck has been fully decommissioned, you must allow us to inspect or send photographs to us for our review and prior approval.

3.F BUSINESS OPENING.

You agree not to open the Salty Paws Business for business until:

- (1) we notify you in writing that the Salty Paws Franchise meets our standards and specifications;
- (2) your Managing Owner, your Designated Manager (as defined in Section 9F), and any other required attendees satisfactorily complete applicable portions of training before opening;
- (3) you pay the initial franchise fee and all other amounts then due to us; and
- (4) you give us certificates for all required insurance policies (as described in Section 9G).

Subject to your compliance with these conditions, you agree to open the Salty Paws Business to the public no more than five (5) months after the Effective Date. The date that the Salty Paws Franchise first opens to the public shall be the "Opening Date."

3.G NOTICE.

If you believe that we (or our affiliates) have failed to adequately provide any assistance or services to you as provided in this Franchise Agreement, you will notify us in writing within 30 days following ours or our affiliates' provision of such assistance or services. Without the timely provision of such notice to us, you will be deemed to conclusively acknowledge that all such assistance or services required to be provided by us or our affiliates were sufficient and satisfactory in your judgment.

4. FEES.

A. INITIAL FRANCHISE FEE.

You must pay us an initial franchise fee of \$35,000 (“**Initial Franchise Fee**”) when you sign this Franchise Agreement. The Initial Franchise Fee is fully earned by us when paid and is not refundable under any circumstances.

B. RESERVATION FEE.

Provided you are not in default of this Franchise Agreement or any other agreement with us, you may, subject to availability and our approval, reserve additional territories by paying us a territory reservation fee of \$10,000 per territory (“**Reservation Fee**”) and entering into our Additional Franchise Reservation Agreement, the current form of which is attached to the Franchise Disclosure Document in Exhibit H. The Reservation Fee and Additional Franchise Reservation Agreement allows you to hold a territory for up to 12 months and provides an additional right of first refusal for an additional 12 months, after which your rights will expire and will not be renewed. You can only operate in an additional territory under a separate franchise agreement with us and you must sign our then-current franchise agreement in order to do so. If you are purchasing a new Truck, the Reservation Fee will be applied to the Initial Franchise Fee of the additional Salty Paws Franchise at the time you sign the corresponding franchise agreement. The Reservation Fee will not be applied to the Initial Franchise Fee if you purchase a used Truck. The Reservation Fee is non-refundable under any circumstances, even if you do not open an additional Salty Paws Franchise.

C. ROYALTY FEE.

Beginning on the Opening Date, and continuing for the term of this Franchise Agreement, including any Interim Period, you agree to pay us a monthly royalty fee a minimum of \$500 or 6% of gross revenue whichever is greater.

D. TERRITORY CHANGE.

You may not revise or amend your Protected Territory (a “**Territory Revision**”) without our express written consent, which we may approve or reject in our sole discretion. If you request and we approve of a Territory Revision, you agree to pay us a fee equal to \$1,000 if the revisions are made within 30 days of delivery of the Truck; or \$2,500 if the revisions are made between 31 and 90 days of delivery of the Truck. No revisions or amendments will be approved to your Protected Territory after 90 days of delivery of the Truck.

You may not relocate your Protected Territory (a “**Territory Relocation**”) without our express written consent, which we may approve or reject in our sole discretion. If you request and we approve of a Territory Relocation, you agree to pay us a fee of \$2,500.

If you wish to amend your Protected Territory after the Effective Date, you must submit to us a written request for approval of the proposed Territory Revision or Territory Relocation. We may, but have no obligation to, grant such a written request in our sole discretion. Among the other factors which we may

consider are any of our or our affiliates obligations under any other contract, the effects that the Territory Revision or Territory Relocation might have on the customers' services by your Protected Territory, the proximity to and possible effects of the Territory Revision or Territory Relocation on any other franchisee's Protected Territory or Salty Paws Business, any possible effects of the Territory Revision or Territory Relocation on any aspect of the System, and any franchisee recruitment efforts that have been directed towards the areas that might be covered by or affected by the Territory Revision or Territory Relocation. If we grant your request for a Territory Revision or Territory Relocation, in addition to payment of the applicable fee by you, we may condition such approval on fulfillment of any conditions on that Territory Revision or Territory Relocation that we deem reasonable.

E. TECHNOLOGY FEES.

You must pay our then-current technology vendor (presently Clover) directly.

F. APPLICATION OF PAYMENTS.

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your Owners owe us or our affiliates against any amounts we or our affiliates owe you or your Owners. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Franchise Agreement.

G. METHOD OF PAYMENT.

The Royalty shall be payable to Franchisor on a monthly basis via automated clearing house ("ACH"). You must complete our ACH authorization form allowing us to electronically debit a bank account you designate ("**Franchise Account**") for: (i) all fees payable to us under this Franchise Agreement (other than the Initial Franchise Fee); and (ii) any other amounts you owe to us or any of our affiliates including, but not limited to, those owed for the purchase of products or services. We will debit your Franchise Account for these payments on or after the due date. You must sign and deliver to us any other documents we or your bank may require authorizing us to debit your Franchise Account for these amounts. We have the right to periodically specify (in the Operations Manual or otherwise in writing) different payees and/or payment methods, such as, but not limited to, weekly or monthly payment, payment by auto-draft, credit card and payment by check. You shall not subordinate to any other obligation its obligation to pay the Royalty or any other fee or charge due to us or our affiliate under this Franchise Agreement.

We may require you to remit fees and other amounts due to us under this Franchise Agreement via EFT or other similar means utilizing an approved computer system or otherwise. You agree to comply with our procedures and/or perform such acts and deliver and execute such documents as may be necessary to assist in or accomplish payment by such method.

Any other fees that are paid at the same time as your Royalty will be paid according to the relevant payment policies as stated in our Operations Manual.

H. LATE PAYMENTS/INSUFFICIENT FUNDS.

Any payment not made by the due date will be deemed overdue. In the event of any overdue amounts, you will pay us, besides the overdue amounts, interest on such amounts from the date such amount were due until paid, at \$25 per day plus the lesser of: (i) 12% simple interest per year; or (ii) the highest interest rate allowed by law, whichever is less, calculated daily. Such interest will be in addition to any other remedies we may have under law or equity. We may debit your bank account automatically or deduct from amounts we owe you for service charges and interest. You acknowledge this Section is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Salty Paws Franchise.

If any check or electronic fund transfer payment from you to us does not successfully convey funds due to insufficient funds, stop payment instructions, or any similar event, you shall pay, upon demand, a non-sufficient funds fee of \$100 per incidence.

I. DOCUMENT FEE.

You must pay us a document fee of \$250 (“**Document Fee**”) if you need an additional copy of your franchise disclosure document or signed Franchise Agreement. You must be a current franchisee in good standing in order to obtain any documents from us.

5. TRAINING AND ASSISTANCE.

A. INITIAL TRAINING.

You are required to complete our initial training program at the times and places we designate (“**Initial Training**”). Initial Training shall consist of a minimum of two and a maximum of four calendar days. The Managing Owner and, if applicable, “Designated Manager” (see Section 9.F) must attend and complete Initial Training to our satisfaction prior to the Salty Paws Franchise opening for business (“**Initial Training Deadline**”). If you have purchased an existing Salty Paws Franchise pursuant to this Franchise Agreement, the Initial Training Deadline will be the Effective Date.

We will provide Initial Training at no cost for all attendees for Initial Training at a single, initial time. You are responsible for all other costs of attendance, including any and all travel and/or living expenses which you or any other attendees incur. We reserve the right to charge a fee for providing training and may require you to reimburse us for our associated costs and expenses. Any new Managing Owner or Designated Manager must also complete Initial Training to our satisfaction before assuming responsibility for the management of your Salty Paws Business. If any of your attendees are unable to complete Initial Training to our satisfaction, we may terminate this Franchise Agreement without refunding your Initial Franchise Fee.

A. B. ONGOING TRAINING.

Your previously trained and experienced employees and any newly hired employees must satisfactorily complete any required training courses and continuing education courses we periodically provide, or designate a third party to provide, at your cost at the times and locations we designate. You may also request that we provide you or your employees with additional training. If we agree to provide additional training, we may charge a tuition fee for these courses. You agree to pay all travel and living costs of

your attendees. If we agree to provide additional training at your Salty Paws Business, you agree to pay us for all travel and living costs our trainers incur in traveling to your Salty Paws Business. You must attend, at your expense, all annual franchise conventions we may hold or sponsor and all meetings related to new products or services, new operational procedures or programs, training, management, sales or sales promotion, or similar topics. You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

B. C. OPERATIONS MANUAL.

We will loan you or provide you with access on our website to one copy of our proprietary and confidential operations manual (“**Operations Manual**”), which may include audio, video, websites, software, other electronic media, and/or written materials. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules (“**System Standards**”) we periodically prescribe for operating a Salty Paws Business and information on your other obligations under this Franchise Agreement. You acknowledge that your compliance with the Operations Manual is vitally important to us and other System franchisees and is necessary to protect our reputation and the goodwill of the Marks and to maintain uniform quality of operation. However, while the Operations Manual is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the Salty Paws Business. We may modify the Operations Manual periodically to reflect changes in System Standards.

You agree to keep your copy of the Operations Manual current and in a secure location. If there is a dispute over its contents, our master copy of the Operations Manual shall control. You agree the Operations Manual’s contents are confidential and that you will not disclose the Operations Manual to any person other than Salty Paws Franchise employees who must know its contents. You will require anyone who may have access to the Operations Manual to sign a confidentiality agreement (the current form of which is attached to the Franchise Disclosure Document in Exhibit H). You may not copy, duplicate, record, or otherwise reproduce any part of the Operations Manual. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy at our then-applicable charge. In addition, if you lose, give away, make unauthorized copies, fail to return or otherwise misappropriate, all or some of the Operations Manual, you will be required to pay us liquidated damages to offset the damages we will incur as a result of this misappropriation. These liquidated damages are determined by taking our total revenue from our previous fiscal year, multiplied by the fraction which results from taking one divided by the current number of Salty Paws franchisees as of the date of the misappropriation, except that this fee will not, under any circumstances, be less than \$30,000.

At our option, we may post some or all of the Operations Manual on a restricted website or extranet to which you will have access. If we do so, you agree to monitor and access the website or extranet for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on a website or extranet will be deemed part of Confidential Information (defined in Section 7 below).

C. D. GENERAL GUIDANCE.

Upon reasonable request, we will advise you from time to time regarding the Salty Paws Franchise

operation based on your reports or our inspections and will guide you with respect to: (1) standards, specifications, operating procedures, and methods that Salty Paws Franchises use; (2) purchasing required and authorized operating assets and other items and arranging for their distribution to you from us or the suppliers; (3) advertising and marketing materials and programs; (4) employee training; and (5) administrative, bookkeeping, accounting, and inventory control procedures. We will guide you in our Operations Manual; in bulletins or other written materials; by electronic media; by telephone consultation; and/or at our office or the Salty Paws Franchise. Our Operations Manual will also contain our "Success Guide." We may provide you additional assistance upon your request, in our discretion. If we provide such assistance, you will be required to pay our then-current fees.

D. E. DELEGATION OF PERFORMANCE.

You agree we have the right to delegate to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted (1) the performance of any portion or all of our obligations under this Franchise Agreement, and (2) any right that we have under this Franchise Agreement. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Franchise Agreement.

E. F. STAFFING.

You must hire and supervise efficient, competent, and courteous persons as your employees for the operation of your Salty Paws Franchise. You must require all your employees to work in clean uniforms approved by us, but furnished at your cost or the employees' cost as you may determine. You understand and acknowledge it is your responsibility to hire and supervise a satisfactory number of employees in order to efficiently operate the Salty Paws Business and meet your obligations under this Franchise Agreement. You alone are responsible for all employment decisions and functions of your Salty Paws Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. You will have sole authority and control over the day-to-day operations of the Salty Paws Business and its employees. We will have no duty or obligation to direct your employees or oversee your employment policies or practices, and we will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, and you agree to indemnify us for any such liabilities we incur. You agree that any direction you receive from us regarding employment policies should be considered as examples, and that you are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law. Your employees hired working for you will be your employees alone and will not, for any purpose, be deemed our employees or subject to our control, including with respect to any mandated or other insurance coverage, tax, or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. You agree to inform each of your employees that you alone are the employer, and that we are not. You and we will file our own tax, regulatory, and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof.

6. INTELLECTUAL PROPERTY.

A. OWNERSHIP AND GOODWILL OF MARKS.

Your right to use the Marks is derived only from this Franchise Agreement and limited to your operating the Salty Paws Franchise according to this Franchise Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Franchise Agreement and infringes our rights in the Marks. You acknowledge and agree that any unauthorized use of the Marks will cause us irreparable harm for which there is no adequate remedy at law and will entitle us to injunctive relief. You acknowledge and agree your use of the Marks and any goodwill established by that use are exclusively for our benefit and this Franchise Agreement confers no goodwill or other interests in the Marks upon you (other than the right to operate the Salty Paws Franchise under this Franchise Agreement). All provisions of this Franchise Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after this Franchise Agreement's term contest or assist any other person in contesting the validity, or our ownership, of the Marks.

B. LIMITATIONS ON YOUR USE OF MARKS.

You agree to use the Marks as the Salty Paws Franchise's sole identification, except you agree to identify yourself as its independent owner and operator in the manner we prescribe. You have no right to sublicense or assign your right to use the Marks. You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, or (4) in any other manner we have not expressly authorized in writing. You may not use the Truck or any additional equipment or our Marks for purposes other than selling ice cream, beverages, and related products without our express permission, which may be withheld in our sole discretion.

You may not use any Mark in advertising the transfer, sale, or other disposition of the Salty Paws Franchise or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe on the Truck and any additional equipment and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations we specify and to obtain any fictitious or assumed name registrations required under applicable law.

C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. Upon receipt of timely notice of action, claim, or demand against you related to any Mark, we shall have the sole right, but not the duty, to defend any such action. We may take the action we deem appropriate (including no action) and exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. If we, in our sole discretion, determine you have used the Marks under this Franchise Agreement, we will pay for such defense, including the cost of any judgment or settlement. In any defense or prosecution of any litigation related to any Mark, you shall cooperate with us. You agree to

sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. At our option, you will join in any action, and, so long as we determine that your use of the Marks was in compliance with this Franchise Agreement, we shall reimburse you for any costs that you incur in joining the action. Any recovery will first go towards reimbursing us for any expenses that we incurred and the remainder, if any will be split equally between us.

D. DISCONTINUANCE OF USE OF MARKS.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing Salty Paws Franchise signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section 6 apply to any and all of the Marks (and any portion of any Mark) we authorize you to use in this Franchise Agreement. We may exercise these rights at any time and for any reason, business or otherwise, in our sole discretion. You acknowledge both our right to take this action and your obligation to comply with our directions.

E. COPYRIGHTED MATERIALS.

You acknowledge and agree that:

- (1) All right, title, and interest in and to all materials, including but not limited to, all artwork and designs, created by us, and used with the Marks or in association with the Salty Paws Franchise (“**Copyrighted Materials**”) is our property.
- (2) You shall not dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Copyrighted Materials or our ownership of the Copyrighted Materials, nor counsel, procure, or assist anyone else to do the same, nor will you take any action inconsistent with our ownership of the Copyrighted Materials, nor will you represent that you have any right, title, or interest in the Copyrighted Materials other than those expressly granted by this Franchise Agreement.
- (3) We may, in our sole and absolute discretion, apply to register or register any copyrights or patents with respect to the services and products associated with the System and the Copyrighted Materials. Our failure to obtain or maintain in effect any such application or registration is not a breach of this Franchise Agreement. You shall not, before or after termination or expiration of the Franchise Agreement, register or apply to register any Copyrighted Materials, anywhere in the world.
- (4) Upon our request, you shall cooperate fully, both before and after termination or expiration of this Franchise Agreement and at your expense, in confirming, perfecting, preserving, and enforcing our rights in the Copyrighted Materials, including but not limited to, executing and delivering us such documents as we reasonably request for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the services and products associated with the System. You hereby

irrevocably appoint us as your attorney-in-fact for the purpose of executing such documents.

- (5) We make no representation or warranty, express or implied, as to the use, exclusive ownership, validity, or enforceability of the copyrighted materials.
- (6) You acknowledge and authorize us to use your likeness in a photograph in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish, or distribute any photograph of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph of you. You agree to hold harmless and forever discharge us from all claims, demands, and causes of action which you may have in connection with this authorization.

F. Intentionally Omitted.

G. Intentionally Omitted.

H. IMPROVEMENTS.

During the Initial Term, or any Interim Period, any improvements or additions to the System, patents, Copyrighted Materials, recipes, website, or any other documents or information pertaining to or relating to the System or the Salty Paws Franchise, or any new trade names, trade and service marks, logos, or commercial symbols related to the Salty Paws Franchise or any advertising and promotional ideas or inventions related to the Salty Paws Franchise (collectively, the “**Improvements**”) that you conceive or develop shall become our property. You agree to assign and do hereby assign to us, all right, title, and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. You shall fully disclose the Improvements to us, without disclosure of the Improvements to others, and shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by us and all other Salty Paws franchisees without any obligation to you for royalties or other fees. We may, at our discretion, apply for and own copyrights, patents, trade names, trademarks, and service marks relating to any such Improvement and you shall cooperate with us in securing such rights. We may also consider such Improvements as our property and trade secrets. In return, we shall authorize you to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by you or any other person or entity retained or employed by you are our property, and we shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act, and to the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to us, you irrevocably assign and agree to assign to us, its successors, and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which you and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements as required in this Section.

7. CONFIDENTIAL INFORMATION.

A. SALTY PAWS CONFIDENTIAL INFORMATION.

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the “**Confidential Information**”), relating to developing and operating the Salty Paws Franchise, including (without limitation):

- (1) Protected Territory selection criteria;
- (2) training and operations materials and manuals;
- (3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating the Salty Paws Franchise;
- (4) marketing and advertising programs for the Salty Paws Franchise;
- (5) knowledge of, specifications for and suppliers of assets and other products and supplies;
- (6) any computer software or similar technology proprietary to us or the System, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
- (7) knowledge of the operating results and financial performance of Salty Paws Franchises other than the Salty Paws Franchise; and
- (8) all customer data, lists, and other information generated by Salty Paws Franchises.

Any Confidential Information is our sole property, and you agree to never claim rights to or otherwise challenge our ownership of such Confidential Information. Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, when we disclosed it to you, already had lawfully become generally known in the food and beverage industry through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in the food and beverage industry through publication or communication by others (without violating an obligation to us). However, if we include any matter in Confidential Information, anyone who claims it is not Confidential Information must prove that one of the exclusions in this paragraph is fulfilled.

You, your Owners, and, if applicable, your Designated Manager must sign a written agreement, in the form attached to the Franchise Disclosure Document, to maintain confidential our Confidential Information described in Sections 7 and 16, and to abide by the covenants not to compete described in Section 16.

B. RESTRICTIONS ON CONFIDENTIAL INFORMATION.

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the Salty Paws Franchise during the term of this Franchise Agreement, that such Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you agree; and that you:

- (1) will not use Confidential Information in any other business or capacity;
- (2) will keep each item deemed part of Confidential Information absolutely confidential, both during this Franchise Agreement's term and then thereafter for as long as the item is not generally known in the food and beverage industry, except for disclosure of Confidential Information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed except pursuant to court order;
- (3) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and
- (4) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Salty Paws Franchise personnel and others and using confidentiality agreements with those having access to Confidential Information. We have the right to regulate the form of agreements you use and to be a third-party beneficiary of those agreements with independent enforcement rights.

8. EXCLUSIVE RELATIONSHIP.

You acknowledge that we have granted you the Salty Paws Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during this Franchise Agreement's term, neither you, any of your Owners, nor any of your or your Owners' spouses or other immediate family members will:

- (1) have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise, in a Competitive Business (as defined below), wherever located or operating (except that equity ownership of less than 5% of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);
- (2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;
- (3) divert or attempt to divert any actual or potential business or customer of the Salty Paws Franchise to a Competitive Business;
- (4) loan money to a Competitive Business;
- (5) interfere with us, our affiliates, or any other Salty Paws Franchise; or
- (6) engage in any other activity which may injure the goodwill of the Marks, and/or the System.

The term “**Competitive Business**” means (i) any business providing ice cream and beverage products

and/or services, or any similar products and/or services that directly compete with ice cream and beverage products or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i); provided that a franchise operated under a franchise agreement, with us or our affiliates, shall not be deemed a Competitive Business.

You agree to obtain similar covenants from the personnel we specify, including officers, directors, managers, and other employees attending our training program or having access to Confidential Information. We have the right to regulate the form of agreement you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

9. SYSTEM STANDARDS.

A. CONDITION AND APPEARANCE OF THE SALTY PAWS FRANCHISE.

You agree that:

- (1) you will, at your own cost and expense, purchase, install, maintain, and refurbish the condition and appearance of the Salty Paws Franchise, including the Truck and any additional equipment, supplies, and signage, in accordance with System Standards and our specifications and requirements, and consistent with the image of a Salty Paws Franchise as an efficiently operated business offering high-quality services and products and observing the highest standards of cleanliness, sanitation, efficient, courteous service and pleasant ambiance, and in furtherance of these standards will take, without limitation, the following actions during the term of this Franchise Agreement: (a) thorough cleaning, repainting, and redecorating of the interior and exterior of the Truck and any additional equipment at intervals we prescribe; (b) interior and exterior repair of the Truck and any additional equipment; and (c) repair or replacement of damaged, worn out, or obsolete assets used in the operation of the Salty Paws Franchise;
- (2) you will place or display on the Truck and any additional equipment, only those signs, emblems, designs, artwork, lettering, logos, and display, as we approve from time to time;
- (3) if at any time in our reasonable judgment, the general state of repair, appearance, or cleanliness of the Truck and any additional equipment of the Salty Paws Franchise or its fixtures, furnishings, equipment, assets, or signs does not meet our standards, we have the right to notify you, and specify the action you must take to correct the deficiency.
- (4) at our request, you will periodically improve and modify the Truck and any additional equipment to conform to the then-current System Standards.

B. STANDARDS ON PRODUCTS AND SERVICES OFFERED.

You agree that: (1) the Salty Paws Franchise will offer the services and products we specify from time to time; (2) the Salty Paws Franchise will offer and sell services and products only by means of, and only at, the Truck and any additional equipment and/or in the manner we have prescribed; (3) you will not offer for sale, or sell any products or services we have not approved; and (4) you will discontinue

selling and offering for sale any products or services we at any time decide (in our sole discretion) to disapprove in writing.

C. CUSTOMER INFORMATION.

We may contact any customer of any Salty Paws Franchise at any time for any purpose. Also, if a customer or other patron of the Salty Paws Franchise who wishes to lodge a complaint contacts us, we reserve the right to address the person's complaint to preserve goodwill and prevent damage to the brand. Our right to address complaints may include refunding money to the complaining person, in which case you must reimburse us for these amounts. We, or our authorized representative, shall have the right, during regular business hours, or at such other times as may be mutually agreed upon by you and us, to inspect all customer lists and documents and records related thereto. All data that you collect, create, provide, or otherwise develop in your Salty Paws Business, including customer information, is and will be owned by us, and we will have the right to use such data in any manner we deem appropriate without compensation to you. Upon reasonable request, you must furnish to us, in whatever format we require, all customer information and records for the Salty Paws Franchise.

D. APPROVED PRODUCTS, DISTRIBUTORS AND SUPPLIERS.

We have developed or may develop standards and specifications for types, models, and brands of required assets, fixtures, equipment, signs, and other products, materials, and supplies. We reserve the right from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates in accordance with the System Standards including, by way of example only, to-go powdered ice cream cups and Salty Paws branded cups. Any sale or use of unauthorized products, materials, supplies, or other violation of our System Standards by you will result in a notice of violation and the applicable violation fee set forth in Section 9.J.

We may designate ourselves as the approved distributor or supplier, or we may designate a single distributor or supplier for any product, service, equipment, supply, or material, and may approve a supplier or distributor only as to certain products, including your computer system. The designated supplier may be us or an affiliate of ours. You must provide us with any data relating to your Salty Paws Franchise we may request.

We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time. You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases, including, without limitation, from charging you for services and products we or our affiliates provide to you and from payments made to us or our affiliates by suppliers we designate or approve for some or all of our franchisees.

If you would like to purchase any items from any unapproved supplier or distributor, you must submit to us a written request for approval of the proposed supplier or distributor or have the proposed supplier

or distributor submit its own request. We will use commercially reasonable efforts to notify you within 60 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We may charge the cost of evaluating a proposed new vendor, supplier, or product to you, or the vendor or supplier. We have the right to inspect the proposed supplier's or distributor's facilities, and to require product samples from the proposed supplier or distributor to be delivered either directly to us or to any independent, certified laboratory which we designate for testing. We reserve the right to periodically re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet any of our criteria.

E. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

You must secure and maintain in force all required licenses, permits, and certificates relating to the operation of the Salty Paws Franchise and must at all times operate the Salty Paws Franchise in full compliance with all applicable laws, ordinances, and regulations including, without limitation, government regulations relating to truth-in-lending, Department of Transportation regulations, safety and sanitation, truth in advertising, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, worker's compensation and unemployment insurance. You must withhold and pay all applicable federal and state taxes, social security taxes and sales and service taxes. The Salty Paws Franchise must in all dealings with its customers, suppliers, us, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks and other Salty Paws Franchise. You agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information ("**Privacy Laws**"). You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy. You must notify us in writing within five days of the threat of or commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the Salty Paws Franchise and of any notice of violation of any law, ordinance, or regulation relating to the Salty Paws Franchise.

If any product dispensed by your Salty Paws Business violates our System Standards or any applicable laws or regulations, or poses a health risk to the public, we may require that you immediately close your Salty Paws Business and not reopen until approved to do so by us and, if applicable, by any governmental entity or agency. In order to protect the public from any risk of harm and to protect the goodwill and reputation of the System, we may seek immediate injunctive relief seeking an order to close your Salty Paws Business if you fail to close your Salty Paws Business upon our request. In the event that injunctive relief is necessary, you shall pay all costs and expenses, including our attorneys' fees and costs incurred. The remedies herein are in addition to and not in substitution for those stated elsewhere in this Franchise Agreement.

F. MANAGEMENT OF THE SALTY PAWS FRANCHISE.

Subject to this Section, the Managing Owner shall directly supervise and participate in the day-to-day operation of the Salty Paws Franchise during the term of this Franchise Agreement. At your request, we may, but are not obligated to, agree for you to employ a Designated Manager after the first 60 days of operation (other than the Franchisee/ Managing Owner) to operate the Salty Paws Franchise. The term “**Designated Manager**” means an individual with primary day-to-day responsibility for the Salty Paws Franchise’s operations, and may be you (if you are an individual) or an Owner, officer, director, or employee of yours (if you are other than an individual). The Designated Manager shall have similar responsibilities as a Managing Owner. You must deliver to us an amended Attachment A accurately identifying such appointed Designated Manager. The Designated Manager will be obligated to devote his or her full time, best efforts, and constant personal attention to the Salty Paws Franchise’s operations, and must have full authority in order to comply with this Franchise Agreement. You must not hire any Designated Manager or successor Designated Manager without first receiving our written approval of such Designated Manager’s qualifications. Each Designated Manager must attend and complete our Initial Training program (as detailed in Section 5 of this Franchise Agreement) and sign a System Protection Agreement, the current form of which is attached to the Franchise Disclosure Document as Exhibit H. You must forward to us a copy of each such signed agreement. If we determine, in our sole discretion, during or following completion of the Initial Training program, that your Designated Manager (if any) is not qualified to act as designated manager of the Salty Paws Franchise, then we have the right to require you to choose (and obtain our approval of) a new individual for that position. If you are required to appoint a new Designated Manager, you must do so within 30 days of the termination of the previous Designated Manager.

G. INSURANCE.

Franchisee shall procure, maintain, and provide evidence of insurance as follows: (a) workers’ compensation insurance in an amount not less than \$500,000 or a higher amount as prescribed by state statute or rule in the state in which your Salty Paws Business is located; (b) comprehensive business automobile insurance, including physical damage for the Truck in an amount of \$139,250 or greater, except that an appropriate deductible clause (maximum of \$5,000 deductible) will be permitted, also including any ancillary equipment and any other property used in the operation of the Salty Paws Business; (c) comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be customary for a mobile food business in your Protected Territory, but not less than \$1,000,000, insuring both you and us against all claims, suits, obligations, liabilities, and damage, including attorney fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of the Truck or additional equipment; (d) automobile (Truck) vehicle liability insurance covering the driving of the Truck and any additional equipment in an amount of not less than \$1,000,000; and (e) such additional insurance as we may periodically require.

All of these policies must contain the minimum coverage we periodically prescribe in our Operations Manual or other written communications to you, and must have deductibles not to exceed the amounts we specify. These insurance policies, except for employment liability insurance policies, must name us and any affiliates we designate as additional named insureds.

If your state requires higher coverages than we prescribe, you will be required to obtain insurance that

satisfies your state law requirements. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances as provided in our Operations Manual, as amended from time to time. These insurance policies must be purchased from an insurance company satisfactory to us and provide for 30 days prior written notice to us of a policy's material modification, cancellation, or expiration. You may purchase this insurance through our captive insurance program, which is offered through our affiliate. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates, and their successors and assigns. You must routinely furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Franchise Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within ten days after invoicing, all costs and premiums that we incur, plus a 20% administrative surcharge.

H. PRICING.

We may, from time to time, make suggestions to you regarding your pricing policies in compliance with applicable laws. We retain the right to establish minimum and maximum prices to be charged by you, subject to applicable laws, but any exercise of that right will be specifically set forth in writing. It is furthermore understood and agreed that any list or schedule of prices furnished to you by us may unless otherwise specifically stated as to the minimum or maximum price be treated as a recommendation only and failure to accept or implement any such suggestion may not in any way affect the relationship between you and us.

I. COMPLIANCE WITH SYSTEM STANDARDS.

You acknowledge and agree that operating and maintaining the Salty Paws Franchise according to System Standards is essential to preserve the goodwill of the Marks and all Salty Paws Franchises. You agree at all times to operate and maintain the Salty Paws Franchise according to all of our System Standards, as we periodically modify and supplement them, even if you believe that a System Standard, as originally issued or subsequently modified, is not in the System's or your best interests, and those modifications may require you to invest additional capital in the Salty Paws Business and/or incur higher operating expenses. Although we retain the right to establish and periodically modify System Standards you have agreed to maintain, you retain the right to and responsibility for the day-to-day management and operation of the Salty Paws Franchise and implementing and maintaining System Standards at the Salty Paws Franchise.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 9.A through 9.I above:

- (1) amounts and types of equipment and inventory requirements for products and supplies so the Salty Paws Franchise may operate at full capacity;
- (2) terms and conditions of the sale and delivery of, and terms and methods of payment for, services and products you obtain from us and affiliated and unaffiliated

- suppliers; and our affiliates' right not to sell you any products or to provide services, or to do so only on a "cash on delivery" or other basis, if you are in default under any agreement with us;
- (3) sales, marketing, advertising, and promotional programs and materials and media used in these programs;
 - (4) use and display of the Marks for the Salty Paws Business and on labels, forms, paper, products, and other supplies;
 - (5) identifying the Salty Paws Franchise personnel; and employee qualifications, training, dress, and appearance (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions);
 - (6) days and hours of operation;
 - (7) participation in market research and testing and product and service development programs and participation in, and dues assessed for, advisory councils;
 - (8) accepting all payment methods and compliance programs and systems relating to the same, and compliance with then-current Payment Card Industry Data Security Standards or other standards we may reasonably specify;
 - (9) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and giving us copies of tax returns and other operating and financial information concerning the Salty Paws Franchise; and
 - (10) any other aspects of operating and maintaining the Salty Paws Franchise we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Salty Paws Franchise.

You agree that System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another tangible form (for example, via a System extranet or website), are part of this Franchise Agreement as if fully set forth within its text. All references to this Franchise Agreement include all System Standards as periodically modified.

J. MODIFICATION OF SYSTEM STANDARDS.

We periodically may modify System Standards, and these modifications may obligate you to invest additional capital in the Salty Paws Franchise and/or incur higher operating costs. You agree to implement any changes in System Standards within the time we request, whether they involve refurbishing or remodeling the Truck and any additional equipment or any other aspect of the Salty Paws Franchise, buying new equipment and/or assets, adding new services and products, adding personnel, or otherwise modifying your operations, as if they were part of this Franchise Agreement as of the Effective Date.

Because complete and detailed uniformity under many varying conditions may not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we consider best, in our sole discretion, to modify System Standards for any franchise owner based upon circumstances we consider important to promote that franchise owner's, or the System's, successful operation. We may choose not to authorize similar variations or accommodations to you or other franchisees and are not required to do so.

If you fail to follow any of the System Standards, we may send you a notice of violation and charge you a fee of \$1,000 for the first violation and \$5,000 for the second and each additional violation. If you fail to comply with the System Standard in the notice of violation within 30 days of the date of our notice, you will be required to pay us an additional \$5,000. These fees are in addition to any and all remedies that we have available under this Franchise Agreement, including but not limited to termination.

K. MYSTERY SHOPPER PROGRAM.

To ensure uniformity and compliance with the System Standards, we may require you to conduct a self-shop by sending photos of your Truck and any additional equipment. In addition, we and our designated agents and representatives (including mystery shoppers) may at all times and without prior notice to you: (i) inspect the Truck and any additional equipment; (ii) photograph the Truck and any additional equipment and observe and video the Truck and additional equipment's operation for consecutive or intermittent periods as we desire; (iii) remove or obtain samples of any products and supplies; and (iv) interview and interact with the Salty Paws Franchise's managers and customers. You agree to cooperate with us and our agents and representatives in any such activities. You agree to present to your customers the evaluation forms we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by or for us. If the results of any mystery shop are unsatisfactory, you must pay us a fee of \$1,000 to cover our travel and expenses and you will also be subject to non-compliance fees set forth in Section 9.J.

10. **MARKETING.**

A. LOCAL ADVERTISING.

Franchisee is required to invest in local advertising to promote the Salty Paws Business within the Territory. Salty Paws may specify a minimum monthly or annual advertising spend, and Franchisee must maintain records of all advertising activities. All locally developed materials must be submitted for approval at least two (2) weeks prior to use.

You agree to cooperate by participating in our market research programs, test marketing new food products and services in the Salty Paws Business, and providing us with timely reports and other relevant information regarding such market research. You must conduct and participate in promotional campaigns (the "**Promotions**") which may from time to time be required, and you must conduct and participate in those Promotions in accordance with any policies and provisions set forth in the Operations Manual. This may include requiring you to offer free products to customers on certain days or providing coupons (not to exceed \$500 per year unless authorized by the Ad Council).

We must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved, and you modify). We will be deemed to have disapproved the materials if we fail to issue our written approval within 30 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove). All advertising must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies we may require from time to time. Before you conduct any advertising or marketing you must send us or our designated agency samples of your proposed materials for review.

You may not advertise via the Internet or a worldwide web page unless we have authorized you to do so in writing. Any such advertising must follow any online policy that may be contained in our Operations Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, search techniques, locators, metatags, advertising, and co-branding arrangements. We may restrict your use of social media, blogs, and all other online sites where our trademarks are used. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols that are similar to the Marks. We intend that any franchisee website will be accessed only through our home page. We reserve the right to update these requirements at any time through the Operations Manual. You agree to not participate in any crowdfunding campaigns or similar money-raising programs for your Salty Paws Franchise. Your failure to comply with this Section is a material breach of this Franchise Agreement. You will provide us with content for our Internet marketing and will sign Internet and intranet usage agreements if requested by us.

In an effort to promote your Truck and additional equipment, we reserve the right to develop and implement the use of marketing materials and advertisements which may include audio and/or video content in your Truck and additional equipment. This implementation may require you to install additional equipment, including video and audio equipment in your Truck, which you agree to do at your sole cost and expense. We shall have exclusive control over the content of any such marketing materials and advertisements.

B. FRANCHISE SYSTEM WEBSITE.

We have established one or more websites to advertise, market, and promote Salty Paws Franchises and the services and products that Salty Paws franchisees offer and sell (the "System Website"). We will reference the Salty Paws Franchise in the manner we determine from time to time. You must give us the information we request from time to time concerning the Salty Paws Franchise to include on the System Website. By providing the information to us, you will be representing to us it is accurate and not misleading and does not infringe any third party's rights. We will own all intellectual property and other rights in the System Website, all information on it, and all information generated from it (including the domain name or URL, the log of "hits" by visitors, and any personal or business data that visitors supply). We are only required to reference your Salty Paws Business on the System Website while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to your Salty Paws Business from the website until you fully cure the subject default(s).

We may periodically update and modify the System Website. You must promptly notify us whenever any information on your listing changes or is not accurate. You acknowledge that we have final approval rights over all information on the System Website. We may periodically implement and modify System Standards relating to the System Website. You may not, without our prior written approval, develop, maintain, or authorize any other website that mentions or describes you or the Salty Paws Franchise or displays any of the Marks. Nothing in this Section shall limit our right to maintain websites other than the System Website. If you default on any of your obligations under this Franchise Agreement, we may temporarily remove all references to your Salty Paws Franchise from the System Website until you fully cure all such defaults.

C. BRAND FUND CONTRIBUTION.

You shall pay to Salty Paws a fee of 2% of Gross Revenue to contribute to the expense of National advertising, marketing and promotion undertaken by Salty Paws for the benefit of the System in accordance with the manual or as otherwise stated in writing from time- to-time.

D. UNAUTHORIZED ADVERTISING FEE.

We must approve all advertising and promotional materials we did not prepare or previously approve (including materials we prepared or approved and you modify) before you use them.

11. REPORTS.

Monthly, you must submit prior months P&L and Balance Sheet along with your Royalty and Marketing Fund payments. You agree to comply with all reporting requirements we prescribe. In order for us to provide the most timely and useful information to the Salty Paws Franchise, it is essential that you collect certain information as soon as possible after the applicable accounting period closes. You agree to submit, based on the frequency we designate, completed relevant worksheets; payroll changes and current hours worked; bank statements; manual check stubs with invoice copies; and any other documents required to properly record all transactions affecting the Salty Paws Franchise financial activity. If you fail to submit Salty Paws Franchise-related items when required under this Section, we shall have the right to terminate the Franchise Agreement as provided in Section 15.B.

You agree to give us in the manner and format we prescribe from time to time, the following:

- (1) within five days of prior month, a profit and loss and source and use of funds statements and a balance sheet for the Salty Paws Franchise as of the end of the prior calendar month;
- (2) by April 15th of each year a copy of the tax return for the Salty Paws Franchise for the previous calendar year; and
- (3) any other data, information, and supporting records reasonably requested by us from time to time, including, without limitation, daily and weekly reports of product sales by category.

Your Managing Owner must certify and sign each report and financial statement in the manner we prescribe. If we so request, the profit and loss statement and balance sheet shall be certified by certified public accountant at your expense. We may disclose or use the data derived from these reports, your year-end reports, and any other financial statements from the operation of your Salty Paws Franchise, for any purpose we deem appropriate, in our sole discretion. If we utilize your Salty Paws Franchise's financial statements for disclosure in our Franchise Disclosure Document, we may be required to disclose identifying information about your Salty Paws Franchise in such disclosure.

Subject to applicable law, you agree to preserve and maintain all records in a secure location at the Salty Paws Franchise for at least three years, including, but not limited to, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash revenue and disbursement journals, and general ledgers.

12. INSPECTIONS AND AUDITS.

A. OUR RIGHT TO INSPECT THE SALTY PAWS FRANCHISE.

To determine whether your Salty Paws Franchise is in compliance with this Franchise Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (1) inspect the Salty Paws Franchise, Truck, and/or any additional equipment; (2) photograph the Salty Paws Franchise, Truck, or any additional equipment, and observe and videotape the operation thereof for consecutive or intermittent periods we desire; (3) remove samples of any products and supplies; (4) interview the Salty Paws Franchise managers, personnel, and customers; (5) inspect and copy any books, records, and documents relating to the Salty Paws Franchise operation; and (6) access any electronic records related to the Salty Paws Franchise. You agree to cooperate with us fully under this Section. If we exercise any of these rights, we will not interfere unreasonably with the Salty Paws Franchise operation. If we conduct an inspection of your Salty Paws Franchise and determine you are not operating in compliance with this Franchise Agreement or the System Standards, you agree to remedy any issues, violations, or other concerns of ours and you acknowledge and agree that you may be required to temporarily close your Salty Paws Business. In addition, we may require that you attend remedial training that addresses your operational deficiencies and pass our inspection before reopening at your sole cost and expense. Nothing contained herein shall prevent us from exercising any other right which we may have under this Franchise Agreement, including, without limitation, termination.

B. OUR RIGHT TO AUDIT.

We may at any time during your business hours, and without prior notice to you, examine your Salty Paws Franchise business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. We may also conduct an audit through independent auditors, which may involve auditors conducting an examination at the location of your Salty Paws Franchise or, alternatively, your submission of such materials to auditors. We may also require you to conduct a complete self-audit of the Salty Paws Franchise, in which case you agree to audit the Salty Paws Franchise in accordance with our instructions and System Standards. You agree to cooperate fully with us, our representatives, and independent accountants in any examination. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals a failure to report, you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. If an audit reveals that your purchases of Salty Paws branded cups equals less than thirty percent (30%) of your gross sales, you shall pay us a branded cup audit fee of \$3,000 unless you can provide written substantiation of proper usage of branded cups in your Salty Paws Business. These remedies are in addition to our other remedies and rights under this Franchise Agreement and applicable law, including the fee for violations under Section 9.J.

13. TRANSFERS.

A. TRANSFER BY US.

We maintain a staff to manage and operate the System and staff members can change as employees come and go. We cannot guarantee the continued participation by or employment of any of our shareholders,

directors, officers, or employees.

This Franchise Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Franchise Agreement; provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Franchise Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Franchise Agreement to one or more designees without assigning this Franchise Agreement.

We may change our ownership or form and/or assign this Franchise Agreement and any other agreement to a third party without restriction. After our assignment of this Franchise Agreement to a third party who expressly assumes the obligations under this Franchise Agreement, we no longer will have any performance or other obligations under this Franchise Agreement.

B. TRANSFER BY YOU.

You understand and acknowledge that the rights and duties this Franchise Agreement creates are personal to you and your Owners and that we have granted you the Salty Paws Franchise in reliance upon our perceptions of your and your Owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. None of the following may be transferred without our prior written approval: (i) this Franchise Agreement (or any interest in this Franchise Agreement); (ii) the Salty Paws Franchise (or any right to receive all or a portion of the Salty Paws Franchise's profits, losses, purchase price, or capital appreciation related to the Salty Paws Franchise); (iii) substantially all of the assets of the Salty Paws Franchise, including, without limitation, the Truck or any additional equipment; (iv) any ownership interest in you (regardless of its size); or (v) any ownership interest in any of your Owners (if such Owners are legal entities). A transfer of the Salty Paws Franchise, ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Franchise Agreement. All proposed transfers of additional equipment require our approval. Any transfer without our approval is a breach of this Franchise Agreement and has no effect.

In this Franchise Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in this Franchise Agreement, the Salty Paws Franchise, the Franchise or interest in the Salty Paws Franchise, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

- (1) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;
- (2) merger or consolidation or issuance of additional securities or other forms of ownership interest;
- (3) any sale of a security convertible to an ownership interest;
- (4) transfer of an interest in you, this Franchise Agreement, the Salty Paws Franchise or substantially all of its assets, or in your Owners in a divorce, insolvency, entity dissolution proceeding, or otherwise by operation of law;
- (5) if one of your Owners dies, a transfer of an interest in you or your Owner by will, declaration of or transfer in trust, or under the laws of intestate succession;
- (6) foreclosure upon the Salty Paws Franchise, or your transfer, surrender, or loss

- (7) possession, control, or management of the Salty Paws Franchise; or
subleasing your Truck to a third party without express written consent.

You may not pledge this Franchise Agreement (to someone other than us), or an ownership interest in you or your Owners as security for any loan or other financing, unless (1) we grant our prior written consent, and (2) unless we agree otherwise in writing, the lender agrees its claims will be subordinate to all amounts you owe at any time to us or our affiliates.

C. CONDITIONS FOR APPROVAL OF TRANSFER.

If you are in full compliance with this Franchise Agreement, subject to the other provisions of this Section 13, we will approve a transfer that meets all of the requirements in this Section. A non-controlling ownership interest in you or your Owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character, pass a background check, and meet our then-applicable standards for Salty Paws Franchise owners (including no ownership interest in or performance of services for a Competitive Business), you and each of your Owners execute an amendment to this Franchise Agreement acknowledging the change in ownership interests, you reimburse our attorney fees associated with approval of the transfer, and each of the new owners executes our then-current form of Owners Agreement. If the proposed transfer is of this Franchise Agreement or of a controlling ownership interest in you or one of your Owners, or is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfers this Franchise Agreement or a controlling ownership interest in you or one of your Owners, then all of the following conditions must be met before or concurrently with the effective date of the transfer:

- (1) the transferee must apply for a Salty Paws Franchise and must meet all of our standards to become a Salty Paws franchisee and have, in our sole discretion, sufficient business experience, aptitude, and financial resources to operate the Salty Paws Franchise;
- (2) you have paid all Royalty payments, and other amounts owed to us, our affiliates, and third-party vendors, including any outstanding financing for the Truck and any additional equipment, and have submitted all required reports and statements;
- (3) you have not violated any provision of this Franchise Agreement or any other agreement with us during both the 60 day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;
- (4) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;
- (5) the transferee (or its Managing Owner, or, if applicable, Designated Manager) satisfactorily complete our training program;
- (6) the transferee agrees to pay us or our affiliates a remodel fee to upgrade, remodel, and refurbish the Salty Paws Franchise, including the Truck and any additional equipment, in accordance with our current requirements and specifications for the Salty Paws Franchise within 45 days after the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions

- it must take within this time period), and to deposit with us the estimated cost to complete the upgrade or remodel;
- (7) the transferee shall (if the transfer is of this Franchise Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your Owners), sign our then-current form of franchise agreement and related documents, including but not limited to our then-current form of Owners Agreement or other guaranty, any and all of the provisions of which may differ materially from any and all of those contained in this Franchise Agreement;
 - (8) you or the transferee pays us a transfer fee. The transfer fee to transfer the Salty Paws Franchise to a then-existing Salty Paws franchisee is \$7,500 (per Franchise) and \$10,000 (per Franchise) to transfer the Salty Paws Franchise to any other parties. You must pay us a \$1,000 non-refundable deposit upon the request for our approval of the transfer. If this Salty Paws Franchise transfer is to your child, parent, sibling, or spouse, we will not charge a transfer fee but you will be required to reimburse us any attorney fees we incur;
 - (9) unless prohibited by state law, you and your transferring Owners sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents;
 - (10) if you or your Owners finance any part of the purchase price, you and/or your Owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Salty Paws Franchise are subordinate to the transferee's obligation to pay Royalty payments and other amounts due to us, our affiliates, and third-party vendors and otherwise to comply with this Franchise Agreement. You must acknowledge and agree that we are not a party to or liable for financing arrangements between the transferor and transferee;
 - (11) you and your transferring Owners (and your and their spouses and other immediate family members) will not, for two years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 16.D below;
 - (12) you and your transferring Owners will not directly or indirectly at any time or in any manner (except with respect to other Salty Paws Franchises you own and operate) identify yourself or themselves or any business as a current or former Salty Paws Franchise or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Salty Paws Franchise in any manner or for any purpose; or utilize for any purpose any trade name, trade, or service mark, or other commercial symbol that suggests or indicates a connection or association with us;
 - (13) if the transferee is a lead of ours or was referred to you by us, then in addition to the transfer fee, you agree to pay us between \$7,500 (if to an existing franchisee) and \$10,000 (all other transfers). Alternatively, if the transfer results in us incurring any broker or other placement fees, then in addition to the transfer fee, you agree to reimburse us upon receipt of our invoice; and
 - (14) the transferee agrees to take possession of the Truck, together with all additional equipment under this Franchise Agreement, as a condition to the transfer.

We may review all information regarding the Salty Paws Franchise you give the transferee, correct any information we believe is inaccurate, and give the transferee copies of any reports you have given us or

we have made regarding the Salty Paws Franchise.

D. TRANSFER TO AN ENTITY

You may transfer your ownership interests to a different Entity with our approval, provided that the controlling ownership interests remain the same and all owners comply with all conditions set forth in Section 13.C, except that you will not be required to pay us a transfer fee under such section. However, you must reimburse us for all of our fees and costs, including attorney fees, associated with your transfer to the new Entity. Our right of first refusal in Section 13.G shall not apply for any transfer conducted under this Section 13.D.

E. DEATH OR DISABILITY.

- (1) Transfer Upon Death or Disability. Upon the Managing Owner's death or disability, the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must transfer the Managing Owner's ownership interest in you to a third party (which may be your or the Managing Owner's heirs, beneficiaries, devisees, or other Owners of the Entity). That transfer must be completed within a reasonable time, not to exceed 90 days from the date of death or disability, and is subject to all of the terms and conditions in this Section 13. A failure to transfer the Managing Owner's ownership interest in you within this time period is a breach of this Franchise Agreement, and this Franchise Agreement may be terminated. The term "disability" means a mental or physical disability, impairment, or condition reasonably expected to prevent or that actually does prevent the Managing Owner from supervising the management and operation of the Salty Paws Franchise.
- (2) Operation Upon Death or Disability or Default. If, upon the Managing Owner's death or disability, a manager approved by us is not managing the Salty Paws Franchise, your or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must appoint a replacement manager within 15 days from the date of death or disability. The manager must complete our standard Initial Training at your expense. If applicable, a new Managing Owner acceptable to us also must be appointed for the Salty Paws Franchise within 30 days of the date of the death or disability.

F. EFFECT OF CONSENT TO TRANSFER.

Our consent to a transfer of this Franchise Agreement and the Salty Paws Franchise, or any interest in you or your Owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Salty Paws Franchise's or transferee's prospects of success, or a waiver of any claims we have against you (or your Owners) or of our right to demand the transferee's full compliance with this Franchise Agreement.

G. OUR RIGHT OF FIRST REFUSAL.

If you or any of your Owners at any time determine to sell or transfer an interest in this Franchise

Agreement, the Truck, the Salty Paws Franchise, or an ownership interest in you (except to or among your current Owners, which is not subject to this Section), in a transaction that otherwise would be allowed under Sections 13.B and 13.C above, you or your Owners agree to obtain from a responsible and fully disclosed buyer, and send to us a true and complete copy of, a bona fide executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Franchise Agreement and the Salty Paws Franchise. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to 5% or more of the offering price.

The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 13.B and 13.C above. We may require you or your Owners to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may elect to purchase the interest offered for the price and on the terms and conditions contained in the offer. Such election shall come by written notice delivered to you or your selling Owner(s) within thirty (30) days after we receive (a) an exact copy of the offer and (b) all other information we request concerning the offer and the proposed purchaser, subject to our satisfaction, provided that:

- (1) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);
- (2) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);
- (3) we will have an additional 30 days to prepare for closing after notifying you of our election to purchase; and

we must receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

(4)

We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

If we do not exercise our right of first refusal and otherwise approve the transfer in accordance with the conditions in Sections 13.B and 13.C above, you or your Owners may complete the sale to the proposed buyer on the original offer's terms.

If you do not complete the sale to the proposed buyer within 60 days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the

30 day period following either the expiration of the 60 day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

14. EXPIRATION OF THIS FRANCHISE AGREEMENT.

A. YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.

Upon expiration of this Franchise Agreement, you will have the option to acquire two additional successive ten-year terms ("**Successor Franchise(es)**") provided that:

- (1) you and each of your Owners have fully complied with this Franchise Agreement during its term, which includes satisfying all monetary obligations owed by you to us, our affiliates, or your suppliers or creditors, whether under this Franchise Agreement or otherwise; and
- (2) you and each of your Owners (if you are an Entity) are, both on the date you give us written notice of your election to acquire a Successor Franchise (as provided in Section 14.B below) and on the date on which the term of the Successor Franchise would commence, in full compliance with this Franchise Agreement; and
- (3) (a) you maintain possession of the Truck and, if your Truck has not completed the required remodels or is not in compliance with current standards, pay to us or our affiliate the cost of remodeling and upgrading the Truck and any additional equipment, as well as adding or replacing improvements, assets, signage, and otherwise modifying the Salty Paws Franchise as we require to comply with System Standards then-applicable for new Salty Paws Franchises, or (b) at your option, you secure a substitute Truck and any additional equipment we approve and you develop that Truck and any additional equipment according to System Standards then-applicable for Salty Paws Franchises;
- (4) subject to state law, you execute a general release, in a form prescribed by us, of any and all claims which you may have against us and our affiliates and our respective shareholders, directors, employees, and agents in their corporate and individual capacities. Unless otherwise prevented by state law, we will consider your failure to sign the release and to deliver it to us for acceptance and execution within 30 days after it is delivered to you to be an election not to acquire a Successor Franchise;
- (5) you execute the then-current form of franchise agreement (the "**Successor Franchise Agreement**") and all other agreements, legal instruments, and documents then customarily used by us in the renewal of our franchises. The Successor Franchise Agreement and these other agreements, legal instruments, and documents may vary materially from those agreements, legal instruments, and documents currently in use by us, including the payment of higher and/or additional fees. We have the right to refuse to renew the license granted under this Franchise Agreement if we have given you written notice three or more times for failure to comply with this Franchise Agreement, whether or not such failure is subsequently cured. When you sign the Successor Franchise Agreement, you are not obligated to pay our then-current initial franchise fee but you will owe a renewal fee of one-half of our then-current initial franchise fee; and

- (6) you will pay the highest tier of royalty payment under the new franchise agreement (meaning that you will not be able to take advantage of any step-up royalty schedules that may be offered to new franchisees).

You acknowledge and agree that if you and each of your Owners are not in full compliance with this Franchise Agreement, both on the date you give us written notice of your election to acquire a Successor Franchise and on the date on which the term of the Successor Franchise commences, we need not grant you a Successor Franchise, regardless of whether we had, or chose to exercise, the right to terminate this Franchise Agreement during its term under Section 15.B.

B. GRANT OF A SUCCESSOR FRANCHISE.

You agree to give us written notice (“**Your Notice**”) of your election to acquire a Successor Franchise no more than 12 months and no less than six months before this Franchise Agreement expires. We agree to give you written notice (“**Our Notice**”), not more than six months after we receive Your Notice, of our decision:

- (1) to grant you a Successor Franchise;
- (2) to grant you a Successor Franchise on the condition you correct existing deficiencies of the Salty Paws Franchise or in your operation of the Salty Paws Franchise;
- (3) not to grant you a Successor Franchise based on our determination you and your Owners have not fully complied with this Franchise Agreement during its term or were not in full compliance with this Franchise Agreement and all System Standards on the date you gave us written notice of your election to acquire a Successor Franchise; or
- (4) not grant you a successor because we no longer maintain a franchise program for Salty Paws Franchises.

If applicable, Our Notice will:

- (1) describe the remodeling, expansion, improvements, and/or modifications required to bring the Truck and any additional equipment into compliance with then-applicable System Standards for new Salty Paws Franchises; and
- (2) state the actions you must take to correct operating deficiencies and the time in which you must correct these deficiencies.

If we elect not to grant you a Successor Franchise, Our Notice will describe the reasons for our decision. If we elect to grant you a Successor Franchise, your right to acquire a Successor Franchise is subject to your full compliance with all of the terms and conditions of this Franchise Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

If Our Notice states that you must remodel the Salty Paws Franchise and/or must cure certain deficiencies of the Salty Paws Franchise or its operation as a condition to our granting you a Successor Franchise, we will give you written notice of our decision not to grant a Successor Franchise, based upon your failure to complete the remodeling and/or to cure those deficiencies, not less than 90 days before this

Franchise Agreement expires, provided, however, that we need not give you this 90 days' notice if we decide not to grant you a Successor Franchise due to your breach of this Franchise Agreement during the 90 day period before it expires. We may extend this Franchise Agreement's term for the time period necessary to give you either reasonable time to correct deficiencies or the 90 days' notice of our refusal to grant a Successor Franchise. If you fail to notify us of your election to acquire a Successor Franchise within the prescribed time period, we need not grant you a Successor Franchise.

15. TERMINATION OF FRANCHISE AGREEMENT.

A. TERMINATION BY YOU.

If (a) you and your Owners are in full compliance with this Franchise Agreement, (b) and we materially fail to comply with this Franchise Agreement, (c) and we do not correct the failure or otherwise provide reasonable evidence of our efforts to correct such failure within sixty (60) days after you deliver written notice of the material failure to us, then you may terminate this Franchise Agreement, effective upon thirty (30) days' written notice to us.

Your termination of this Franchise Agreement other than according to this Section 15.A will be deemed a termination without cause and a breach of this Franchise Agreement.

B. TERMINATION BY US.

We may terminate this Franchise Agreement, effective upon delivery of written notice of termination to you, if:

- (1) you or any of your Owners have made or make any material misrepresentation or omission in acquiring the Salty Paws Franchise or operating the Salty Paws Franchise;
- (2) you do not open the Salty Paws Franchise for business within three months after the Effective Date;
- (3) your Managing Owner, or, if applicable, Designated Manager and/or other required attendees do not satisfactorily complete the initial training program and you fail to appoint a Managing Owner or Designated Manager capable of satisfactorily completing the Initial Training Program within thirty (30) days of such failure;
- (4) you cease to operate the Salty Paws Business or otherwise abandon the Salty Paws Franchise for a period of 12 consecutive months, or any shorter period that indicates an intent by the Franchisee to discontinue operation of the Salty Paws Franchise, unless and only to the extent that full operation of the Salty Paws Franchise is suspended or terminated due to fire, flood, earthquake, terrorism, act of God, death or disability of your Managing Owner, or other similar causes beyond the Franchisee's control and not related to the availability of funds to Franchisee;
- (5) you or any of your Owners make or attempt to make any transfer in violation of Section 13;
- (6) you or any of your Owners are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony;
- (7) you fail to maintain the insurance we require or fail to name us and our affiliates as

- additional insureds on the required insurance and do not correct the failure within ten days after we deliver written notice of that failure to you;
- (8) if you or an Owner commits an action or inaction that can reasonably be expected to adversely affect the Salty Paws Franchise reputation of the System or the goodwill associated with the Marks (for purposes of this subsection (8), any allegation of action involving harm or criminal activity involving minors may be deemed, in our sole discretion, to adversely affect the reputation of the System);
 - (9) you or any of your Owners knowingly make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information;
 - (10) you violate any health, safety, or sanitation law, ordinance, or regulation, or operate the Salty Paws Franchise in an unsafe manner, and do not begin to cure the violation immediately, and correct the violation within three days after you receive notice from us or any other party;
 - (11) you violate any other applicable law, regulation, ordinance, or consent decree, or fail to maintain any bond, license, or permit, and do not cure such violation or failure within 48 hours after we or any applicable government agency deliver notice to you of that violation or failure;
 - (12) you fail to pay us or our affiliates any amounts due and do not correct the failure within ten days after we deliver written notice of that failure to you;
 - (13) you fail to pay when due any federal or state income, service, sales, or other taxes due on the Salty Paws Franchise operation, unless you are in good faith contesting your liability for these taxes;
 - (14) you or any of your Owners (a) fail on three or more separate occasions within any 12 consecutive month period to comply with this Franchise Agreement, whether or not we notify you of the failures, and, if we notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two or more separate occasions within any 12 consecutive month period to comply with the same obligation under this Franchise Agreement, whether or not we notify you of the failures, and, if we notify you of the failures, whether or not you correct the failures after our delivery of notice to you;
 - (15) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; the Salty Paws Franchise is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or the Salty Paws Franchise is not vacated within 30 days following the order's entry;
 - (16) you or any of your Owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your Owners otherwise violate any such law, ordinance, or regulation;
 - (17) you or any of your Owners fail to comply with any other provision of this Franchise Agreement or any System Standard and do not correct the failure within 30 days after we deliver written notice of the failure to you;
 - (18) there is a termination of any other franchise agreement or other agreement between you or your affiliates and us or any of our affiliates;

- (19) you have three or more insufficient funds or returned checks in any one calendar year;
- (20) you indicate in writing your intention to consummate any of the preceding actions; or
- (21) your Salty Paws Business is cited by an authority for improper operation(s) three or more times within any calendar year.

16. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS FRANCHISE AGREEMENT.

A. PAYMENT OF AMOUNTS OWED TO US.

You agree to pay us and our affiliate(s) within 15 days after this Franchise Agreement expires or is terminated, or on any later date we determine the amounts due to us (or our affiliates), the Royalties, interest, and all other amounts owed to us (and our affiliates) which then are unpaid.

B. DE-IDENTIFICATION.

When this Franchise Agreement expires or is terminated:

- (1) you may not directly or indirectly at any time or in any manner (except with other Salty Paws franchises you own and operate) identify yourself or any business as a current or former Salty Paws franchisee or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Salty Paws Franchise in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;
- (2) you agree to take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;
- (3) unless we exercise our right to purchase under Section 16.E. of this Agreement, you agree to deliver to us, at your expense, within 30 days of expiration or termination, all signs, sign faces, sign cabinets, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Salty Paws Franchise, and to fully decommission the Truck and any additional equipment in accordance with Section 3.E(7) of this Franchise Agreement and the System Standards. If you fail to do so in the required time period, you agree to allow us, without liability to you or third parties for trespass or any other claim, to take possession of the Truck and any additional equipment to remove any signs or other materials containing any Marks from the Salty Paws Franchise and to otherwise modify the Truck and any additional equipment so as to no longer be identifiable as related to the Salty Paws Franchise;
- (4) you acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses, and email addresses (collectively “**Identifiers**”) used in the operation of your Salty Paws Business constitute our assets, and within five (5) days of termination or expiration of this Franchise Agreement, you will take such actions necessary to cancel or assign to us or our designee, as determined in our sole discretion, all of your right, title, and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or

expiration of your right to use any Identifiers, including but not limited to any regular, classified, or other telephone directory listings associated with the Identifiers, and to authorize a transfer of the same at our direction. You also hereby agree to take all actions required to cancel all assumed name or equivalent registrations related to your use of the Marks. You acknowledge that we have the sole rights to, and interest in, all Identifiers used by you to promote your Salty Paws Business or that are otherwise associated with the Marks. You hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact with all powers necessary to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee and such third parties may accept such direction by us pursuant to this Franchise Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer;

- (5) you agree to give us, within 30 days after the expiration or termination of this Franchise Agreement, evidence satisfactory to us of your compliance with the obligations of this Section 16.B; and
- (6) you must follow any reasonable procedures established by us to ensure the expiration or termination of this Franchise Agreement creates the least disruption possible to the System, including those procedures set forth in the Operations Manual.

C. CONFIDENTIAL INFORMATION.

You agree that when this Franchise Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications we have licensed to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us all copies of the Operations Manual and any other confidential materials we have loaned you, and any customer data you may have.

D. COVENANT NOT TO COMPETE.

Upon termination, transfer, or expiration of this Franchise Agreement, you and your Owners agree that for two years beginning on (a) the effective date of the termination, transfer, or expiration, or on (b) the date on which all persons restricted by this Section begin to comply with this Section, whichever is later, neither you nor any of your Owners (or your or their spouses) will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business (as defined in Section 8 above) located at or within (i) a 25-mile radius from your Salty Paws Business; and (ii) a 25-mile radius from all other Salty Paws Ice Cream Trucks that are operating or under development as of the beginning of the Restricted Period.

These restrictions also apply after transfers, as provided in Section 13.C(12) above. If any person restricted by this Section refuses to comply with these obligations, the two-year period for that person will commence with the entry of a court order enforcing this provision. You and your Owners expressly

acknowledge that you possess skills and general abilities and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

In the event a court of competent jurisdiction determines that the two-year post-term restricted period contained herein is too long to be enforceable, then the post-term restricted period shall be for a period of one year beginning on the effective date of termination, transfer, or expiration of this Franchise Agreement.

E. OUR RIGHT TO PURCHASE THE FRANCHISE.

- (1) Exercise of Option. Upon any of the following:
 - (a) our termination of this Franchise Agreement according to its terms and conditions;
 - (b) the expiration of this Franchise Agreement; or
 - (c) your termination of this Franchise Agreement;

We have the option, exercisable by giving you written notice within 30 days after the date of termination, to purchase the assets of the Salty Paws Franchise, including, without limitation, the Truck and any additional equipment. We have the unrestricted right to assign this option to purchase. If we purchase the Salty Paws Franchise, we are entitled to all customary warranties and representations in our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

- (2) Purchase Price. The purchase price for the Salty Paws Franchise will be its fair market value, provided these items will not include any value for:
 - (a) the Salty Paws Franchise or any rights granted by this Franchise Agreement;
 - (b) goodwill attributable to our Marks, brand image, and other intellectual property; or
 - (c) participation in the network of Salty Paws Franchises.

We may exclude from the assets purchased any assets and supplies that are not reasonably necessary (in function or quality) to the Salty Paws Franchise operation or that we have not approved as meeting standards for Salty Paws Franchises, and the purchase price will reflect these exclusions.

- (3) Appraisal. If we and you cannot agree on fair market value, fair market value will be determined by an independent appraiser selected by us. We will select the appraiser within 15 days after we notify you that we wish to exercise our purchase option (if you and we have not agreed on fair market value before then). You and we will bear the costs of the appraiser. The appraiser must complete the appraisal within 30 days after. The purchase price will be the independent appraisal amount.
- (4) Closing. We or our assignee will pay the purchase price at the closing, which will take place not later than 60 days after the purchase price is determined, although

we or our assignee may decide after the purchase price is determined not to purchase the Salty Paws Franchise. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you or your Owners owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us or our assignee:

- (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;
- (b) all of the Salty Paws Franchise licenses and permits which may be assigned or transferred;
- (c) the title, or lease, (as applicable) to the Truck and any additional equipment;

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You and your Owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, managers, employees, agents, successors, and assigns.

F. CONTINUING OBLIGATIONS.

All of our and your and your Owners' obligations which expressly or by their nature survive this Franchise Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or expire by their nature.

17. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

A. INDEPENDENT CONTRACTORS.

You and we understand and agree that this Franchise Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Franchise Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all public records, letterhead, and business forms, and in all dealings with customers, suppliers, public officials, Salty Paws Franchise personnel, and others, as the Salty Paws Franchise owner under a franchise we have granted, and to place notices of independent ownership on the Truck and any additional equipment and on the forms, business cards, stationery, advertising, and other materials we require from time to time. You will use your legal name on all documents for use with employees and contractors, including but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements and will not use the Marks on these documents. Upon our request, you and each employee will sign an employment relationship acknowledgment form within seven days stating that you alone are the employer and operate the Salty Paws Business.

B. NO LIABILITY FOR ACTS OF OTHER PARTY.

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent our respective relationship is other

than Franchisor and franchise owner. You acknowledge that we have no responsibility to ensure that the Salty Paws Business is developed and operated in compliance with all applicable laws and regulations, and we will not be obligated for any damages to any person or property directly or indirectly arising out of the Salty Paws Franchise operation or the business you conduct under this Franchise Agreement.

C. TAXES.

We will have no liability for any sales, use, service, occupation, excise, gross revenue, income, property, or other taxes, whether levied upon you or the Salty Paws Franchise, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes we must pay to any state taxing authority on account of either your operation or payments you make to us.

D. INDEMNIFICATION.

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (the “**Indemnified Parties**”) against, and to reimburse any one or more Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the Salty Paws Franchise operation, the business you conduct under this Franchise Agreement, your employment or contractual relationship with your employees or independent contractors, any loss of data (including customer information) resulting from a breach of such data caused in any part by you or your negligence, or your breach of this Franchise Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party’s negligence, as well as any fees, costs, or liabilities incurred by us on your behalf, including fees and costs incurred by us to recover amounts due to you on your behalf, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, un-appealable ruling issued by a court or arbitrator with competent jurisdiction.

For purposes of this indemnification, “claims” include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it and agree to settlements or take any other remedial, corrective, or other actions and such actions will affect your obligation to indemnify under this Section.

This indemnity will continue in full force and effect, subsequent to and notwithstanding this Franchise Agreement’s expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, to maintain and recover fully a claim for indemnity under this Section. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.

We will indemnify you against, and reimburse you for (1) all damages for which you are held liable in any judicial or administrative proceeding arising out your use of any Mark in compliance this Franchise Agreement; and (2) the costs in defending any claim brought against Franchisee or in any proceeding in

which Franchisee is named as a party arising out of Franchisee's use of any Mark in compliance with this Franchise Agreement, provided you have timely notified us of the claim or proceeding and have complied with this Franchise Agreement.

The indemnification obligations under this Section 17.D. shall expressly survive any termination, expiration, or non-renewal of this Franchise Agreement.

18. ENFORCEMENT.

A. SECURITY INTEREST.

As security for the performance of your obligations under this Franchise Agreement you grant us a security interest in all of the assets of the Salty Paws Franchise, including but not limited to the Truck and any additional equipment, inventory, fixtures, furniture, equipment, accounts, supplies, contracts, proceeds, and products of all those assets. You understand that we may make all required UCC filings to perfect our security interest in the assets of the Salty Paws Franchise. You agree to execute such other documents as we may reasonably request to further document, perfect, and record our security interest. If you default on any of your obligations under this Franchise Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Franchise Agreement and at law. If you are required to finance the initial purchase of any asset of your Salty Paws Business by a third-party lender (the "**Initial Lender**"), you must give us notice of the same. If the Initial Lender requires we subordinate our security interest in the assets of the Salty Paws Franchise as a condition to lending you working capital for the operation of the Salty Paws Franchise, we will agree to subordinate under terms and conditions determined by us. You are not permitted to obtain any additional loans (other than the initial loan with the Initial Lender) unless you obtain our prior written approval.

B. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

Except as expressly provided to the contrary in this Franchise Agreement, each section, paragraph, term, and provision of this Franchise Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Franchise Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Franchise Agreement requires of this Franchise Agreement's termination or of our refusal to enter into a Successor Franchise Agreement, or some other action this Franchise Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Franchise Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Franchise Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and

enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Franchise Agreement, as though it were separately articulated in and made a part of this Franchise Agreement.

C. WAIVER OF OBLIGATIONS.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Franchise Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten days' prior written notice.

We and you will not waive or impair any right, power, or option this Franchise Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Franchise Agreement before its term expires) because of any custom or practice at variance with this Franchise Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Franchise Agreement or to insist upon the other's compliance with this Franchise Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Salty Paws franchises; the existence of franchise agreements for other Salty Paws franchises which contain provisions different from those contained in this Franchise Agreement; or our acceptance of any payments due from you after any breach of this Franchise Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We may remove any legend or endorsement, which then will have no effect.

Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Franchise Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. No party shall be liable for any delay in the fulfillment of or failure to fulfill its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Franchise Agreement where the delay or failure is solely due to force majeure, as described below. In the event of force majeure, the parties' obligations shall be extended or relieved only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such force majeure. As used in this Franchise Agreement, the term "**force majeure**" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party's control and cannot be overcome by use of normal commercial measures. Force Majeure should be construed narrowly and does not include general economic, market or societal conditions, or any changes thereto, even those that are the direct or indirect result of the force majeure event. The party whose performance is affected by an event of force majeure shall give prompt notice of such force majeure event to the other party, which in no case shall be more than 48 hours after the event, setting forth the nature thereof and an estimate as to its duration, and the affected party shall furnish the other party with periodic reports regarding the progress of the force majeure event. Each party must use its best efforts to mitigate the effect of the event of force majeure upon its performance of the Agreement and to fulfill its obligations

under the Franchise Agreement. Upon completion of the event of force majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Franchise Agreement. However, in the event the force majeure continues for a period of six months or more, then the unaffected party may, at its option, terminate this Franchise Agreement by 30 days' written notice to the party asserting such force majeure. An event of force majeure does not relieve a party from liability for an obligation which arose before the occurrence of the force majeure event, nor does that event affect any obligation to pay money owed under the Franchise Agreement or to indemnify us, whether such obligation arose before or after the force majeure event. An event of force majeure shall not affect Franchisee's obligations to comply with any restrictive covenants in this Franchise Agreement during or after the force majeure event.

D. COSTS AND ATTORNEY FEES.

You shall pay all costs and expenses (including reasonable fees of attorneys and other engaged professionals) incurred by us in successfully enforcing, issuing notices of default, or obtaining any remedy arising from the breach of this Franchise Agreement, including for both arbitration and state and federal court actions. The existence of any claims, demands, or actions which you may have against us, whether arising from this Franchise Agreement or otherwise, shall not constitute a defense to our enforcement of any representations, warranties, covenants, agreements, or obligations herein against you or your Owners. The prevailing party in any arbitration or litigation arising out of or relating to this Franchise Agreement shall be entitled to recover from the other party all damages, costs, and expenses, including court costs and reasonable attorney fees, incurred by the prevailing party in successfully enforcing any provision of this Franchise Agreement.

E. RIGHTS OF PARTIES ARE CUMULATIVE.

Our and your rights under this Franchise Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Franchise Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

F. MEDIATION.

Except as otherwise provided in this Franchise Agreement, any claim or controversy arising out of or related to this Franchise Agreement, or the making, performance, breach, interpretation, or termination thereof shall first be subject to non-binding mediation in the city and state of our principal business address, which is currently in West Chester, Pennsylvania. Mediation shall not defer or suspend our exercise of any termination right under Sections 15 and 16. Non-binding mediation hereunder shall be concluded within 60 days of the issuance of the request, or such longer period as may be agreed upon by the parties in writing ("**Mediation Termination Date**"). All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatsoever. The parties shall bear their own costs of mediation and shall share equally in the cost of the mediator or mediation service. Mediation under this Section is not intended to alter or suspend the rights or obligations of the parties under this Franchise Agreement or to determine the validity or effect of any provision of this Franchise Agreement but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously, and in a cost-effective manner on mutually acceptable terms. The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation giving written notice of the request for mediation to the party with whom

mediation is sought. The request shall specify with reasonable particularity the matters for which non-binding mediation is sought. Non-binding mediation hereunder shall be conducted by a mediator or mediation program designated by us in writing. We shall make the designation within a reasonable time after issuance of the request.

G. BINDING ARBITRATION.

Except for claims under Section 18.K, any dispute or controversy arising out of or relating to this Franchise Agreement not settled by informal negotiations or mediation will, at the request of either party, be settled by final and binding arbitration conducted in the city and state of our principal business address, which is currently in West Chester, Pennsylvania, in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association or its successor organization (the “AAA”) and otherwise as set forth below on an individual basis (not a class action). Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of this Franchise Agreement, including, but not limited to, any claim that all or any part of this Franchise Agreement is void or voidable.

Neither party may initiate arbitration prior to the Mediation Termination Date. Following the Mediation Termination Date, either party may initiate the arbitration proceeding by making a written demand to the other. Both parties will then be obligated to engage in arbitration. The demand for arbitration must be served on the other party within the period provided by Section 18.M, and must contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. A demand for arbitration will not operate to stay, postpone, or rescind the effectiveness of any termination of this Franchise Agreement. Arbitration will not proceed until any protest of arbitrability is resolved by the arbitrator or by an appropriate court, if necessary. Arbitration will be conducted before a single arbitrator who is familiar with legal disputes of the type at issue and who has at least 10 years’ experience as a lawyer or in the franchise business. The parties will mutually agree on the selection of the arbitrator; however, if the parties have not agreed on the selection of an arbitrator within 30 days after the arbitration demand, either party may request the AAA or successor organization to appoint a qualified arbitrator. Within 10 days after appointment of the arbitrator, the parties will meet with the arbitrator, in person or by telephone, for a preliminary conference. At the preliminary conference, the parties will establish the extent of and schedule for discovery, including the production of relevant documents, identification of witnesses, depositions, and the stipulation of uncontested facts. At this preliminary conference, the date for the hearing will be set. At the preliminary conference, the arbitrator will set forth the procedures to be followed at the hearing. Should a dispute arise over the extent of or propriety of any discovery request, the arbitrator will make a final determination after hearing each party’s position. At least 5 days before the scheduled hearing, each party must deliver to the arbitrator and to the other party a written summary of its position on the issues in dispute.

The arbitrator will issue a written decision within 10 days after conclusion of the hearing, explaining the basis for the decision. Judgment upon the decision rendered by the arbitrator may be entered in any court having jurisdiction. This decision will be binding upon both parties. The arbitrator will have authority to assess actual damages sustained by reason of any breach or wrongful termination of this Franchise Agreement, but will not have any authority to amend or modify the terms of this Franchise Agreement or to assess punitive damages or treble damages.

The parties will use due diligence to meet the foregoing time schedule, and the arbitrator will have the right to impose appropriate sanctions against any party who fails to comply with the agreed-upon time schedule. The arbitrator will use best efforts to comply with the foregoing time schedule, but may unilaterally modify it if, in his opinion, modification is necessary for a proper and just resolution of the dispute. The parties may jointly modify the agreed upon time schedule, subject to the arbitrator's approval. The fees charged by and authorized costs incurred by the arbitrator will be shared equally by the parties, and each party will bear all of its own costs of arbitration; provided, however, that the arbitration decision will provide that the substantially prevailing party will recover from the other party its actual costs and expenses (including arbitrator's fees and expenses, and attorney fees and expenses) incurred in connection with the dispute.

The entire arbitration proceedings and related documents are confidential. Except as necessary to enforce the decision of the arbitrator hereunder, all conduct, statements, promises, offers, views, and opinions, whether oral or written, made in the course of the arbitration by any of the parties, their agents, employees, or representatives, and the arbitrator, are confidential. These matters will not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceeding involving the parties, and will not be disclosed to anyone who is not an agent, employee, expert witness, or representative for any of the parties; however, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the arbitration.

H. GOVERNING LAW.

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Franchise Agreement, the Salty Paws Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the Commonwealth of Pennsylvania, without regard to its conflict of laws rules.

I. CONSENT TO JURISDICTION.

Subject to Sections 18.F and 18.G above and the provisions below, we, you, and your Owners agree that all actions arising under this Franchise Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction which is closest to where our principal office then is located (currently West Chester, Pennsylvania), and we and you (and each Owner) irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, we and you and your Owners agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you are domiciled or the Salty Paws Franchise is located.

J. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

Except for your obligation to indemnify us for third-party claims under Section 17.D, and except for punitive damages available to either party under federal law, we, you, and your Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us.

K. PROVISIONAL REMEDIES.

Nothing in this Franchise Agreement bars our right to obtain specific performance of this Franchise Agreement, injunctive relief from a court of competent jurisdiction, and/or other provisional relief including but not limited to: (i) enforcement of liens, security agreements, or attachment, as we deem to be necessary or appropriate to compel you to comply with your obligations to us and/or to protect the Marks, trade secrets, copyrighted materials, intellectual property, or Confidential Information; (ii) any claim or dispute involving or contesting the validity of any of the Marks, trade secrets, copyrighted materials, intellectual property, or Confidential Information; (iii) alleged violations of federal or state antitrust laws; (iv) the right to indemnification or the manner in which it is exercised, any claim or controversy arising out of or related to this Franchise Agreement, or the making, performance, breach, interpretation, or termination thereof, (v) relief against threatened or actual conduct that has or will cause us, the Marks, the Confidential Information, and/or the System loss or damage; (vi) any of the restrictive covenants contained in this Franchise Agreement; or (vii) enforcement of any of the post- termination obligations under this Franchise Agreement. You agree we may obtain such specific performance or injunctive or provisional relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain such specific performance or injunctive or provisional relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). The prevailing party shall be entitled to recover its costs and reasonable attorney fees incurred by it in obtaining such relief. The parties expressly agree that the venue for such litigation shall be the state or federal courts located in the city closest to our principal place of business (currently West Chester, Pennsylvania), provided however that we may obtain such relief in any state or federal court with proper jurisdiction. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Section 18.K, and the parties waive any objections that they would otherwise have in this regard.

L. BINDING EFFECT.

This Franchise Agreement is binding upon us and you and our and your respective executors, administrators, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Operations Manual and System Standards, this Franchise Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers; provided, however, this Franchise Agreement may be modified on renewal without your prior approval.

M. LIMITATIONS OF CLAIMS.

Except for claims arising from your nonpayment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Franchise Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims. However, the parties agree that in order to comply with this provision, either party may commence a judicial or arbitration proceeding before a related mediation proceeding is declared completed.

N. CONSTRUCTION.

The preambles and attachments are a part of this Franchise Agreement which, together with the System Standards contained in the Operations Manual (which may be periodically modified, as provided in this Franchise Agreement), and the Franchise Disclosure Document, constitute our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Franchise Agreement, the franchise relationship, or the Salty Paws Franchise. Any understandings or agreements reached, or any representations made, before this Franchise Agreement are superseded by this Franchise Agreement.

Any policies we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Franchise Agreement, and are not binding on us. Except as expressly provided in this Franchise Agreement, nothing in this Franchise Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Franchise Agreement. Except where this Franchise Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval.

The headings of the sections and paragraphs in this Franchise Agreement are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Franchise Agreement to “**we**,” “**us**,” and “**our**,” with respect to all of our rights and all of your obligations to us under this Franchise Agreement, include any of our affiliates with whom you deal. The term “**affiliate**” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term “**control**” means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the Owners of the Salty Paws Franchise, whether as partners or joint venture, their obligations and liabilities to us will be joint and several. References to “Owner” mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Franchise Agreement and the Salty Paws Franchise or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Franchise Agreement, the Salty Paws Franchise, or the Salty Paws Franchise as well as any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

References to a “**controlling ownership interest**” in you or one of your Owners (if an Entity) means a 51% or greater ownership interest in the entity. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a “controlling ownership interest” is involved must be made as of both immediately before and immediately after the proposed transfer to see if a “controlling ownership interest” will be transferred (because of the number of Owners before the proposed transfer) or will be deemed to have been transferred (because of the number of Owners after the proposed transfer).

“**Person**” means any natural person, corporation, limited liability company, general or limited

partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term “**Salty Paws Franchise**” includes, without limitation, all of the assets of the Salty Paws Franchise you operate under this Franchise Agreement.

This Franchise Agreement may be executed in multiple copies, each of which will be deemed an original.

Nothing in this Franchise Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

O. COVENANT OF GOOD FAITH

If applicable law implies a covenant of good faith and fair dealing in this Franchise Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Franchise Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Franchise Agreement (and the relationship of the parties that is inherent in this Franchise Agreement) grants us the discretion to make decisions, take actions, and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Franchise Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

P. SURVIVAL

We and you (and your Owners) agree that this Section 18 shall apply during the term of this Franchise Agreement and following the termination, expiration, or non-renewal of this Franchise Agreement.

19. NOTICES AND PAYMENTS.

All written notices, reports, and payments permitted or required to be delivered by this Franchise Agreement will be deemed to be delivered:

- (1) at the time delivered by hand;
- (2) one business day after transmission by facsimile, email, or other electronic system if the sender has confirmation of successful transmission;
- (3) one business day after being placed in the hands of a nationally-recognized commercial courier service for next business day delivery; or
- (4) three business days after placement in the United States Mail by Registered or

Certified Mail, Return Receipt Requested, postage prepaid.

Any notice to us must be sent to the address specified on the signature page of this Franchise Agreement, although we may change this address for notice by giving you notice of the new address. Any written notice we send to you may be sent only to the Managing Owner, or, if applicable, the Designated Manager at the address specified on the signature page of this Franchise Agreement. You may change the person and/or address for notice only by giving us 30 days' prior written notice by any of the means specified in subparagraphs (1) through (4) above of this Section.

Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before then) will be deemed delinquent.

20. COMPLIANCE WITH ANTI-TERRORISM LAWS.

You and your Owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of your or your Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Franchise Agreement as provided in Section 15.B above.

21. ELECTRONIC MAIL.

You acknowledge and agree that exchanging information with us by email is efficient and desirable for day-to-day communications and that we and you may utilize email for such communications. You authorize the transmission of email by us and our employees, vendors, and affiliates ("**Official Senders**") to you, your Owners (if you are an Entity), the Managing Owner, and, if applicable, any Designated Manager during the term of this Franchise Agreement.

You further agree that: (a) Official Senders are authorized to send emails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders' transmission of emails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive emails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive emails from Official Senders during the term of this Franchise Agreement.

The consent given in this Section 21 shall not apply to the provision of notices by either party under this Franchise Agreement under Section 19 using email unless the parties otherwise agree in a written document manually signed by both parties.

IN WITNESS WHEREOF, the parties have executed and delivered this Franchise Agreement on the dates noted below.

FRANCHISOR:

SALTY TRUCKS LLC

By: _____
Name: Suzanne Tretowicz
Title: Chief Executive Officer
Date: _____

Delivery Addresses for Notices:

Salty Trucks LLC
43 Rehoboth Avenue
Rehoboth Beach, Delaware 19971

Evan M. Goldman, Esquire
The Franchise Firm LLP
225 Wilmington West Chester Pike, Suite 200
Chadds Ford, Pennsylvania 19317

FRANCHISEE:

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

Delivery Address for Notices:

FRANCHISE AGREEMENT-ATTACHMENT A

FRANCHISE DATA SHEET

1. **Effective Date.** The Effective Date set forth in the introductory Paragraph of the Franchise Agreement is: _____, 20__.

2. **Protected Territory.** The Protected Territory set forth in Section 2A of the Franchise Agreement will be the area as shown on the map or described below:

3. **Identification of Managing Owner.** Your Managing Owner as of the Effective Date is _____.
You may not change the Managing Owner without prior written approval.

4. **Identification of Designated Manager.** Your Designated Manager, if applicable, as of the Effective Date is _____. You may not change the Designated Manager without prior written approval.

FRANCHISE AGREEMENT-ATTACHMENT B

OWNERSHIP INTERESTS

Franchise: _____

Trade Name (if different than above): _____

Form of Ownership
(Check One)

Individual Partnership Corporation Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: _____

Management (managers, officers, board of directors, etc.):

| Name | Title |
|------|-------|
| | |
| | |
| | |

Members, Stockholders, Partners:

| Name | Position | Ownership Percentage |
|------|----------|----------------------|
| | | |
| | | |

Principal Manager. The following individual is hereby designated the “Principal” of the Franchise business. Salty Trucks LLC, and all of its vendors, suppliers, and associates may rely entirely on instructions from said Principal on behalf of the aforesaid franchise, to the exclusion of, and overriding, instructions from anyone else purporting to represent the franchise. The only accepted method to change

the identification of the principal is to produce a signed statement to that effect, signed by 100% of the owners of the Franchise.

Name of Principal: _____

Franchisee acknowledges that this Statement of Ownership applies to the Salty Paws Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must reported to Franchisor in writing.

FRANCHISEE:

Business Entity Name (if any):

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT-ATTACHMENT C

OWNERS AGREEMENT

As a condition to the execution by Salty Trucks, LLC (“we” or “us”), of a Franchise Agreement with _____ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20____ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives, and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the

covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not to Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee the full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement at the time and manner required by the Franchise Agreement or other relevant agreement between Franchisor and Franchisee. Owners shall be responsible for fulfilling and discharging any Franchisee obligation not fulfilled or discharged by Franchisee under the Franchise Agreement or other relevant agreement.

4.3 Indemnification. Owners will indemnify, defend, and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain,

incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources, and personal character. Accordingly, Owners agree: a) not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding transfers and assignment, and b) that any attempt to do so will be a material breach of this Owners Agreement and the Franchise Agreement. We may, from time to time, without notice to Owners, assign or transfer any or all of Owners' rights, duties and obligations or any interest therein in this Owners Agreement and, notwithstanding any assignment(s) or transfer(s), the rights, duties and obligations shall be and remain for the purpose of this Owners Agreement. Each and every immediate and successive assignee or transferee of any of the rights, duties or obligations of any interest therein shall, to the extent of such party's interest in the rights duties and/or obligations, be entitled to the benefits of this Owners Agreement to the same extent as if such assignee or transferee were us.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Salty Trucks, LLC
43 Rehoboth Avenue
Rehoboth Beach, Delaware 19971

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, shall be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any non-compliance, we will be entitled to temporary, preliminary, and permanent injunctions, as well as all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full, and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings, or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions, or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change, or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof,

will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property, or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors, and assigns) any rights or remedies under or by reason of this Owners Agreement.

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

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors, and (permitted) assigns.

8.6 Continuing Nature of this Owners Agreement. This Owners Agreement shall be continuing and shall not be discharged, impaired or affected by: (1) the insolvency of Franchisee or the payment in full of all of the obligations under the Franchise Agreement at any time; (2) the validity or invalidity of any of the terms of the Owners Agreement; (3) the existence or non-existence of Franchisee as a legal entity; (4) any statute of limitations affecting the liability of Owners or the ability of us or our successors or assigns to enforce this Owners Agreement; (5) the transfer or assignment of all or a portion of the ownership in Franchisee and/or the assets of Franchisee; (6) the execution of an owners agreement or any other form of guaranty by any additional direct, indirect or beneficial owner of Franchisee in favor of us or our successors or assigns; (7) any right of offset, counterclaim or defense of any Owner; or (8) the expiration, termination or assignment of the Franchise Agreement or any other agreement between you and us.

8.7 Successors. References to "Franchisor," "the undersigned," or "you" include the respective parties' heirs, successors, assigns, or transferees.

8.8 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.9 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.10 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNER(S):

Sign: _____ Sign: _____

Printed Name: [Insert Name of Owner] Address: _____ Printed Name: [Insert Name of Spouse] Address: _____

Sign: _____ Sign: _____

Printed Name: [Insert Name of Owner] Address: _____ Printed Name: [Insert Name of Spouse] Address: _____

Sign: _____ Sign: _____

**EXHIBIT B TO SALTY TRUCKS, LLC
FRANCHISE DISCLOSURE DOCUMENT**

FINANCIAL STATEMENTS



Divine
Blalock
Martin
Sellari
LLC
Est. in 1932

SALTY TRUCKS, LLC

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

MAY 31, 2025

(With Independent Auditors' Report Thereon)

SALTY TRUCKS, LLC
TABLE OF CONTENTS

| | Page |
|--|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements: | |
| Balance Sheet | 3 |
| Statement of Income | 4 |
| Statement of Changes in Members' Equity..... | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7-11 |

GARY B. SELLARI, CPA/PFS, MSM
SCOTT A. STEIN, CPA*
B. CHARLES SELLARI, CPA*, MTAX
TOM KEYS, CPA*, CGMA
ANTHONY J. SELLARI, EA
DUSTAN J. BROWN, CPA****

MARY L. CONTESSA, CPA, DVA, MAFF, PA*
NICHOLAS J. FRONTERA, CPA*
STEVE A. GOINDOO, CPA/PFS, MTAX, CFP®**
CANDACE ANTEZANA KLOTZBIER, CPA*
JAMIE M. RUSSO, CPA*
JANET SCALZITTI, CPA**
APRIL M. SINNOTT, CPA*
ARTHUR J. SINNOTT, CPA**
ANDREW E. WEISNER, CPA*

BARBARA AHEARN-DUNN, EA
JACQUELINE CARTIER, EA
BENJAMIN CROMER, EA



Divine
Blalock
Martin
Sellari
LLC
Est. in 1932

Certified Public Accountants and Consultants
580 Village Boulevard, Suite 110
West Palm Beach, FL 33409
Phone: (561) 686-1110 Fax: (561) 686-1330
info@dbmscpa.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
WILBUR F. DIVINE, III, CPA (1896-1994)
WILBUR F. DIVINE, IV, CPA (1925-1988)
JAMES A. BLALOCK, CPA (1914-1996)
G. MICHAEL MARTIN, CPA (1945-2014)
*REGULATED BY THE STATE OF FL
**REGULATED BY THE STATE OF FL
AND THE STATE OF NY
***REGULATED BY THE STATE OF FL
AND THE STATE OF NJ
****REGULATED BY THE STATE OF NY

INDEPENDENT AUDITORS' REPORT

To the Member of
Salty Trucks, LLC
13470 Sunset Lakes Circle
Winter Garden, FL, 34787

Opinion

We have audited the accompanying financial statements of Salty Trucks, LLC (a Delaware limited liability company), which comprise the balance sheet as of May 31, 2025, and the related statements of income, changes in members' equity, and cash flows for the period from inception (April 3, 2025) to May 31, 2025, 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 Salty Trucks, LLC as of May 31, 2025, and the results of its operations and its cash flows from inception (April 3, 2025) to May 31, 2025 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 Salty Trucks, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Salty Trucks, 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Salty Trucks, 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 Salty Trucks, 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.

Divine, Blalock, Martin & Sellari, LLC

**West Palm Beach, FL
July 1, 2025**

**SALTY TRUCKS, LLC
BALANCE SHEET
AS OF MAY 31, 2025**

Assets

| | |
|-----------------------------|------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 50,100 |
| Total Current Assets | <u>50,100</u> |
| Total Assets | <u>\$ 50,100</u> |

Liabilities and Members' Equity

| | |
|--|------------------|
| Current Liabilities | |
| Accounts payable | \$ - |
| Total Current Liabilities | <u>-</u> |
| Members' Equity | |
| Members' equity | <u>50,100</u> |
| Total Members' Equity | <u>50,100</u> |
| Total Liabilities and Members' Equity | <u>\$ 50,100</u> |

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

SALTY TRUCKS, LLC
STATEMENT OF INCOME
FOR THE PERIOD ENDED MAY 31, 2025

| | |
|---------------------------------|------------------|
| Revenue | |
| Initial franchise fees | \$ - |
| Royalty fee | - |
| | <hr/> |
| Total Revenue | <hr/> - |
| Operating Expenses | |
| Advertising | - |
| Computer & software | - |
| Contract labor | - |
| Filing fees | - |
| Membership & subscriptions | - |
| Professional fees | - |
| Telephone services | - |
| | <hr/> |
| Total Operating Expenses | <hr/> - |
| Net Income | <hr/> <hr/> \$ - |

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

SALTY TRUCKS, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE PERIOD ENDED MAY 31, 2025

| | |
|---------------------------------|-------------------------|
| Members' Equity @ April 3, 2025 | \$ - |
| Member Contributions/Draw, net | 50,100 |
| Net Income | <u>-</u> |
| Members' Equity @ May 31, 2025 | <u><u>\$ 50,100</u></u> |

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

SALTY TRUCKS, LLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MAY 31, 2025

| | |
|--|-----------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Net Income | \$ - |
| <i>Adjustments to reconcile Net income to net cash used by operating activities:</i> | |
| <i>(Increase) Decrease in Operating Assets</i> | |
| Accounts receivable | - |
| <i>Increase (Decrease) in Operating Liabilities</i> | |
| Accounts payable | - |
| | - |
| Total Adjustments | - |
| | - |
| Net Cash Used in Operating Activities | - |
| | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Member contribution/draw, net | 50,100 |
| | 50,100 |
| Net Cash Provided by Financing Activities | 50,100 |
| | 50,100 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 50,100 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | - |
| | - |
| CASH AND CASH EQUIVALENTS, ENDING OF PERIOD | \$ 50,100 |
| | 50,100 |

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

SALTY TRUCKS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MAY 31, 2025

NOTE 1 – BUSINESS ACTIVITY

Salty Trucks, LLC was formed in the state of Delaware on April 3, 2025; the Company is in the business of offering franchises for the operation of an ice cream truck offering a variety of different dog-friendly ice cream flavors prepared using proprietary recipes, a wide selection of toppings, frozen treats, and snacks. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to Salty Trucks, LLC. The Company is in its initial start-up phase and is currently in the process of acquiring franchisees to operate in various states.

Affiliates

Salty Paws Franchise, LLC, is a Delaware limited liability company that operates a non-food-truck franchise system using the Salty Paws name and intellectual property. Salty Paws Franchise, LLC does not provide products or services to our franchisees.

Salty Paws IP, LLC, is a Delaware limited liability company that owns the Marks under which the franchise system operates. Salty Paws IP, LLC does not offer franchises in any line of business or provide products or services to our franchisees.

Salty Paws RB, LLC, is a Delaware limited liability company that operates a company-owned Salty Paws® shop in Rehoboth Beach, Delaware. It began operations in May 2018. Salty Paws RB, LLC does not offer franchises in any line of business or provide products or services to our franchisees.

Salty Paws Distribution, LLC, is a Delaware limited liability company is a manufacturer and distributor of branded pet products, including powder ice cream mixes, dehydrated treats, and dog-friendly baked goods. Franchisees are required to purchase certain items from Salty Paws Distribution, LLC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Concentrations of Credit Risk

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Advertising

Advertising costs are expensed as incurred. Advertising expense amounted to \$0 for the period ended May 31, 2025.

SALTY TRUCKS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MAY 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are non-interest-bearing obligations due under normal trade terms carried out at the amount management expects to collect. Account balances are delinquent if payments have not been received by the Company for 90 days. Included in accounts receivable are initial franchise fees, monthly royalties and related fees due from franchisees. At May 31, 2025, the amount due was \$0.

Management evaluates the collectability of receivables at each reporting date, considering factors such as historical collection patterns, the aging of accounts, and known economic or operational risks. For the period ended May 31, 2025, no allowance for credit losses was recorded.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 5 to 40 years. At May 31, 2025, the Company did not own any fixed assets.

Long-Lived Assets

The Company reviews long-lived assets to be held and used by an entity for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As there are no owned assets for the period ended May 31, 2025, no impairment of the carrying values of its long-lived assets existed at May 31, 2025. There can be no assurance, however, that demands for the Company's products or market conditions will not change which could result in impairment losses in the future.

Income Taxes

Certain transactions of the Company may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Company reported for federal and state income tax purposes may differ from net income in these financial statements. As a limited liability company, income or loss of the Company is allocated to the members. No provision for federal or state income taxes is necessary because any income or loss is includable in the tax returns of the individual members. Local income taxes, if any, are paid by the Company. The Company was not subject to any local income taxes for the period ended May 31, 2025.

The Company follows the generally accepted accounting guidance for uncertainty in income taxes, which prescribes when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken on its income tax returns, including the position that the Company continues to be qualify to be treated as an S Corporation for federal income tax purposes. The guidance requires management to evaluate the likelihood that, upon examination by relevant taxing authorities, those income tax positions would be sustained.

SALTY TRUCKS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MAY 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Income Taxes, continued

Based on that evaluation, if it were more than 50% likely that a material amount of income tax would be imposed at the Company level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying balance sheet along with any interest and penalties that would result from the assessment. Should any such penalties and interest be incurred, the Company's policy would be to recognize them as operating expenses.

Based on management's evaluation at May 31, 2025, the Company had no such liabilities resulting from uncertain tax positions.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

Revenue Recognition

The Company's revenue recognition policies are in compliance with accounting standards ASC Topic 606, Revenue from Contracts with Customers. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU), Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient. This new practical expedient will allow franchisors that are not public business-entities to account for pre-opening services provided to a franchise as a single performance obligation in the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalty and brand fund fees on a monthly basis, as well as local advertising fees on a quarterly basis, which are generally based upon a percentage of sales made by the Company's franchises, when they are earned and deemed collectible.

SALTY TRUCKS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MAY 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Revenue Recognition

The following services are provided by the Company prior to the opening of a franchised location:

- Identify products, supplies and designated and approved suppliers
- Access to operations manual
- Initial training program

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair Value of Financial Assets and Liabilities. (continued)

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recently Issued and Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model.

SALTY TRUCKS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MAY 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Recently Issued and Adopted Accounting Pronouncements, continued

Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in FASB ASC 326 were trade accounts receivable. The Company adopted the standard effective April 3, 2025. The impact of the adoption was not considered material to the financial statements and primarily resulted in new disclosures.

The Company's management has evaluated recently issued accounting pronouncements through the date of this report and concluded that they will not have a material effect on the financial statements as of May 31, 2025.

NOTE 3 – DEFERRED REVENUE

Deferred revenue represents an allocated amount of the initial franchise fee for the license portion, which is amortized over the term of the agreement, and the unearned portion of the initial franchise fee for the contractual obligations of the Company that have not yet been performed. At May 31, 2025, the Company recognized \$0.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 5 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 1, 2025, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

**EXHIBIT C TO SALTY TRUCKS, LLC
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF CURRENT AND FORMER FRANCHISEES

List of Franchised Trucks

Louisiana

Jamie Luke
Houma, Louisiana
Tel: 985-856-8435

Nevada

Jason Sundland
Sparks, Nevada
Tel: 775-250-8316

New Jersey

Kimberly Guido
Cape May, New Jersey
Tel: 267-250-5455

Jennifer Hernandez
Hoboken, New Jersey
Tel: 201-390-5372

Dana & Randy Vlahovic
Florence, New Jersey
Tel: 215-313-5569

New York

Stephanie Paraboschi; Janet Ciccione
East Port, New York
Tel: 631-228-7733

North Carolina

Shelli Craig
Summerfield, North Carolina
Tel: 743-433-8381

Pennsylvania

Heather Homolash
West Chester, Pennsylvania
Tel: 484-630-0965

Tennessee

Angie Cody
Knoxville, Tennessee
Tel: 865-755-6399

Virginia

Julie Bell
Dumfries, Virginia
Tel: 703-655-8106

List of Corporate or Affiliate-Owned Trucks

None.

Former Franchisees

None.

**EXHIBIT D TO SALTY TRUCKS, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**CONFIDENTIAL OPERATIONS MANUAL
TABLE OF CONTENTS**

Salty Paws Mobile Manual Table Contents

| | |
|--|----|
| Welcome/Getting Started | |
| Welcome to Salty Paws Mobile..... | 01 |
| Table of Contents..... | 02 |
| Why is Branding So Important..... | 04 |
| Franchisee To Do Checklist..... | 05 |
| Where To Buy the Truck..... | 07 |
| Truck Design..... | 08 |
| Permits..... | 09 |
| Licenses & Insurance..... | 10 |
| Setting Up Your Truck | |
| Inside Truck Set Up | 11 |
| Outside Truck Set Up..... | 13 |
| Supply Vendor List..... | 15 |
| Product Vendor List..... | 16 |
| What to Buy..... | 18 |
| Required Inventory..... | 21 |
| Opening Purchase Order Checklist..... | 24 |
| Opening Ice Cream Order Form..... | 25 |
| Opening To Go Ice Cream Order Form..... | 26 |
| Opening Topping Bar To Go Form..... | 27 |
| Setting Up Topping Bar..... | 28 |
| How to Make the Ice Cream..... | 29 |
| Business Card Submission Form..... | 30 |
| Grand Opening Post Card Submission Form..... | 31 |
| Interchangeable Menu Boards..... | 32 |
| Merchandise Approval Form..... | 34 |
| About Your Truck | |
| Truck Safety..... | 35 |
| Truck Care & Maintenance..... | 37 |
| Cleaning & Sanitation..... | 39 |
| Storage in-between Events..... | 41 |
| Marketing | |
| How to Market Your Truck..... | 42 |
| Territories..... | 43 |
| Required Mobile App..... | 44 |
| Social Media Guidelines..... | 45 |

| | |
|--|----|
| About TikTok..... | 46 |
| Grand Opening Marketing Budget Form..... | 47 |
| Dealing with the Press; Questions & Answers..... | 48 |
| Marketing Material Submission Form..... | 50 |
| Marketing Homework..... | 51 |
| Events | |
| Types of Events..... | 53 |
| Fundraising Opportunities..... | 57 |
| Event Submission Form | 58 |
| Operation Support | |
| Training Outline..... | 59 |
| Organizing your Business with QuickBooks..... | 60 |
| Payroll Information..... | 61 |
| Uniforms..... | 62 |
| What to Look for When Hiring..... | 63 |
| Employee Application..... | 64 |
| Disciplinary Form..... | 65 |
| Family Dog Etiquette..... | 66 |
| Animal Behavior and Body Language..... | 67 |
| Maintenance Check List..... | 68 |
| Opening & Closing Check List..... | 69 |
| Daily Cash Drawer Count Sheet..... | 70 |
| Ice Cream Order Form..... | 71 |
| Ice Cream To Go Order Form..... | 72 |
| Topping Bar To Go Order Form..... | 73 |
| Conclusion | 74 |

**EXHIBIT E TO SALTY TRUCKS, LLC
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

State Administrators

California

Commissioner of Financial
Protection and Innovation
2101 Arena Boulevard
Sacramento, California 95834
(916) 445-7205
(Toll Free) (866) 275-2677

Hawaii

Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Illinois Franchise Development
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Indiana Chief Deputy Commissioner
Secretary of State
Franchise Section – Securities Division
301 W. Washington Street, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Office of the Attorney General
Securities Division
2000 Saint Paul Place
Baltimore, Maryland 21202
(410) 576-7044

State Agents for Service of Process

California

Department of Financial
Protection and Innovation
2101 Arena Boulevard
Sacramento, California 95834

Hawaii

Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois

Illinois Franchise Development
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana

Indiana Chief Deputy Commissioner
Secretary of State
Franchise Section – Securities Division
301 W. Washington Street, Room E-111
Indianapolis, Indiana 46204

Maryland

Office of the Attorney General
Securities Division
2000 Saint Paul Place
Baltimore, Maryland 21202

Michigan

Michigan Franchise Administrator
Consumer Protection Division
Attention: Franchise Examiner
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota

Minnesota Franchising Examiner
Minnesota Department of Corporations
133 East Seventh Street
St. Paul, Minnesota 55101
(612)295-6328

New York

NYS Department of Law
28 Liberty Street , 21st Floor
New York, New York 10005
(212) 416-8236

North Dakota

North Dakota Securities Department
600 East Boulevard State Capitol
Fifth Floor, Dep't 414
Bismarck, North Dakota 58505
(701) 328-4712

Rhode Island

Rhode Island Securities Examiner
Division of Securities
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9500

South Dakota

South Dakota Franchise Administrator
Division of Securities
Department of Labor & Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605)773-4013

Michigan

Not Applicable

Minnesota

Minnesota Franchising Examiner
Minnesota Department of Corporations
133 East Seventh Street
St. Paul, Minnesota 55101

New York

Secretary of State of New York
99 Washington Avenue
Albany, New York 12231

North Dakota

North Dakota Securities Department
600 East Boulevard State Capitol
Fifth Floor, Dep't 414
Bismarck, North Dakota 58505

Rhode Island

Rhode Island
Department of Business Regulation
Division of Securities
1511 Pontiac Avenue
Cranston, Rhode Island 02920

South Dakota

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

Virginia

Virginia Chief Examiner
State Corporation Commissioner
Division of Securities and Retail Franchising
1220 Bank Street
Richmond, Virginia 23219
(804)786-7751

Washington

Washington Securities Administrator
Securities Division
P.O. Box 9033
Olympia, Washington 98507
(360)902-8760

Wisconsin

Wisconsin Commissioner of Securities
Registration Division
P.O. Box 1768
Madison, Wisconsin 53101
(608)266-8559

Virginia

Clerk of the State Corporation Commissioner
P.O. Box 1197
Richmond, Virginia 23219

Washington

Director of Licensing
Securities Division
150 Israel Road
Turnwater, Washington 95801

Wisconsin

Wisconsin Commissioner of Securities
Office of the Commissioner of Securities
101 East Wilson Street
Madison, Wisconsin 53702

**EXHIBIT F TO SALTY TRUCKS, LLC
FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Salty Trucks, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a Salty Paws Ice Cream Truck’s Truck (as defined in this Franchise Disclosure Document). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your Initial Franchise Fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

1. Yes ___ No ___ Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
2. Yes ___ No ___ Have you received and personally reviewed the Franchise Disclosure Document we provided?
3. Yes ___ No ___ Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4. Yes ___ No ___ Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
5. Yes ___ No ___ Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor or have you had the opportunity for such review and chosen not to engage such professionals?
6. Yes ___ No ___ Have you discussed the benefits and risks of developing and operating a Salty Paws Ice Cream Truck with an existing Salty Paws Ice Cream Truck franchisee?
7. Yes ___ No ___ Do you understand the risks of developing and operating a Salty Paws Ice Cream Truck?
8. Yes ___ No ___ Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?

9. Yes ___ No ___ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated, mediated, and/or arbitrated in Pennsylvania, if not resolved informally or by mediation?
10. Yes ___ No ___ Do you understand that you must satisfactorily complete the initial training course before we will allow your Truck to open or consent to a transfer?
11. Yes ___ No ___ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Salty Paws Ice Cream Truck, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes ___ No ___ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes ___ No ___ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Salty Paws Ice Cream Truck will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes ___ No ___ Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Salty Paws Ice Cream Truck, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?
15. Yes ___ No ___ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE

REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

EXPLANATION OF ANY NEGATIVE RESPONSE
(REFER TO QUESTION NUMBER)

| Questionnaire Number | Explanation of Negative Response |
|----------------------|----------------------------------|
| | |

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Date: _____

Date: _____

**EXHIBIT G TO SALTY TRUCKS, LLC
FRANCHISE DISCLOSURE DOCUMENT**

STATE ADDENDA AND AGREEMENT RIDERS

APPLICABLE ADDENDA

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

| | | |
|-----------------|------------------|--------------------|
| _____ Illinois | _____ Maryland | _____ Michigan |
| _____ Minnesota | _____ New York | _____ Rhode Island |
| _____ Virginia | _____ Washington | _____ Wisconsin |

FRANCHISOR:

Salty Trucks, LLC

By: _____
Name: Suzanne Tretowicz
Title: Chief Executive Officer
Date: _____

FRANCHISEE:

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

Delivery Addresses for Notices:

Salty Trucks, LLC
43 Rehoboth Avenue
Rehoboth Beach, Delaware 19971

Evan M. Goldman, Esquire
The Franchise Firm LLP
225 Wilmington West Chester Pike, Suite 200
Chadds Ford, Pennsylvania 19317

Delivery Address for Notices:

**ADDENDUM TO FRANCHISE AGREEMENT,
SUPPLEMENTAL AGREEMENTS, AND FRANCHISE
DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR
SALTY TRUCKS LLC**

The following modifications are made to the Salty Trucks LLC (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated ____, 20____ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means Pennsylvania. When the term “**Supplemental Agreements**” is used, it means “none”.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: Illinois, Maryland, Michigan, Minnesota, New York, Rhode Island, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue

in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

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.

MARYLAND AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND FRANCHISE DISCLOSURE QUESTIONNAIRE

Item 17 of the FDD and the Franchise Agreement are amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

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.

MICHIGAN

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

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

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

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

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

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan

Department of Attorney General Consumer Protection Division Attn: Franchise

670 Law Building 525 W. Ottawa Street

Lansing, Michigan 48913

Telephone Number: (517) 373-7117

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.

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J. prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System Standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. Item 6 of the FDD and Section 4.H of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.

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

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 added at the end of Item 3:

Except as provided above, with regard to 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 ten-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.

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.

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not

limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

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

VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Salty Trucks LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and 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. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT, FRANCHISE DISCLOSURE QUESTIONNAIRE, AND FRANCHISE DISCLOSURE DOCUMENT

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.

WISCONSIN

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

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.

EXHIBIT H TO SALTY TRUCKS, LLC
FRANCHISE DISCLOSURE DOCUMENT

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

| <u>State</u> | <u>Effective Date</u> |
|---------------------|------------------------------|
| California | N/A |
| Hawaii | N/A |
| Illinois | N/A |
| Indiana | N/A |
| Maryland | N/A |
| Michigan | N/A |
| Minnesota | N/A |
| New York | N/A |
| North Dakota | N/A |
| Rhode Island | N/A |
| South Dakota | N/A |
| Virginia | N/A |
| Washington | N/A |
| Wisconsin | N/A |

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

**EXHIBIT I TO SALTY TRUCKS, LLC
FRANCHISE DISCLOSURE DOCUMENT**

RECEIPT

**RECEIPT
(RETURN ONE COPY TO US)**

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

If Salty Trucks, 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 payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Salty Trucks, 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, DC 20580 and the appropriate state agency listed on Exhibit F.

The franchisor is Salty Trucks, LLC, located at 43 Rehoboth Avenue, Rehoboth Beach, Delaware 19971. Its telephone number is (800) 388-8892.

Issuance Date: July 1, 2025

The name, principal address and telephone number of the franchise seller for this offering is Suzanne Tretowicz, 43 Rehoboth Avenue, Rehoboth Beach, Delaware 19971, (800) 388-8892.

Salty Trucks, LLC authorizes the agents listed in Exhibit F to accept service of process for it.

I have received a disclosure document, dated July 1, 2025, that included the following Exhibits:

- A Salty Paws Ice Cream Truck's Franchise Agreement (with exhibits)
- B Financial Statements
- C List of Current and Former Franchisees
- D Confidential Operations Manual Table of Contents
- E List of State Administrators/Agents for Service of Process
- F Franchise Disclosure Questionnaire
- G State Addenda and Agreement Riders
- H State Effective Dates
- I Receipt

Date: _____
(Do Not Leave Blank)

Signature of Prospective Franchisee

Print Name

You may return the signed receipt either by signing, dating and mailing it to Salty Trucks, LLC, located at 43 Rehoboth Avenue, Rehoboth Beach, Delaware 19971, or by emailing a copy of the signed and dated receipt to Salty Trucks, LLC at info@saltypawsicecreamtruck.com.

RECEIPT
(KEEP ONE COPY FOR YOURSELF)

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

If Salty Trucks, 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 payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Salty Trucks, 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, DC 20580 and the appropriate state agency listed on Exhibit F.

The franchisor is Salty Trucks, LLC, located at 43 Rehoboth Avenue, Rehoboth Beach, Delaware 19971. Its telephone number is (800) 388-8892.

Issuance Date: July 1, 2025

The name, principal address and telephone number of the franchise seller for this offering is Suzanne Tretowicz, 43 Rehoboth Avenue, Rehoboth Beach, Delaware 19971, (800) 388-8892.

Salty Trucks, LLC authorizes the agents listed in Exhibit F to accept service of process for it.

I have received a disclosure document, dated July 1, 2025, that included the following Exhibits:

- A Salty Paws Ice Cream Truck's Franchise Agreement (with exhibits)
- B Financial Statements
- C List of Current and Former Franchisees
- D Confidential Operations Manual Table of Contents
- E List of State Administrators/Agents for Service of Process
- F Franchise Disclosure Questionnaire
- G State Addenda and Agreement Riders
- H State Effective Dates
- I Receipt

Date: _____
(Do Not Leave Blank)

Signature of Prospective Franchisee

Print Name