

FRANCHISE DISCLOSURE DOCUMENT

MENCHIE'S GROUP, INC.

a California corporation
20631 Ventura Boulevard, Suite 200
Woodland Hills, CA 91364
818-708-0316
www.menchies.com



We grant you the right to operate a MENCHIE'S Store. Your Store will offer for sale soft-serve frozen yogurt, ice cream, desserts and beverage items and other related products.

The total investment necessary to begin operation of your Store is \$139,946 to \$475,579.1. This includes \$32,600 to \$34,500 that must be paid to us.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this 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 MJ Kwon, at 20631 Ventura Boulevard, Suite 200, Woodland Hills, CA 91364; telephone 818-708-0316.

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

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

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

Issuance Date: April 18, 2025

How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|--|--|
| How much can I earn? | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G |
| 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 B 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 Menchie's business in my area? | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| Does the franchisor have a troubled legal history? | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| What's it like to be a Menchie's franchisee? | Item 20 or Exhibit G 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 Franchise *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 delegates. These items may be more expensive than similar items you could buy or 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 the franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
4. **Unopened Franchises.** The franchisor has signed a number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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.

NOTICE REQUIRED BY STATE OF MICHIGAN

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

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

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

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is “Menchie’s Group, Inc.” For ease of reference, we will be referred to as “Menchie’s,” “we,” or “us” in this Disclosure Document. The person or entity who buys the franchise will be referred to as “you” and “your” throughout this Disclosure Document. If you are a corporation or limited liability company, your owners must sign our “Guaranty and Assumption of Obligations,” which means that all of our Franchise Agreement’s provisions also will apply to your owners.

The Franchisor

We are a California corporation incorporated on January 2, 2008. Our principal business address is 20631 Ventura Boulevard, Suite 200, Woodland Hills, California 91364. We have offered franchises since March 2008. Since September 2011, we have operated a business similar to the business being franchised in Encino, California. We do not offer and have not offered franchises in any other line of business.

We operate under the name “MENCHIE’S” and the other trademarks described in Item 13.

Agent for Service of Process

Our agents for service of process are disclosed in Exhibit A.

Parents, Predecessors and Affiliates

We do not have any parents or predecessors.

Our affiliate, MidiCi Group LLC, a California limited liability company formed on August 29, 2014 (“MidiCi”), granted franchises for the operation of MidiCi fast casual restaurants featuring build-your-own Neapolitan pizzas, salads, appetizers, beverages, dessert items, and other products in a distinctive atmosphere. MidiCi offered franchises from January 2015 to December 2024. Its principal office address is 20631 Ventura Boulevard, Suite 200, Woodland Hills, California 91364. MidiCi has not offered franchises in any other lines of business.

From March 2009 to April 2013, our affiliate BSD USA, LLC (“BSD”) served as a subfranchisor of Menchie’s Group, Inc. and granted MENCHIE’S franchises in certain states. All of BSD’s subfranchise agreements were transferred to us in April 2013. BSD does not operate any other business and has never offered franchises in any other line of business.

Other than as disclosed above, we do not have any other affiliates that need to be disclosed in this Disclosure Document.

The Franchise Offered

We grant you the right to operate a store under the “MENCHIE’S” trademark and other Trademarks and the System (as defined below) (the “Store”) pursuant to the terms of our Franchise Agreement, the form of which is attached hereto as Exhibit C (the “Franchise Agreement”).

Your Store will offer premium frozen yogurt, ice cream, dessert items, beverages, and other products (the “Menu Items”) for retail sale to the public. Menu Items are prepared according to our specified recipes and procedures and use high-quality ingredients, including our specially formulated and specially produced proprietary lines of frozen yogurt and other food products. Each Store will operate under the name

MENCHIE'S and other trademarks we designate. "Trademarks" means the MENCHIE'S trademarks that have been registered in the United States and elsewhere and the trademarks, service marks and trade names set forth in item 13, as we may modify from time to time, and such other trademarks, service marks, trade names, the trade dress and other commercial symbols as we may authorize you to use in and in connection with the Store from time to time. Trade dress includes the designs, color schemes and images we authorize you to use in the operation of the Store from time to time. Currently the Trademarks include the following: "Menchie's", "Menchie's design", "Menchie's Guy design", "Mix Weight Pay", "My Smileage", "Smileage", "What's Your Mix", "We Make You Smile", "3-Dimensional Configuration of Restaurant Interior", and "Our Main Ingredient is a Smile".

You must operate your Store under the MENCHIE'S System (the "System"). The System consists of distinctive food and beverage products prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, ingredients, business forms, training materials, Manuals, sales techniques, methods and procedures, all of which we may modify from time to time. MENCHIE'S stores range in size from 900 to 1,700 square feet depending on the location of your Store. You must adhere to the System regardless of the size of your Store.

Market and Competition

Your Store will offer products and services to the general public throughout the year and compete with other frozen dessert chains (local, regional, and national), restaurants, grocery stores, and food service businesses. The market for your type of products and services is developed and very competitive. Because sales of frozen desserts generally increase in warmer weather, your sales may be seasonal.

Industry-Specific Regulations

We know of no trade or license regulations which specifically affect the frozen yogurt industry. Laws exist in every state that govern the food-service industry (including health, sanitation, and safety regulations regarding food storage, preparation and safety). You must comply with all local, state, and federal laws that apply to your store's operation, including health, sanitation, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction. You must obtain real estate permits (such as zoning permits), real estate licenses and operational licenses. You also must comply with all PCI Data Security Standards.

There are also regulations that pertain to sanitation, labeling, food preparation, food handling, and food service. You will be required to comply with all applicable federal, state, and local laws and regulations during the operation of your Store. You should consult with an attorney concerning those and other local laws and ordinances that may affect your Store's operation.

Item 2 BUSINESS EXPERIENCE

Chief Executive Officer: Amit Y. Kleinberger

Mr. Kleinberger has served as our Chief Executive Officer for Menchie's since July 2008. Mr. Kleinberger has also served as the Chief Executive Officer of MidiCi in Encino, CA since August 2014.

Chief Operations Officer: Tom Regev

Mr. Regev has served as our Chief Operations Officer since March 2017. Mr. Regev has served as our Vice President of Operations for Menchie's since March 2009. Mr. Regev has also served as the Chief Operations Officer and Member of MidiCi in Encino, CA since August 2014.

Vice President Operations: Yogi Tanna

Mr. Tanna has served as our Vice President of Operations since December 2017. Mr. Tanna also served as our Senior Director of Operations starting in February 2017, the Director of Global Franchise Services beginning in July 2016 and Director of Franchise Services beginning in March 2011. He also served and continues to serve in the same capacities for MidiCi.

Vice President Marketing: Elizabeth Berry

Ms. Berry has served as Vice President Marketing since March 2020. From February 2017 to March 2020, she served as Senior Director Marketing. From June 2015 to February 2017, she served as Director Marketing. From August 2009 to June 2015, she served as Marketing Manager.

Senior Director Business Development: MJ Kwon

Ms. Kwon serves as Senior Director Franchise Development and then Senior Director Business Development since March 2017. Ms. Kwon has served as our Director of Franchise Development since February 2016. Ms. Kwon has also served as the Director of Franchise Development for MidiCi in Encino, California, since August 2014. From August 2014 to February 2016 she served as our Franchise Development Manager.

Controller: Diana Vasquez

Ms. Vasquez serves as our Controller since April 2017. Prior to that time was our Senior Director since January 2016 and our Director since October 2012. She has also served and continues to serve in the same time and capacity for MidiCi.

**Item 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4
BANKRUPTCY**

On September 21, 2018, an affiliate, MidiCi Group, LLC ("MidiCi") filed a petition to reorganize under Chapter 11 in the Central District of California (Case No. 18-BK-12354). MidiCi is a separate entity from us, and operates a separate brand.

Other than described above, there is no additional bankruptcy information which is required to be disclosed in this Item.

**Item 5
INITIAL FEES**

Initial Franchise Fee

The Initial Franchise Fee for a single Store franchise is \$32,000, which will be paid in full at the time you sign the Franchise Agreement. The Initial Franchise Fee is earned upon receipt and except as noted below is non-refundable.

Uniforms, Merchandise, Equipment and Supplies

You will be required to purchase from us uniforms, merchandise, equipment, study material, job aids package and Store supplies costing approximately \$600 - \$1,000 for each Store you agree to open. This amount is earned by us upon receipt and is non-refundable.

**Item 6
OTHER FEES**

| Type of Fee * | Amount | Due Date | Remarks |
|-------------------|---|--|---|
| Royalty Fee (1) | The greater of \$125 or 6% of Gross Sales | Payable each week on Friday (based on Gross Sales of the previous week, Sunday to Saturday | Payments shall be made via electronic funds transfer ("EFT"). |
| Marketing Fee (1) | 2% of Gross Sales | Payable each week on Friday | Payments shall be made via EFT |
| Audit fee | Cost of audit | 5 days after notice of amount due | You will pay us the costs of an audit if you fail to provide monthly financial statements in excess of 3 times per calendar year or if a random audit shows an understatement of Gross Sales in excess of 2%. |
| Late fee | 10% of the amount due | Within 5 days of the date of Menchie's statement for amount due | If you fail to pay the Royalty Fee, Marketing Fee or other amounts due to us within 10 days of the due date. You also will be required to pay us a late fee on any overdue amount beginning with the date payment is due until you pay the overage. |

| Type of Fee * | Amount | Due Date | Remarks |
|--------------------------------------|---|--|---|
| Interest on late payments | The lesser of 18% per annum or the maximum amount permitted by applicable law | Within 5 days of date of Menchie's statement for amount due | You will pay us interest on any overdue amounts beginning with the date payment is due until you pay the overage. |
| Additional training fee | To be determined by us, but not to exceed \$500 per person per day. | As incurred | You will pay us a non-refundable fee if you ask for special assistance or we determine that additional training is warranted after your initial training period. |
| Alternative supplier evaluation fees | Various amounts to be determined by the amount of time and money necessary to evaluate the alternative supplier and/or the alternative product. | As incurred | If you seek approval of a new supplier or product, we may charge you a fee for conducting the evaluation or you may have to pay some third party to evaluate your proposed supplier or product. |
| Renewal fee | \$4,000 | Before signing of the renewal franchise agreement | Payable to us, if you wish to renew your franchise agreement. |
| Technology Fee (2) | \$80 | By the 1 st day of each month, beginning 30 days after you sign a lease for your Store. | You must pay us, via EFT. The Technology Fee may change from time to time. |
| Alternative dispute fee | To be determined by the American Arbitration Association | At commencement of dispute resolution | Fee for participating in any dispute- resolution process. |
| Transfer fee | \$10,000 | Due at time Transferee signs Franchise Agreement | Either you or transferee must pay us the transfer fee. |
| Costs and attorneys' fees | Will vary under circumstances | As incurred | Payable to us, to reimburse us for fees incurred by us in obtaining injunctive or legal relief for the enforcement or defense of any item of the Franchise Agreement or for costs incurred for arbitration proceedings. |
| Indemnification | Will vary under circumstances | As incurred | You must reimburse us if we are held liable for any claims arising from your business. |

| Type of Fee * | Amount | Due Date | Remarks |
|---------------------------|---|--------------|--|
| Inspection Fee | Our costs and expenses in conducting any subsequent pre-opening Store inspection. We estimate that this amount will not exceed \$1,500.00. | Upon demand | We will inspect your Store prior to opening. If your Store does not pass initial inspection, you will be charged for all costs and expenses we incur in conducting any subsequent inspections. |
| Taxes (3) | Actual Costs | Upon demand | |
| Liquidated Damages (4) | \$250 per day | As incurred | Payable for each day unauthorized Menu Items, products or services are offered for sale or sold. |
| Termination Fee (5) | \$250 per week for each week remaining in the Term of the Franchise Agreement if the Term of the Franchise Agreement had not been terminated early. | Upon demand | If you terminate the Franchise Agreement early or we terminate the Franchise Agreement due to your uncured breach(es) |
| Dispute Resolution Fees** | \$50,000 plus attorneys' fees and expenses | Upon invoice | If you do not comply with our dispute resolution requirements in the Franchise Agreement |

* You will pay all fees to us unless otherwise noted. All fees are non-refundable unless otherwise noted. All fees are uniformly imposed.

**These fees are found in the Franchise Agreement..

Notes:

(1) Royalty Fee and Marketing Fees. "Gross Sales" means the total revenues collected and receipts from the sale of all products, services and merchandise sold in your Store or otherwise, including any catering or delivery services, cover charges or fees, in your Store or on its premises and all revenues derived from any type of authorized vending machines. Gross Sales excludes sales taxes.

You will comply with the procedures specified in the Manual (as defined below) or as otherwise communicated for any electronic funds transfer program or any other program we institute and shall perform the acts and sign the documents, including authorization forms that we, your bank and our bank may require to accomplish payment by electronic funds transfer, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of Royalty Fees, Marketing Fees, Technology Fees and other amounts, including interest payable to us. In addition, you will pay all costs associated with utilizing an electronic funds transfer payment program. If you fail to timely report to us in accordance with the procedures set forth in the Franchise Agreement and in the Manual, in addition to any applicable late charge, we have the right, but not the obligation, to debit from your account an estimated amount based on our reasonable estimation of your Gross Sales.

(2) Technology Fee. You are required to pay us a Technology Fee equal to \$80 per month by the 1st day of each month. The fee will cover our expenses associated with furnishing one user with our franchise management software, creating email accounts, email marketing, and providing technology administration and maintenance according to our then current guidelines and procedures, which may change from time to time. We reserve the right to increase or decrease the monthly fee each calendar year in an amount not to exceed 5%. We will provide you with a 14 days' prior written notice of any such change.

(3) Taxes. You must pay us the amount of any State or local sales, use, gross receipts, or similar tax that the State or local government authority imposes on fees which you pay to us under the Franchise Agreement, without offset or deduction of any kind. Your obligation to reimburse us for these taxes does not extend to income-type taxes which a State or local government imposes on our income.

(4) Liquidated Damages for Sale of Unauthorized Menu Items, Products or Services. Uniformity of menu items, products and services offered by all Menchie's Stores is of utmost importance to us, our franchisees and the System. If you offer to sell or do sell menu items, products or services which are not authorized or are not prepared in accordance with the Manual, you agree we will be damaged by your non-compliance. These damages will be calculated at the rate of \$250 per day for each day unauthorized products or services are offered or sold and will be in addition to any other rights and remedies we may have against you. We have the right to collect these amounts in addition to any and all of our other rights for non-compliance provided for under the Franchise Agreement. You agree that a precise calculation of the full extent of the damages that we will incur from the offer or sale of unauthorized products and services are difficult to determine and we and you desire certainty in this matter and agree that the damages provided here are reasonable, constitute liquidated damages and are not a penalty.

(5) Termination Fee. You acknowledge and understand that if the Term of the Franchise Agreement is terminated for any reason, we will incur damages including the loss of the future Royalties and Marketing Fees. In such situations, we have the right to require you to pay us a "Termination Fee" within 5 days of the date of termination. The Termination Fee equals \$250 per week for each week. The Termination Fee is for the convenience of the parties and is in addition to any and all remedies we may have as a result of the early termination. Further, the Termination Fee is not to be considered liquidated damages.

Item 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Single Store

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment Is to be Made |
|---|-------------------------|-------------------|---|-------------------------------|
| Initial Franchise Fee (1) | \$ 32,000 | Certified funds | At time of signing of Franchise Agreement | Us |
| Travel and Living Expenses While Training (2) | \$ 664– \$ 3,500 | Lump Sum | As incurred | Airlines, hotels, restaurants |
| Lease Deposit and Rent (3) | \$ 3,600– \$ 11,200 | Lump Sum | As incurred | Landlord |
| Leasehold improvements (4) | \$36,000 – \$216,000 | As agreed to | As incurred | Various providers |

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment Is to be Made |
|--|----------------------------------|-------------------|-------------|--|
| Furniture, Fixtures, and Equipment (5) | \$ 46,000 – \$136,000 | As agreed to | As incurred | Various required suppliers |
| Computer (POS) System | \$ 168 – \$ 5,379 | As agreed | As incurred | Vendor |
| Signage (6) | \$ 4,414– \$ 15,400 | As agreed to | As incurred | Vendor |
| Opening Inventory (7) | \$ 5,800– \$ 7,400 | As agreed to | As incurred | Designated and approved suppliers |
| Uniforms, Merchandise, Equipment and Sales | \$ 600– \$ 1,000 | Certified funds | As incurred | Us |
| Grand Opening Marketing (8) | \$ 3,500 – \$ 5,000 | As agreed to | As incurred | Vendors |
| Utility Deposits, Professional Fees, Business Licenses, etc. | \$ 200– \$ 3,700 | As agreed to | As incurred | Various govt. entities, utility companies, attorneys and accountants |
| Insurance (3 months) (9) | \$ 1,000– \$ 1,500 | As agreed to | As incurred | Vendors |
| Inspection Fee (10) | \$ 0– \$ 1,500 | As agreed to | As incurred | Us |
| Additional Funds—3 Months (11) | \$ 6,000– \$ 36,000 | As agreed to | As incurred | Various vendors |
| Total (12) | \$139,946 – \$475,579 | | | |

Notes:

* The foregoing expenses are merely estimates of the initial investment for the Store. You are encouraged to make an independent investigation and analysis of the potential expenses which may be incurred in order to start your Store. This does not include the cost of the real estate or constructing a building if you purchase the land. This estimate is based on obtaining used equipment. We do not offer direct or indirect financing to franchisees for any items. Except where otherwise noted, all amounts that you pay to us are non-refundable. Third party suppliers will decide if payments to them are refundable.

(1) Initial Franchise Fee. The Initial Franchise Fee is \$32,000 for an individual Store franchise.

(2) Travel and Living Expenses While Training. We will not charge you a fee for you and one additional person to attend our initial training program. You, however, are responsible for all hotel, transportation and other costs and expenses for the people you designate to attend our initial training program. The amount in the table represents the estimated costs and expenses you will incur for you and one additional person to attend our initial training program. These amounts are not refundable

(3) Lease Deposit and Rent. A MENCHIE'S Store occupies about 900 to 1,700 square feet of space. Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors and could be considerably higher in large metropolitan areas than in more suburban or small town areas. Stores can be located in strip shopping centers, shopping malls, free-standing units, and other venues in downtown commercial areas and in residential areas. We anticipate that you will rent the Store's premises. These estimates are based on one month's rent for a security deposit and the first month's rent. It is possible, however, that you will choose to buy, rather than rent, real estate on which

a building suitable for the Store already is constructed or could be constructed. The rental security deposit may be refundable depending on your agreement with your landlord.

(4) Leasehold Improvements. Leasehold improvement costs, including floor coverings, wall treatments, counters, ceilings, painting, window coverings, electrical, carpentry, and similar work, and architect's and contractor's fees depend on the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for your Store; and any construction or other allowances the landlord grants. The lower figure assumes that you will locate the Store in a Special Site; the higher figure assumes a high square footage model. These monies are not refundable after they have been expended. The estimates included in the table above reflect the average deduction provided by landlords for tenant improvements and other allowances.

(5) Furniture, Fixtures and Equipment. These amounts include the frozen yogurt-making machines that you must purchase from our required supplier. This amount also includes the cost for refrigerators, freezers, and other equipment, such as office equipment and furniture and a telephone system. The range of costs assumes that you will purchase used equipment. The low-end costs shown are for used furniture, fixtures and equipment and the high end costs are for new furniture fixtures and equipment in a Store. The cost is turnkey, including installation.

(6) Signage. The low end assumes this is signage for a Store in a Special Site.

(7) Inventory. This includes food and beverage products, paper products, cleaning supplies, and printing uniforms, promotional material and other supplies you will need in order to open your Store.

(8) Grand Opening Marketing. This represents the monies to be included in initial marketing for the first 14 days of operation. This includes funds to be used for your "Grand Opening Marketing Campaign". Amounts spent on your Grand Opening Marketing will count toward your first year's local advertising requirements.

(9) Insurance. These amounts represent 25% of the annual premium for the required insurance. Many insurance companies will require you to pay this amount prior to opening and allow you to pay the remainder in monthly payments throughout the year. The type of insurance you are required to maintain is described in Item 8 of the FDD. Typically, the annual premiums will range from \$4,800 to \$6,000 per year.

(10) Inspection Fee. We will inspect your Store prior to opening. If your Store does not pass initial inspection, you will be charged for all costs and expenses we incur in conducting any subsequent inspection, which amount will not exceed \$1,500.

(11) Additional Funds. This item estimates your expenses during the initial period (first three (3) months) of operation of your MENCHIE'S Store (other than the items identified separately in this table or Item 6). This estimate includes payroll costs but not the cost of an owner's draw or salary. These figures were based on information provided by our franchisees dating back to 2008 and the expenses may differ in other parts of the country.

(12) Total. Except as described above, none of the fees listed in this Item are refundable.

We do not offer, either directly or indirectly, financing to you for any items. (See Item 10 of this document).

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure a uniform image and uniform quality of products and services throughout the MENCHIE'S System, you must maintain and comply with our quality and system standards. You are not required to purchase or lease real estate from us. You must execute our standard form of Lease Addendum in connection with any lease for the Store location, a copy of which is attached to the Franchise Agreement as Schedule C. You must construct and equip your Store in accordance with our then current approved design, specifications and standards. In addition, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws. You also must use equipment (including hardware and software for your Computer System), signage, fixtures, furnishings, products, ingredients, supplies and advertising materials that meet our specifications and standards.

Designated Sources

You must purchase certain equipment, products, merchandise and supplies only from us or our required suppliers as noted in this Item 8. From time to time we, an affiliate or a third-party vendor or supplier may be the only approved supplier for certain products. For example, you must purchase all trademarked retail items, products and supplies, including apparel and accessories, toys, bags and mugs, from us. Additionally, you must purchase your uniforms, and certain merchandise, supplies, equipment and other materials, including cabinets and gift bags from us. You will pay the then-current price in effect for all purchases you make from us, our affiliate or any third-party vendor we designate.

Approved Supplies and Suppliers

We provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers") and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Store ("Approved Supplies"). The Approved Suppliers list may specify a required manufacturer or supplier of a specific product or piece of equipment. We reserve the right to designate a required source of supply for certain products and supplies, and we or an affiliate may be a required source.

The lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products. For example, as noted below, you must obtain insurance that meets our standards and requirements. We may revise the Approved Suppliers list and Approved Supplies list from time to time. We give you the approved lists as we deem advisable. We generally do not give these lists to approved suppliers. We will set up your menu and provide contact information for your distributors and/or manufacturers of all products offered at the Store.

Except where we identify a sole single source, if you propose to use in the operation of your Store any product, supply, material, furnishing or equipment which has not yet been approved by us as conforming to our specifications and quality and system standards and/or from a supplier not yet approved in writing by us, you must first notify us in writing and must submit to us, upon request, sufficient information, specifications, and samples so that we can determine whether the item or service complies with System standards or the supplier meets our supplier criteria. We will provide you with written approval or disapproval within a reasonable time period (typically 30 days). You may not use any product, supply, material, furnishing or equipment that we have not approved.

Supplier approval will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with our System. We may inspect or re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to continue to meet our criteria and specifications. As a condition of approval, you and/or any supplier must reimburse us for all costs and expenses incurred by us associated with any testing and evaluation, including travel and lodging expenses incurred where we deem it necessary to visit a supplier's facilities. Nothing contained in this Disclosure Document or in the Franchise Agreement requires us to approve an inordinate number of suppliers of a given item or approve suppliers, which, in our reasonable judgment, would result in higher costs to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers.

Because we supply the trademarked merchandise to our franchisees, some of our officers own an interest in one of our suppliers (the Franchisor). No officer owns an interest in any other supplier.

You must carry insurance policies protecting you, us and our affiliates. You must obtain your insurance from Gaspar Insurance. The insurance policy or policies shall be written in accordance with the standards and specifications (including minimum coverage amounts) outlined in writing by us from time to time, and, at a minimum, shall include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing): (i) "special" causes of loss coverage forms (sometimes called "All Risk coverage" or "All Peril coverage") on the Store, store improvements, furniture, fixtures, equipment, supplies and other property used in the operation of the Store, for full repair and replacement value, except that an appropriate deductible clause is permitted; (ii) business interruption insurance covering a minimum of 12 months loss of income, including coverage for our Royalty Fees (for example, in the event of a fire or destruction of the premises, the insurance must cover your average Royalty Fee payments to us (determined based on the previous 12 month timeframe, or the total operating timeframe for the store, whichever is shorter) during the rebuilding process); (iii) comprehensive general liability insurance, including product liability insurance and contractual liability insurance; (iv) workers' compensation covering all of your employees; (v) motor vehicle insurance; (vi) umbrella liability insurance which also includes employers liability; (vii) "Per Location" aggregate limits when multiple store locations are insured under one comprehensive general liability and umbrella liability policy(cies); (viii) Menchie's Group, Inc. named as an additional insured on all liability policies required by this subparagraph; (ix) severability of interests or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy carried by Menchie's Group, Inc.; and (x) any other such insurance coverages or amounts as required by law or other agreement related to the Store. All liability policies must have at least \$1,000,000 in coverage and the property insurance must be for the full replacement value. We may from time to time modify the required minimum limits (including an increase to the umbrella policy referenced in (vi) above) and require additional insurance coverages by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the MENCHIE'S System, standards of liability and higher damage awards.

The insurance coverages referenced above must commence as of the date you sign a lease or purchase agreement for the Authorized Location (as defined in Item 12). You must deliver to us upon execution of the lease or purchase agreement for the Authorized Location, but before commencing construction of your Store, and thereafter annually or at our request, a proper certificate evidencing the existence of the required insurance coverage and your compliance with the foregoing insurance requirements. The insurance certificate must show our status as an additional insured (as noted in clause (viii) above) and provide that we will be given 30 days' prior written notice of any material change in or termination or cancellation of any policy. If you do not procure and maintain the required insurance coverage (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage on your behalf and to charge the costs to you, together with a

reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice.

Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Store.

We and our affiliates reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of trademarked merchandise, goods, products and services as described in this Item 8, as well as in connection with any future purchases of any goods, products or services. Most of these payments are calculated on an amount based on products sold. We will retain and use such payments as we deem appropriate or as required by the vendor. We are the only approved supplier of certain trademarked retail items, as well as uniforms you must purchase from us. We derive revenue from items we sell directly to you by charging you more than our cost. During our last fiscal year ending December 31, 2024, we derived revenue from your purchases from us in the amount of \$2,718,583, which amount represents 14.5% of our total revenue of \$18,773,149.

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the System. Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers. We received payment ranging from 0.8% to 15% based on our franchisees' purchases of products from various suppliers.

You can expect that items purchased or leased in accordance with our specifications will represent approximately 90% of total purchases you will need to begin operations of the business and 70% of the ongoing costs to operate the business.

Item 9 FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section in Agreement* | Item in Disclosure Document |
|---|---|------------------------------------|
| (a) Site selection and acquisition/lease | Sections II.A and V.A | Items 7 and 11 |
| (b) Pre-opening purchases/leases | Sections V.A, VI.B – VI.E and IX.B ADA | Items 5, 6, 7 and 8 |
| (c) Site development and other pre-opening requirements | Sections V.A and V.B | Items 7, 8 and 11 |
| (d) Initial and ongoing training | Sections 7B, 7C, and 7E | Items 6 and 11 |
| (e) Opening | Sections II.B and V.A | Items 5 and 11 |
| (f) Fees | Sections IX | Items 5, 6 and 7 |

| Obligation | Section in Agreement* | Item in Disclosure Document |
|--|------------------------------|------------------------------------|
| (g) Compliance with standards and policies/operations manual | Sections VI and VII | Items 6, 7, 8, 11, 14 and 16 |
| (h) Trademarks and proprietary information | Sections III and VI.J | Items 13 and 14 |
| (i) Restrictions on products/services offered | Sections II and VI | Items 6, 7, 8, 11 and 16 |
| (j) Warranty and customer service requirements | Sections VI.I | Items 6 and 11 |
| (k) Territorial development and sales quotas | Sections II | Item 12 |
| (l) Ongoing product/services, purchases | Sections VI | Items 6, 7 and 8 |
| (m) Maintenance appearance and remodeling requirements | Sections V. | Items 8 and 11 |
| (n) Insurance | Section X.C | Items 6, 7 and 8 |
| (o) Advertising | Sections VIII | Items 6, 7 and 11 |
| (p) Indemnification | Section X.B | Not Applicable |
| (q) Owner's participation/management/staffing | Sections VII | Items 11 and 15 |
| (r) Records and reports | Sections IX | Item 11 |
| (s) Inspections/audits | Sections V. and IX | Items 6 and 11 |
| (t) Transfer | Sections XI | Items 6 and 17 |
| (u) Renewal | Section 4B | Items 6 and 17 |
| (v) Post-termination obligations | Sections XIV | Item 17 |
| (w) Non-competition covenants | Section X.D | Item 17 |
| (x) Dispute resolution | Sections XII | Item 17 |
| (y) Other | Not Applicable | Not Applicable |

*Unless otherwise noted, Section references are to the Franchise Agreement.

Item 10 FINANCING

We do not offer, either directly or indirectly, financing to you for any items. (See Item 10 of this document.)

Item 11

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

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

Pre-Opening Assistance

Before you open the Store, we will:

1. Provide you with our site selection criteria and general building and design requirements for your Store. Provide you with site selection assistance and support. (Franchise Agreement—Sections V.A and 5B.)
2. Provide you with our Circle of Success Program. (Franchise Agreement – Section II.A.)
3. Provide you with the Approved Supplies and Approved Suppliers lists. (Franchise Agreement—Section VI.C.)
4. Loan you either a written copy or electronic copy of the Operations Manual, the current table of contents of which is in Exhibit D. (Franchise Agreement—Section VI.I.)
5. Provide the initial training program and opening assistance described below. (Franchise Agreement—Sections VII.B and VII.C.)
6. Inspect your Store prior to opening and provide a Certificate of Opening. A Certificate of Opening may be obtained only after all local permits, certificates and codes have been met and a certificate of occupancy has been granted. If you do not pass your initial inspection, you will be charged for all costs and expenses incurred by us in sending an inspector to re-inspect your Store. We estimate that this amount will not exceed \$1,500.00. (Franchise Agreement – Sections II.B and V.A.)

Post-Opening Assistance

During your operation of the Store, we will:

1. Maintain the Marketing Fund. (Franchise Agreement—Section VIII.A.)
2. Provide updates to the Approved Supplies and Approved Suppliers lists. (Franchise Agreement—Section VI.C.)
3. Make periodic visits to your Store as we reasonably determine necessary to provide consultation and guidance. We will advise you of any problems arising out of the operation of your Store as disclosed by the report or by our inspection. (Franchise Agreement—Section VI.G.)
4. Periodically offer refresher training courses as we determine necessary and require you to attend. (Franchise Agreement—Sections VII.C and VII.E.)
5. Suggest prices for the Menu Items and other products and services you sell and reserve the right to establish prices, both minimum and maximum, to the extent permitted under applicable law. (Franchise Agreement—Section VI.O.)

Time of Opening

After you sign the Franchise Agreement, but before you begin the site selection process, you must satisfactorily complete our Circle of Success Program. The Circle of Success Program consists of 7 separate recorded webinar sessions lasting approximately one hour each. It will take approximately 1 weeks (5 hours total) to complete the Circle of Success Program.

We estimate that it will take approximately 8 months after you sign a lease for your Store before you open the Store. You must sign a lease for an acceptable site within 24 months after the Franchise Agreement's Effective Date. We may terminate the Franchise Agreement if you fail to sign a lease within the 24-month period or you fail to open the Store within 32 months from signing the Franchise Agreement. The specific timetable for opening depends on the site's condition; the Store's construction schedule; the extent to which you must upgrade or remodel an existing location; the delivery schedule for equipment and supplies; the completion of training; and your compliance with local laws and regulations. You may not open the Store until (1) we inspect your Store and provide you with a Certificate of Opening; (2) you complete pre-opening training to our satisfaction; (3) you pay the initial franchise fee and other amounts then due to us; and (4) you give us certificates for all required insurance policies and present copies of required licenses.

Advertising

You must pay a Marketing Fee of 2% of your Gross Sales to a marketing and development fund (the "Fund") established by us. We administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. If all of the Marketing Fees are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Fund for use in the following years. We may use the Fund for various purposes, including, but not limited to: (1) salaries, benefits and any other payments made to employees/team members or any other individual or entity providing services to the Fund; (2) broadcast or print advertising; (3) the creation, development and production of advertising and promotional materials (*i.e.*, print ads, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising); (4) any marketing or related research and development; (5) advertising and marketing expenses, including product and food research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, menu designs, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, Internet access provider costs, subscriptions to industry newsletters or magazines, and administrative costs and salaries for marketing support personnel; and (6) costs and expenses incurred by us relating to any franchise convention we hold or sponsor.

We determine the use of the monies in the Fund. We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Store is located. We oversee the advertising program and use the Fund to create marketing materials and conduct national, regional or local advertising as we determine appropriate. We will contribute to the Fund amounts equal to your required percentage for each similarly situated company- owned and affiliate-owned stores in the same local marketing area, except those stores located at "Special Sites. From time to time we may contribute to the Fund some amounts paid to us by outside suppliers. We will prepare an annual unaudited accounting of the Fund and will make it available for your review upon your written request. We have our own in-house marketing and advertising production capabilities, but also may use an outside national, regional, or local agency. We may be reimbursed for administrative costs and overhead incurred in administering the Fund. We may use a portion of the advertising funds for the solicitation of franchise sales.

During our last fiscal year ending December 31, 2024, Fund income was spent in the following approximate amounts: 18% on administration and supplies, 47% on payroll, 29% for promotions and campaigns, and 6% on marketing firm fees.

In addition to the Marketing Fee, you also must spend at least \$10,000 per year on local marketing and promotion. You may only use your own marketing material if we have approved it before its use. We will notify you of our approval within 30 days after the marketing material is submitted. If we do not notify you of our approval within 30 days of the marketing material being submitted then the marketing material will be deemed rejected.

You also must engage in certain grand opening marketing events and activities during the first month your Store is open. Specifically, you must spend at least \$3,500 on a grand opening campaign which will include promotional elements, merchandise/giveaways, entertainment, decorations, yogurt and labor (the "Grand Opening Marketing Campaign"). Your grand opening marketing expenditures will count towards your first year's local advertising requirements.

You must submit all of your own advertising and sale promotion materials to us, or our advertising agency, for approval before use. If you do not receive written disapproval within 20 days after we receive the materials, we will be deemed to have given approval. Whether approved or not, the Franchise Agreement prohibits you from advertising or using in advertising or other form of promotion, the Trademarks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct. You are not permitted to advertise your products or services or use the Trademarks on the Internet except after obtaining our consent. Any advertising on the Internet must be pre-approved by us and on terms specified by us.

Although we do not currently do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged in our sole determination. If established, you must direct your local advertising expenditures to the advertising cooperative which is separate from the payment of the Marketing Fee, and we will no longer reimburse you for your local marketing expenditures.

We have established a franchise advisory council composed of franchisees. Any franchisee is permitted to submit an application to be part of the council. Applications are approved by our executive team. The council is advisory only and does not have any decision-making powers. We reserve the right to change or dissolve the council at any time.

Computer System

You must obtain and use in your Store an approved Point-Of-Sale cash register computer system ("POS System"). You must record all sales on the POS System. The POS System will generate reports on the sales and expenses of the Store, and it currently costs approximately \$168 to \$5,379 depending on whether you purchase used or new equipment. You must obtain the POS System from our designated supplier, currently Harbor Touch. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the POS System. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the POS System. We currently do not require that you purchase a maintenance, repair, upgrade, or update service contract for the POS System, but it is strongly suggested and we reserve the right to do so in the future. The current annual cost of a service contract is about \$1,116.

We reserve the right to change the point-of-sale cash register system and back-of-office computer system at any time, but will not require you to replace these items more than three times during the initial

term of the Franchise Agreement. We reserve the right to change the software each calendar year. At such time as we designate the change or enhancement to the POS System you may be required to make certain payments to us or our designated suppliers. You will have 30 days to install and commence using the changed or enhanced POS System. You must acquire the right to use hardware, software, peripheral equipment and accessories, and arrange for installation, maintenance and support services of the initial, changed or enhanced POS System all at your cost. There are no contractual limitations on the frequency and cost of this obligation.

The POS System we develop may include proprietary software. You may be required to license the proprietary software from us, an affiliate or a third party, and you also may be required to pay a software licensing or use fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software.

We may independently access the POS System and retrieve, analyze, download and use all software, data and files stored or used on the POS System. We may access the POS System through our intranet, in your Store or from other locations. You must store all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. You also must maintain a phone line and a separate modem dedicated for the sole use of allowing our computer system to interface and communicate with your POS System and you may need to purchase software designated by us for this to occur. You also must have your Store connected to the Internet using a connection method we approve, currently DSL or Cable modem. You must have a permanent Internet email account. Your e-mail account may not exceed 50 megabytes.

You understand that the data storage, phone line, modem, communication software, Internet access, Internet email account and all additional hardware and software needed to implement and maintain these services are at your cost.

Site Selection

You select the site for the Store with site selection guidelines we provide. We will assist you in connection with selecting and securing a site for your Store, but it is your responsibility to find a site for your Store. We do not select your site. However, upon your submission of all required information, we will notify you whether or not we have any objections to the site you proposed. You may not proceed to develop a Store on the site unless we have provided you with our acceptance of the site. Further, we must approve your plans and specifications for the Store before you commence construction. Our identification or consent to a site does not constitute a guarantee, recommendation or assurance as to the success of the site or your Store. The site selection factors considered by us in deciding whether or not to object to the proposed site location may include the following: (a) demographics; (b) traffic patterns; (c) parking and visibility; (d) business mix and competition; (e) ability to reflect image to be portrayed by MENCHIE'S businesses; and (f) size, appearance and other physical characteristics of the site. We may reject a site proposed by you in which case you will continue to look at alternative sites. You must have your Store open within 36 months after you and we sign the Franchise Agreement. If you do not open with this time period, we reserve the right to terminate the Franchise Agreement.

Training/Education

Before you open your Store, we will train you or your Operating Partner and one of your manager-level employees to operate a MENCHIE'S Store without charging you a fee. We will provide 5 days of training (although the specific number of days depends on our assessment (in our sole discretion) of your experience and needs) at our training facility in Los Angeles, California, or another location we designate. You must attend and complete the entire prescribed length of the training program.

Additional people beyond the first two may attend initial training if you pay our then- current training charge for each additional person (we will determine the training charge, but in no event will this charge exceed \$500 per person per day). Currently the study material, job aids package and uniform charge for you is \$450 and each additional person attending is \$175. These amounts are included in the estimates of \$600 to \$1,000 for uniforms, merchandise, equipment and supplies (see Item 5).

You also must pay for all travel and living expenses that you and your employees incur and for your employees' wages and workers' compensation insurance while they attend our initial training program.

Training will occur after you sign the Franchise Agreement and while you are developing the Store. You and your attendees must complete the entire training program to our satisfaction before you may open or operate your Store. If you or your attendees do not successfully graduate our training program you will have to attend the entire program again at your cost prior the opening or operating of your Store. We provide the following training:

TRAINING PROGRAM

| Subject | Hours of Classroom Training | Hours of on the Job Training | Location |
|---------------------------------------|--|---|--------------------|
| Welcome | 0.5 | 0 | Encino, California |
| Culture | 0.75 | 0 | Encino, California |
| Guest Care | 1 | 2 | Encino, California |
| Product Knowledge | 3 | 2 | Encino, California |
| Store Operations | 3 | 12 | Encino, California |
| Branding | 1 | 0 | Encino, California |
| In-Store Marketing | 3 | 0 | Encino, California |
| Business | 3 | 0 | Encino, California |
| Equipment Knowledge | 1 | 1 | Encino, California |
| Point of Sale | 1 | 1 | Encino, California |
| Store Opening Progress | 1.25 | 0 | Encino, California |
| In-Store Experience | 0 | 4 | Encino, California |
| Interactive Workshops | 0 | 3 | Encino, California |
| Final Testing | 1 | 0 | Encino, California |
| Optional Extra In-Store Experience | 0 | 10.0 | Encino, California |
| Total | 19.5 | 35 | |

Tom Regev, our Chief Operations Officer, oversees all training. Mr. Regev has served as our Chief Operations Officer since March 2009. Other staff members, who are listed in Item 2 may oversee and assist with training. The Operations Manual will be used as the principal instructional material.

You must obtain our prior written approval and pass our final inspection and opening training (as set forth below) before you may open your Store. Fourteen days after obtaining our approval to open your Store, we will, at our cost, send one of our representatives to your Store for 3 days to educate, train, conduct a final inspection and assist with your Store opening. Successful completion of this Store opening training phase will enable you to open your Store.

You (or your Operating Partner) and/or other previously trained and experienced employees must attend and satisfactorily complete various training courses that we periodically provide at the times and locations we designate. In addition to attending these courses, you must attend an annual meeting of all franchisees at a location we designate. We will not require attendance at the annual meeting for more than 3 days during any calendar year. You are responsible for all related travel and living expenses and wages. The location, duration, frequency and content of any additional training program we may require is unknown. Generally, this additional training will be available on an “as needed” basis depending on new product and services introduction, and the availability of training locations.

We may require Store managers to satisfactorily complete initial and ongoing training programs. We may charge you a fee for training managers (we will determine the training charge, but in no event will this charge exceed \$500 per person per day). You are responsible for all related travel and living expenses and wages.

Operations Manual

This Operations Manual, which may be in a format determined by us (i.e., in writing, on CD-ROM, via electronic media through a secure website, etc.) ("Manual") is confidential and remains our property. You will operate your Store in strict compliance with those operational systems, procedures, policies, methods and requirements found in the Manual which are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments thereto, all of which are a part of the Manual.

You must treat the Manual, any other manuals or written materials provided by us or our for use in the operation of the Store, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place within the Store. It must be returned to us upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from or revisions to the Manual which you have to comply with at your own cost. You must ensure that the Manual is kept current at all times. If there is any dispute as to the contents of the Manual, the terms of the master copy maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit D to this disclosure document. Currently there is no electronic version. The Manual is 295 pages in length.

Item 12 TERRITORY

You will operate the Store at a specific location that we first must approve (the “Authorized Location”). We will grant you a designated territory which will be described in Schedule A of the Franchise Agreement (“Designated Territory”). Typically, the Designated Territory will be a 2 mile radius around the Restaurant. The following locations are excluded from your Designated Territory and we have the right to develop or franchise Restaurants at these locations (whether within or outside your

Designated Territory): (1) military bases; (2) public transportation facilities; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; and (6) special events (collectively “Special Sites”). The boundaries of your Designated Territory may depend upon any major topographical features which clearly define a contiguous area, like rivers, major freeways, etc.

During the term of your Franchise Agreement and provided you are in compliance with the terms and conditions of your Franchise Agreement, we will not: (i) modify the Designated Territory; or ii) establish a company-owned or franchised MENCHIE’S Store inside the Designated Territory.

You may operate the Store only at the Authorized Location and may not relocate the premises without our approval. If you need to relocate you must obtain our prior consent and provide us with all of the information we request. Your relocation will be at your sole cost and expense.

You must not offer catering and delivery services unless we authorize you in writing. Continuation of your franchise rights and Designated Territory do not depend on the achievement of a certain sales volume, market penetration or other contingency. You do not receive the right to acquire additional franchises unless you sign another franchise agreement with us. We do not place any restrictions on the customers you may solicit. You do not, however, have the right to use other channels of distribution to make sales.



Except as limited above, we and our affiliates retain all rights with respect to MENCHIE’S Stores, the Trademarks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate MENCHIE’S Stores immediately adjacent to your Designated Territory or anywhere outside of your Designated Territory; (2) the right to operate or license others to operate MENCHIE’S Stores within Special Sites inside and outside of your Designated Territory; (3) the right to operate or license others to operate similar businesses or any other businesses and services under trademarks or service marks other than the Trademarks in any location, both inside or outside of your Designated Territory; (3) the right to operate or license others to operate businesses that are not similar to a MENCHIE’S Stores under the Trademarks in any location, both inside or outside of your Designated Territory; (4) the sole right to offer any products or services (including the products and services you offer at your MENCHIE’S Store(s)) through other channels of distribution such as grocery stores, the Internet, print catalogues, direct marketing media and any other non-restaurant outlets (grocery stores and warehouse clubs) both inside and outside of your Designated Territory, and we may promote products bearing the Trademarks at special events, athletic contests, etc., through temporary locations and mobile units; and (5) the right to purchase, be purchased, merge, acquire, be acquired or affiliate with a competitor or any other business regardless of the location of the competitor or business, and to operate, franchise or license these businesses as MENCHIE’S Stores under the System or Trademarks or under other proprietary marks, regardless of the location of these businesses, whether such businesses are in your Designated Territory or outside your Designated Territory. We are not required to pay you if we exercise any of the rights specified above inside your Designated Territory.

Although we and our affiliates have the right to do so, neither we nor our affiliates have owned, operated or franchised, and have no plans to own, operate or franchise, other businesses selling similar products or services under trademarks or service marks other than the Trademarks. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control.

Item 13 TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the Trademarks in connection with the operation of your Store.

The following Trademarks are registered upon the principal registry of the United States Patent and Trademark Office:

| Mark | Registration No. | Date of Registration |
|---|------------------|----------------------|
| MENCHIE'S | 3,519,334 | October 21, 2008 |
| Menchie's (Design)  | 3,733,426 | January 5, 2010 |
| Menchie's Guy (Design)  | 3,704,602 | November 3, 2009 |
| MIX WEIGH PAY | 4,049,126 | November 1, 2011 |
| MY SMILEAGE | 4,180,405 | July 24, 2012 |
| SMILEAGE | 4,180,406 | July 24, 2012 |
| WHAT'S YOUR MIX | 4,180,407 | July 24, 2012 |
| WE MAKE YOU SMILE | 4,354,430 | June 18, 2013 |
| 3-DIMENSIONAL (restaurant design) | 4,524,078 | May 6, 2014 |
| OUR MAIN INGREDIENT IS A SMILE | 4774240 | July 14, 2015 |

We claim common law trademark rights for all of the Trademarks. We have filed or intend to file all required affidavits and renewals for the Trademarks noted above.

You must follow our rules when you use the Trademarks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Trademark in your corporate or legal business name; with modifying words, terms, designs, or symbols (except for those we license to you); in selling any unauthorized services or products; or as part of any domain name, homepage, electronic address, or otherwise in connection with a Web site.

Your use of the Trademarks and any goodwill is to our exclusive benefit, and you retain no rights in the Trademarks. You also retain no rights in the Trademarks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Trademarks unless we direct so in writing. We may change the System presently identified by the Trademarks, including by the adoption of new Trademarks, new Menu Items, new products, new equipment, or new techniques, and you must adopt the changes in the System as if they were part of the Franchise Agreement at the time of its execution. If we notify you to discontinue or modify your use of any Trademark, you must comply with our direction within a reasonable time, at your expense. We will have no liability or obligation as to your modification or discontinuance of any Trademark pursuant to our direction, except that we will reimburse you for your out-of-pocket expenses,

including letterhead, in an amount not to exceed \$250.

There are currently no material determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceedings involving the principal Trademarks. There is no pending material federal or state court litigation regarding our use or ownership rights in any trademark. There are no currently effective agreements that significantly limit our rights to use or license the use of the Trademarks.

You must notify us immediately of any apparent infringement or challenge to your use of any Trademark, or any claim by any person of any rights in any Trademark. We will have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of such infringement, challenge or claim. You must execute any and all instruments and documents, provide such assistance, and take any action that may be necessary or advisable to protect and maintain our interest in any litigation or other proceeding or otherwise to protect and maintain our interest in the Trademarks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Trademark or if the proceeding is resolved unfavorably to you.

We know of no superior prior rights or infringing uses that could materially affect your use of the Trademarks in the state where your franchise business will be located.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any rights in or to any patents, patent applications or copyrights that are material to the franchise. We claim copyright protection for our Operations Manual and other publications and promotional materials, although we have not registered any of the materials with the U.S. Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement, Operations Manual, and other communications that we provide to you. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), United States Patent & Trademark Office, Board of Patent Appeals & Interferences, or any court, or any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any patents or copyrights.

There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. We are not required by any agreement to protect or defend any patent or copyright.

We know of no superior prior rights or infringing uses that could materially affect your use of the copyrights in the state where your franchise business will be located.

Our Operations Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria; recipes; training and operations materials; methods, formats, specifications, standards, systems, procedures, food preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating MENCHIE'S Stores; marketing and advertising programs for MENCHIE'S Stores; any computer software or similar technology that is proprietary to us or the System; knowledge of

specifications for and suppliers of Approved Supplies and other products and supplies; knowledge of the operating results and financial performance of MENCHIE'S Stores other than your Store; and graphic designs and related intellectual property.

All ideas, concepts, techniques, or materials concerning a MENCHIE'S Store, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent improper disclosure to others and use non-disclosure and non-competition agreements with those having access. We may regulate the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The day-to-day operations of your MENCHIE'S Store must be managed at all times by you (or your Operating Partner as defined below) or an "Assistant Store Leader" who has satisfactorily completed our training program. Your Assistant Store Leader need not have an equity interest in the business but must agree in writing to preserve confidential information to which they have access and not to compete with you, us, and other franchisees. We may regulate the form of agreement that you use and be a third-party beneficiary of that agreement with independent enforcement rights. Other supervisory employees may also be required to enter into a non-competition and confidentiality agreement in a form acceptable to us. You are required to inform us immediately of a change of the Operating Partner or Assistance Store Leader of your business operation.

You must attend any annual meeting, convention or conference of franchisees and all meetings related to new products or product preparation procedures, new operational procedures or programs, training, management, sales or sales promotion or similar topics that we offer, at your own expense. We do not anticipate requiring franchisees to attend meetings for more than 10 days during any calendar year. You are responsible for all related travel and living expenses associated with attending any such meetings, conventions or conferences. The location, duration, frequency and content of any additional meetings, conventions or conferences we require you to attend is unknown and will depend on the frequency with which new products or services are introduced to the System.

If you are, or at any time during the term of the Franchise Agreement become, a business corporation, partnership, limited liability company, or other legal entity, you must designate an "Operating Partner." Your Operating Partner must be an individual who (a) owns and controls not less than 5% of the equity and voting rights in the Franchisee entity; (b) has completed our initial training program; and (c) has the power and authority to bind you in all dealings with us. If you are a corporation, limited liability company, partnership or other legal entity, all owners (but not spouses unless they are owners) must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This "Guaranty and Assumption of Obligations" is included with your Franchise Agreement. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a minority interest in the franchisee, the Operating

Partners, your manager and other key employees.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all Menu Items and perform all services that we require for MENCHIE'S Stores. You may not offer or sell any products or perform any services that we have not authorized. We have the unlimited right to change the required and/or authorized products and services you may offer.

You may not offer any delivery services or catering services, either by yourself or through a designated third party, unless it is in accordance with the company's published delivery and catering services guidelines, protocols, and standard operating procedures which are part of the Manual. You also may not offer any menu items or any other products through any merchant, provider, supplier, distribution system, store, chain, facility, program, internet or online, or any other channel.

We may require you, if permitted by applicable law, to participate in a gift card or other customer loyalty program in accordance with the provisions either set forth in the Manual or otherwise disclosed to you. In order to participate, you may be required to purchase additional equipment and pay any fees applicable to the use of that equipment. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

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

THE FRANCHISE RELATIONSHIP

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

| | Provision | Section in Agreement* | Summary |
|----|-------------------------------------|--------------------------------------|---|
| a. | Length of the term of the franchise | Section IV.A | Term is 10 years. |
| b. | Renewal or extension of the term | Section IV.B | Renewal for 3 additional term (s) of 10 years each. |

| | Provision | Section in Agreement* | Summary |
|----|--|------------------------|--|
| c. | Requirements for you to renew or extend | Section IV.B | You give us written notice of your decision to renew at least 6 months but not more than 12 months before the end of the expiring term; you sign our then current form of franchise agreement which may contain materially different terms than those in the previous franchise agreement; you have complied with the modernization requirements for your Store; you are not in default and have satisfied your obligations on a timely basis; if leasing, you have written proof of your ability to remain in possession of the Store premises throughout the renewal term; you comply with our training requirements; you pay us a renewal fee; and you sign a release. |
| d. | Termination by you | Section XIII.C | You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow us the applicable cure period to cure that breach. |
| e. | Termination by us without cause | | Not applicable. |
| f. | Termination by us with cause | Sections XIII. A and B | We can terminate the Franchise Agreement only if you default or fail to comply with your obligations and fail to cure the same within 30 days of notice of default (or 10 days for failures to pay amounts due or submit required reports). If you violate any health, safety or sanitation law or any System standard regarding food handling, cleanliness, health and sanitation, or if the operation of your Store presents a health or safety hazard, we may terminate immediately if you fail to cure the default within 24 hours of our notice. |
| g. | “Cause” defined - defaults which can be cured | Sections XIII.A and B | <p>You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing; and 30 days to cure non-monetary defaults. You have 24 hours to cure health and safety related default, as noted in (f) above.</p> <p>You have 30 days to cure other defaults not listed in (h) below.</p> |
| h. | “Cause” defined – defaults which cannot be cured | Sections XIII.A and B | <p>Non-curable defaults include: any material misrepresentation or omission in your application, loss of lease, or failure to relocate, closing of the Store, the closing of the Store by the authorities for health or public safety reasons, unauthorized use of confidential information, your insolvency, unapproved assignments or transfers, defaults that materially impair the goodwill associated with any of the Trademarks, criminal conduct, multiple defaults,</p> <p>Non-curable defaults include: insolvency or general assignment for the benefit of creditors, failure to meet the Development Schedule, you employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior 6 months employed in any type of managerial position by us or our affiliates, or notice of termination of a Franchise Agreement.</p> |

| | Provision | Section in Agreement* | Summary |
|----|--|--------------------------------------|--|
| i. | Your obligations on termination/non-renewal | Section XIV | Obligations include complete de-identification and payment of amounts due, assignment of lease and telephone numbers upon our demand, return of Operations Manual and confidential information, proprietary materials and related writings. You lose all remaining rights to develop Stores. |
| j. | Assignment of contract by us | Section XI.F | No restriction on our right to assign. |
| k. | “Transfer” by you – defined | Section XI.A | Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change |
| l. | Our approval of transfer by you | Section XI.B | We have the right to approve all transfers but will not unreasonably withhold approval. |
| m. | Conditions for our approval of transfer | Sections 11B-11D | Transferee meets all of our then-current requirements for new franchisees, transfer fee and any applicable training fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, transferee executes document whereby transferor assigns franchise agreement to transferee, required guarantees signed, necessary financial reports and other data on franchise business is prepared, release signed by you, full compliance of your obligations under all Franchise Agreements executed between you and us, and other conditions that we may reasonably require from time to time. |
| n. | Our right of first refusal to acquire your business | Section XI.E | We can match any offer for ownership interest in you, the Store or the Franchise Agreement. |
| o. | Our option to purchase your business | Section XIVC | Upon termination, we have the right (but not the obligation) to purchase or designate a third party that will purchase all or any portion of the assets of your Store at book value minus any liens. |
| p. | Your death or disability | Section XI.D | You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person satisfies our training requirements and other transfer conditions, but no transfer fee is required and we will not have the right of first refusal. |
| q. | Non-competition covenants during the term of the franchise | Section X.D | Except as we otherwise agree to in writing, no direct or indirect involvement in the operation of any Competing Business other than the one authorized in the Franchise Agreement. |

| | Provision | Section in Agreement* | Summary |
|----|--|--|---|
| r. | Non-competition covenants after the franchise is terminated or expires | Section X.D | No direct or indirect involvement in a Competing Business for 2 years (i) at the premises of the former Store (ii) within 25 miles of the former Store or (iii) within 25 miles of any other Menchie's Store. |
| s. | Modification of the Agreement | Section XV.B Section 10C of the ADA | No modifications generally, but we have the right to change the Operations Manual, list of authorized Trademarks and Menu Items. |
| t. | Integration/merger clause | Section XV.D | Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Franchise Agreement or this Disclosure Document may not be enforceable. |
| u. | Dispute resolution by arbitration or mediation | Section XII | Except for certain claims, all disputes must be mediated in the city closest to where our headquarters are located (currently, Los Angeles, California) (subject to state law). |
| v. | Choice of forum | Section XV.K | Litigation must be in the applicable federal court where our headquarters are located (currently, California) (subject to state law) unless jurisdiction cannot be obtained in which case it will be arbitration. * |
| w. | Choice of law | Section XV.K | The law of the state where the Franchisee's Store is located will govern (subject to state law). * The law of the state where you are located will govern (subject to state law). * |

*If a state regulator requires us to make additional disclosures related to the information contained in this disclosure document, these additional disclosures are contained in a State Law Addendum included in this disclosure document Exhibit E.

Item 18 PUBLIC FIGURES

We do not use any public figure to promote this 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 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.

This Item 19 contains certain historical data relating to the operation of certain of our franchised Stores / locations. The franchisee data included in this Item 19 was taken from the information reported to us by our franchisees through our electronic point-of-sale system. The franchisee data included in this Item 19 reflects information during the annual period from January 1, 2024 until December 31, 2024 (the “Measurement Period”).

As of December 31, 2024, we had 287 franchised Stores operating within the United States under the Trademarks. Of those 287 Stores, 274 were open and operating for the entire Measurement Period and were not located in non-traditional locations. We have included Average Gross Sales and Median Gross Sales number for those 274 Stores because they operated during the entire Measurement Period and were in traditional locations like your Store will be in.

The Average Gross Sales numbers and the Median Gross Sales numbers reflected in this Item 19 do not reflect the cost of goods sold, operating expenses or other costs or expenses that must be deducted from revenue to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you may incur in operating your Store. We urge you to consult with your financial, business, tax, accounting and legal advisors about the information contained in this Item. Revenues will vary from out to outlet due to various factors. Franchisees and former franchisees listed in this document may be one source of this information.

| Average Gross Sales | Number of Stores At or Above Average vs Number of Stores Below Average | Percentage of Stores At or Above Average vs Percentage of Stores Below Average |
|----------------------------|---|---|
| \$594,743 | 121 / 153 | 44% / 56% |
| Median Gross Sales | Number of Stores At or Above Average vs Number of Stores Below Average | Percentage of Stores At or Above Average vs Percentage of Stores Below Average |
| \$558,109 | 137 / 137 | 50% / 50% |

Explanatory Notes

1. “Average Gross Sales” means the total revenue of all Stores included in our data set. The Average Gross Sales reflected above reflect a year-over-year 19.11% increase and the Average Goss Sales for year ending December 31, 2023 reflected a 7.5% year-over-year increase.

2. “Median Gross Sales” means the total revenue amount that is in the center of all Average Gross Sales of all Stores included in our data set.

3. “Number of Stores” means the number of stores included in our data set.

Bases and Assumptions

There are no material differences between the business conducted by the Stores represented in our data set and the Store to be operated by you under the Franchise Agreement for a traditional location. The Stores in our data set since the Stores in our data set operate under the same System and Trademarks as you will operate your Store and with similar operating requirements.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

Written substantiation for this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, 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 disregard it and report it to our management by contacting MJ Kwon at 20631 Ventura Boulevard, Suite 200, Woodland Hills, CA 91364, Telephone (818) 708-0316, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2022–2024

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|--------------------|-------------|---|---------------------------------------|-------------------|
| Franchised Outlets | 2022 | 319 | 302 | -17 |
| | 2023 | 302 | 295 | -7 |
| | 2024 | 295 | 294 | -1 |
| Company-Owned | 2024 | 1 | 1 | 0 |
| | 2023 | 1 | 1 | 0 |
| | 2024 | 1 | 1 | 0 |
| Total Outlets | 2022 | 320 | 303 | -17 |
| | 2023 | 303 | 296 | -7 |
| | 2024 | 296 | 295 | -1 |

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor) For Years 2022-2024

| State | Year | Number of Transfers |
|--------------|-------------|----------------------------|
| Alaska | 2022 | 1 |
| | 2023 | 0 |
| | 2024 | 0 |
| Arizona | 2022 | 1 |
| | 2023 | 1 |
| | 2024 | 0 |
| California | 2022 | 7 |
| | 2023 | 1 |
| | 2024 | 3 |
| Colorado | 2022 | 2 |
| | 2023 | 1 |

| State | Year | Number of Transfers |
|----------------|-------|---------------------|
| | 2024 | 1 |
| Florida | 2022 | 2 |
| | 2023 | 4 |
| | 2024 | 3 |
| Georgia | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |
| Illinois | 2022 | 1 |
| | 2023 | 0 |
| | 2024 | 0 |
| Kentucky | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 1 |
| Louisiana | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 2 |
| Massachusetts | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 1 |
| Michigan | 2022 | 0 |
| | 2023 | 1 |
| | 2024 | 3 |
| North Carolina | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 1 |
| New Mexico | 2022 | 1 |
| | 2023 | 0 |
| | 2024 | 0 |
| Ohio | 202\2 | 0 |
| | 20223 | 1 |
| | 2024 | 1 |
| Oklahoma | 2022 | 1 |
| | 2023 | 0 |
| | 2024 | 0 |
| Oregon | 2022 | 1 |
| | 2023 | 0 |
| | 2024 | 0 |
| Pennsylvania | 2022 | 0 |
| | 2023 | 2 |
| | 2024 | 0 |
| South Carolina | 2022 | 0 |
| | 2023 | 1 |
| | 2024 | 0 |
| Tennessee | 2022 | 0 |
| | 2023 | 2 |
| | 2024 | 1 |
| Texas | 2022 | 3 |
| | 2023 | 4 |

| State | Year | Number of Transfers |
|------------|------|---------------------|
| Utah | 2024 | 6 |
| | 2022 | 0 |
| | 2023 | 2 |
| | 2024 | 0 |
| Washington | 2022 | 2 |
| | 2023 | 2 |
| | 2024 | 2 |
| TOTAL | 2022 | 22 |
| | 2023 | 22 |
| | 2024 | 34 |

Table No. 3
Status of Franchised Outlets
For Years 2022–2024

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations-Other Reasons | Outlets at End of the Year |
|----------------------|------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
| Alaska | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Arizona | 2022 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | 2023 | 8 | 0 | 0 | 0 | 0 | 2 | 6 |
| | 2024 | 6 | 0 | 0 | 0 | 0 | 0 | -6 |
| Arkansas | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | - |
| California | 2022 | 77 | 0 | 0 | 0 | 0 | 3 | 74 |
| | 2023 | 74 | 1 | 0 | 0 | 0 | 4 | 71 |
| | 2024 | 71 | 0 | 1 | 0 | 0 | 0 | 70 |
| Colorado | 2022 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| | 2023 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| | 2024 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| Connecticut | 2022 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| District of Columbia | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Florida | 2022 | 40 | 0 | 0 | 0 | 0 | 0 | 40 |
| | 2023 | 40 | 0 | 0 | 0 | 0 | 0 | 40 |
| | 2024 | 40 | 1 | 1 | 0 | 0 | 0 | 41 |
| Georgia | 2022 | 12 | 0 | 0 | 0 | 0 | 0 | 12 |
| | 2023 | 12 | 0 | 0 | 0 | 0 | 0 | 12 |
| | 2024 | 12 | 0 | 2 | 0 | 0 | 0 | 10 |
| Hawaii | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |

| State | Year | Outlets at Start of Year | Outlets Opened | Termina- tions | Non- Renewals | Reacquired by Franchisor | Ceased Opera- tions- Other Reasons | Outlets at End of the Year |
|---------------|------|--------------------------------|-------------------|-------------------|------------------|--------------------------------|--|-------------------------------------|
| | 2024 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| Idaho | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | |
| Illinois | 2022 | 7 | 0 | 0 | 0 | 0 | 2 | 5 |
| | 2023 | 5 | 0 | 0 | 0 | 0 | 1 | 4 |
| | 2024 | 4 | 1 | 0 | 0 | 0 | 0 | 3 |
| Indiana | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Iowa | 2022 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 0 | 1 | 0 | 0 | 0 | 3 |
| Kentucky | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Louisiana | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 2 | 0 | 0 | 0 | 1 |
| Maryland | 2022 | 2 | 0 | 0 | 0 | 0 | 1 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Massachusetts | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Michigan | 2022 | 16 | 0 | 0 | 0 | 0 | 0 | 16 |
| | 2023 | 16 | 0 | 0 | 0 | 0 | 1 | 15 |
| | 2024 | 15 | 1 | 1 | 0 | 0 | 0 | 15 |
| Minnesota | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mississippi | 2022 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 1 | 0 | 0 | 0 | 2 |
| Missouri | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| Nevada | 2022 | 6 | 0 | 0 | 0 | 0 | 2 | 4 |
| | 2023 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 0 | 0 | 0 | 0 | 0 | |
| New Jersey | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| New Mexico | 2022 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |

| State | Year | Outlets at Start of Year | Outlets Opened | Termina- tions | Non- Renewals | Reacquired by Franchisor | Ceased Opera- tions- Other Reasons | Outlets at End of the Year |
|----------------|------|--------------------------------|-------------------|-------------------|------------------|--------------------------------|--|-------------------------------------|
| New York | 2023 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2024 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2022 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2023 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2024 | 5 | 0 | 0 | 0 | 0 | 0 | |
| North Carolina | 2022 | 5 | 0 | 0 | 0 | 0 | 1 | 4 |
| | 2023 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 0 | 0 | 0 | 0 | 0 | |
| Ohio | 2022 | 7 | 1 | 0 | 0 | 0 | 1 | 7 |
| | 2023 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | 2024 | 7 | 0 | 0 | 0 | 0 | 0 | |
| Oklahoma | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | |
| Oregon | 2022 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | 2023 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | 2024 | 7 | 0 | 0 | 0 | 0 | 0 | |
| Pennsylvania | 2022 | 4 | 0 | 0 | 0 | 0 | 1 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 0 | 0 | 0 | 0 | |
| South Carolina | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 1 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | |
| Tennessee | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| Texas | 2022 | 46 | 0 | 0 | 0 | 0 | 4 | 42 |
| | 2023 | 42 | 0 | 0 | 0 | 0 | 1 | 41 |
| | 2024 | 41 | 2 | 1 | 0 | 0 | | 42 |
| Utah | 2022 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| | 2023 | 9 | 2 | 0 | 0 | 0 | 0 | 11 |
| | 2024 | 11 | 2 | 0 | 0 | 0 | 0 | 13 |
| Virginia | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | |
| Washington | 2022 | 26 | 0 | 0 | 0 | 0 | 4 | 22 |
| | 2023 | 22 | 0 | 0 | 0 | 0 | 0 | 22 |
| | 2024 | 22 | 0 | 0 | 0 | 0 | 0 | |
| Wisconsin | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Totals | 2022 | 319 | 3 | 0 | 0 | 0 | 20 | 302 |
| | 2023 | 302 | 4 | 0 | 0 | 0 | 11 | 295 |
| | 2024 | 295 | 9 | 10 | 0 | 0 | 0 | 294 |

Table No. 4
Status of Company-Owned Outlets
For Years 2022-2024

| State | Year | Outlets at Start of the Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|------------|------|------------------------------|----------------|------------------------------------|----------------|----------------------------|----------------------------|
| California | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 |

Table No. 5
Projected Openings as of December 31, 2025

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlet In The Next Fiscal Year | Projected New Company-Owned Outlet In the Next Fiscal Year |
|----------------------|---|---|--|
| Alabama | 4 | 1 | 0 |
| Arizona | 4 | 0 | 0 |
| California | 70 | 3 | 0 |
| Colorado | 3 | 0 | 0 |
| Connecticut | 1 | 0 | 0 |
| District of Columbia | 1 | 0 | 0 |
| Florida | 24 | 4 | 0 |
| Georgia | 6 | 0 | 0 |
| Hawaii | 1 | 0 | 0 |
| Idaho | 2 | 0 | 0 |
| Illinois | 8 | 0 | 0 |
| Indiana | 1 | 0 | 0 |
| Iowa | 1 | 0 | 0 |
| Maryland | 3 | 1 | 0 |
| Massachusetts | 3 | 1 | 0 |
| Michigan | 6 | 0 | 0 |
| Minnesota | 1 | 1 | 0 |
| Mississippi | 1 | 0 | 0 |
| Missouri | 1 | 1 | 0 |
| Nebraska | 1 | 0 | 0 |
| Nevada | 9 | 0 | 0 |
| New Jersey | 2 | 0 | 0 |
| New Mexico | 5 | 0 | 0 |

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlet In The Next Fiscal Year | Projected New Company-Owned Outlet In the Next Fiscal Year |
|----------------|---|---|--|
| New York | 6 | 0 | 0 |
| North Carolina | 7 | 1 | 0 |
| North Dakota | 1 | 0 | 0 |
| Oregon | 2 | 0 | 0 |
| Pennsylvania | 5 | 0 | 0 |
| South Carolina | 1 | 0 | 0 |
| Tennessee | 1 | 1 | 0 |
| Texas | 49 | 2 | 0 |
| Utah | 3 | 3 | 0 |
| Washington | 13 | 1 | 0 |
| Total | 246 | 20 | 0 |

Attached as Exhibit G is a list of our current franchisees and subfranchisees. Exhibit G also includes a list of the Franchisees and Subfranchisees who have ceased to do business under the Franchise Agreement or Subfranchise Agreement or had an outlet terminated, canceled, not renewed within the last fiscal year or who have not communicated with us, within the last ten weeks. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, some of our franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the MENCHIE'S franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. We have not created, sponsored or endorsed any trademark- specific franchisee associations.

Item 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit B are the audited financial statements of Menchie's Group, Inc., for the fiscal years ending December 31, 2024, 2023 and 2022.

Item 22
CONTRACTS

The following documents are attached as exhibits to this Disclosure Document.

| | |
|-----------|------------------------|
| Exhibit C | Franchise Agreement |
| Exhibit E | State Specific Addenda |
| Exhibit F | Sample Release |

Item 23
RECEIPTS

Attached to this Disclosure Document as Exhibit H is a detachable acknowledgment of receipt.

Exhibit A

LIST OF AGENTS FOR SERVICE OF PROCESS & STATE ADMINISTRATORS

CALIFORNIA

California Commissioner
Depart. of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-1105
(866)-275-2677

HAWAII

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

ILLINOIS

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

INDIANA

Agent for Service of Process
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

State Administrator Securities
Commissioner Indiana
Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

Agent to Receive Process
Securities Commissioner
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

State Authority
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

MICHIGAN

Consumer Protection Division
Attn.: Franchise
G. Mennen Williams Building, First Floor
525 West Ottawa Street
Lansing, MI 48909
(517) 373-7117

MINNESOTA Commissioner of
Commerce Minnesota Department of
Commerce
85 7th Place East
Suite 280
St. Paul, Minnesota 55101
(612) 296-6328

NEW YORK

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

State Administrator
New York State Attorney General
Division of Economic Justice
Investor Protection Bureau
28 Liberty Street
(212) 416-8211

NORTH DAKOTA

North Dakota Securities Department
State Capital, 5th Floor
600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

RHODE ISLAND

Rhode Island Department of Business
Regulation
Securities Section
1511 Pontiac Avenue
John O. Pastore Center
Building 69-1
Cranston, RI 02920
(401) 222-3048

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
605-773-3563

VIRGINIA

Agent to Receive Process
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9051

State Administrator
State Corporation Commission
Division of Securities and Retail Franchise
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

Director
Department of Financial Institutions
Securities Division
150 Israel Rd S.W.
Tumwater, WA 98501
(360) 902-8760

WISCONSIN

Division of Securities
Department of Financial Institutions
201 W. Washington Avenue, Suite 300
Madison, Wisconsin 53703
(608) 261-9555

Exhibit B

FINANCIAL STATEMENTS

MENCHIE'S GROUP, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2024 and 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
of Menchie's Group, Inc.

Opinion

We have audited the accompanying financial statements of Menchie's Group, Inc. (a California corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

A handwritten signature in dark ink, appearing to read "Sher | Gelb". The signature is stylized with a cursive-like flow.

Sher | Gelb
An Accountancy Corporation
Sherman Oaks, CA

May 16, 2025

MENCHIE'S GROUP, INC.
BALANCE SHEETS

| | December 31, | |
|---|----------------------|----------------------|
| | 2024 | 2023 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash & cash equivalents | \$ 5,655,537 | \$ 6,356,883 |
| Accounts receivable | 322,343 | 513,835 |
| Inventory | 229,544 | 216,979 |
| Notes receivable-affiliates, current | 813,320 | 0 |
| Notes receivable-shareholders, current | 224,686 | 87,943 |
| Total current assets | <u>7,245,430</u> | <u>7,175,640</u> |
| PROPERTY AND EQUIPMENT | | |
| Property and equipment, net | 353,888 | 465,102 |
| OTHER ASSETS | | |
| Operating leases, right-of-use asset | 971,102 | 1,246,265 |
| Deferred franchise costs | 53,861 | 35,043 |
| Trademarks | 164,991 | 164,991 |
| Security deposits | 41,671 | 41,671 |
| Notes receivable-noncurrent | 4,462,998 | 3,393,030 |
| Website development, net of accumulated amortization of \$126,301 | 0 | 0 |
| Other assets | 57,175 | 57,175 |
| | <u>\$ 13,351,116</u> | <u>\$ 12,578,917</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 275,748 | 327,989 |
| Credit cards payable | 8,703 | 1,129 |
| International franchise pool | 79,967 | 78,796 |
| International franchise deposit | 25,000 | 25,000 |
| Payroll tax payable | (1,858) | 30,215 |
| Sales tax payable | 259 | 70 |
| Gift cards outstanding | 3,701,954 | 3,510,846 |
| Marketing payable | 244,909 | 281,949 |
| Franchise deposits, current portion | 25,515 | 5,978 |
| Operating lease liabilities, current portion | 290,225 | 276,369 |
| Other current liabilities | 62,778 | 85,025 |
| Total current liabilities | <u>4,713,200</u> | <u>4,623,366</u> |

See accompanying notes to financial statements

MENCHIE'S GROUP, INC.
BALANCE SHEETS (continued)

| | December 31, | |
|---|----------------------|----------------------|
| | 2024 | 2023 |
| OTHER LIABILITIES | | |
| Franchise deposits, net of current portion | 180,778 | 58,099 |
| Operating lease liabilities, net of current portion | 681,308 | 971,531 |
| Other liabilities | 81,705 | 0 |
| STOCKHOLDERS' EQUITY | | |
| Common stock, no par value; 100,000 shares authorized; 2,000 shares issued and outstanding | 14,100 | 14,100 |
| Retained earnings | 7,680,025 | 6,911,821 |
| | <u>\$ 13,351,116</u> | <u>\$ 12,578,917</u> |

See accompanying notes to financial statements

MENCHIE'S GROUP, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS

| | For the Year Ended December 31, | |
|---|------------------------------------|---------------|
| | 2024 | 2023 |
| INCOME | \$ 18,773,149 | \$ 17,515,703 |
| COST OF SALES | 2,601,389 | 2,564,928 |
| GROSS PROFIT | 16,171,760 | 14,950,775 |
| EXPENSES (INCOME) | | |
| Automobile expenses | 119,062 | 109,577 |
| Bank service charges | 60,131 | 38,299 |
| Depreciation & amortization | 111,213 | 110,110 |
| Education | 9,969 | 44,675 |
| Employee benefits | 40,872 | 231,613 |
| Franchise programs | 91,687 | 32,902 |
| General & administrative | 641,144 | 622,650 |
| Human resources | 5,677 | 5,395 |
| Insurance | 622,239 | 540,175 |
| IT department | 282,827 | 230,447 |
| Leases | 431 | 1,635 |
| Legal | 61,910 | 29,667 |
| Marketing | 3,823 | 0 |
| Menchie's University | 482,645 | 425,970 |
| Miscellaneous | 11,695 | 12,975 |
| Office supplies & expenses | 204,071 | 86,666 |
| Payroll taxes | 398,356 | 399,212 |
| Postage | 7,051 | 13,548 |
| Professional & real estate & development fees | 199,610 | 163,808 |
| Promotion & brand development | 615,317 | 391,627 |
| Quality assurance | 256,516 | 244,029 |
| Rent | 194,010 | 235,573 |
| Research & development | 20,200 | 7,441 |
| Salaries & wages | 10,903,205 | 10,192,936 |
| Taxes | 97,320 | 73,421 |
| Telephone | 62,921 | 57,982 |
| Travel & entertainment | 32,034 | 4,300 |
| Website costs | 79,034 | 87,271 |

See accompanying notes to financial statements

MENCHIE'S GROUP, INC.**STATEMENTS OF INCOME AND RETAINED EARNINGS (continued)**

| | For the Year Ended December 31, | |
|--|------------------------------------|--------------|
| | 2024 | 2023 |
| Unrealized (gain)/loss on investments | 0 | (55,723) |
| (Interest income) | (357,597) | (114,642) |
| (Legal settlement) | (65,191) | (282,939) |
| Total Operating Expenses | 15,192,182 | 13,940,600 |
| Income before provision for income taxes | 979,578 | 1,010,175 |
| Provision for income taxes | 211,374 | 130,800 |
| Net Income | 768,204 | 879,375 |
| Retained earnings, beginning of year | 6,911,821 | 6,032,446 |
| Retained earnings, end of year | \$ 7,680,025 | \$ 6,911,821 |

See accompanying notes to financial statements

MENCHIE'S GROUP, INC.
STATEMENTS OF CASH FLOWS

| | For the Year Ended December 31, | |
|--|------------------------------------|------------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income | \$ 768,204 | \$ 879,375 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation & amortization | 111,213 | 110,110 |
| Non-cash operating lease expense | 275,163 | 264,721 |
| (Increase) Decrease in: | | |
| Accounts receivable | 191,492 | (316,338) |
| Inventory | (12,565) | (49,831) |
| Portfolio account | 0 | 2,866,663 |
| Undeposited funds | 0 | 92,776 |
| Deferred franchise costs | (18,818) | (1,052) |
| Other assets | 0 | 2 |
| (Decrease) Increase in: | | |
| Accounts payable | (52,240) | 195,110 |
| Accrued expenses | 0 | (68,144) |
| Credit cards payable | 7,574 | (28,325) |
| International franchise pool | 1,171 | (13,263) |
| International franchise deposit | 0 | (25,000) |
| Payroll taxes payable | (32,073) | 29,070 |
| Sales tax payable | 189 | (2,428) |
| Gift cards outstanding | 191,108 | 146,542 |
| Marketing payable | (37,040) | (289,621) |
| Franchise deposits | 142,216 | (22,934) |
| Change in operating lease liability | (276,367) | (263,086) |
| Other current liabilities | (22,247) | (87,294) |
| Other liabilities | 81,705 | 0 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 1,318,685 | 3,417,053 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | 0 | (19,710) |
| NET CASH (USED) BY INVESTING ACTIVITIES | 0 | (19,710) |

See accompanying notes to financial statements

MENCHIE'S GROUP, INC.
STATEMENTS OF CASH FLOWS (continued)

| | For the Year Ended December 31, | |
|--|------------------------------------|--------------|
| | 2024 | 2023 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issuance of notes receivable | (2,020,031) | 0 |
| NET CASH (USED) BY FINANCING ACTIVITIES | (2,020,031) | 0 |
| Net increase (decrease) in cash | (701,346) | 3,397,343 |
| Cash & cash equivalents, beginning of year | 6,356,883 | 2,959,540 |
| Cash & cash equivalents, end of year | \$ 5,655,537 | \$ 6,356,833 |

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year ended December 31, 2024 for:

| | |
|--------------|------------|
| Interest | \$ 0 |
| Income taxes | \$ 234,896 |

SUPPLEMENTAL NONCASH DISCLOSURES

For the year ended December 31, 2024:

| | |
|-------------------------------------|------------|
| Operating lease, right-of-use asset | \$ 971,102 |
| Lease liabilities | \$ 971,533 |

See accompanying notes to financial statements

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Menchie's Group, Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Operations

Menchie's Group, Inc. is a franchisor of retail soft serve frozen desserts. The Company provides initial and ongoing support to its franchisees and supports qualified franchisees to open and operate Menchie's frozen yogurt locations based on the guidelines and criteria of the franchisor Menchie's Group Inc. business practices and standards. The Company was incorporated on January 2, 2008, in the State of California.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the balance sheet and statement of cash flows, the Company considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. At times, cash and cash equivalent balances may be in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk relative to its cash accounts.

Inventory

Inventory is stated at the lower of cost, using the average cost method, or net realizable value (market). Inventory consists of supplies, company specific apparel, and sundry items.

Depreciation

The Company's property and equipment are depreciated using primarily the straight-line method over the estimated useful lives of the assets of 5 to 7 years. Leasehold improvements are amortized over 15 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Intangible assets subject to amortization include legal agreements and website development costs. Legal agreements has been amortized over 5 years, the same amount of time as revenue is being recognized. Website development has been amortized over 3 years, similar to the IRS position on software.

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The provision for taxes on income is based on income reported for financial statement purposes. Certain expense items are reported in different periods for financial reporting and for tax purposes. The tax effects of these timing differences are not material to the accompanying financial statements. Provision for federal and state taxes on income for year ended December 31, 2024 consists of:

| | | |
|---------|----|----------------|
| Federal | \$ | 210,574 |
| State | | 800 |
| | \$ | <u>211,374</u> |

FASB ASC 740, Income Taxes (formerly Interpretation No. 48, Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement 109 ("FIN 48")) clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The FASB Accounting Standards Codification prescribes a comprehensive model for recognizing, measuring, presenting, and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. The Company believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that would require recognition or disclosure at December 31, 2024. The company believes that there are no years that remain open and are subject to examination by jurisdiction prior to 2021 and 2020 for federal and state, respectively.

Leases

In February 2016, the FASB issued Auditing Standards Codification (ASC) Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Association has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Association's historical accounting treatment under ASC Topic 840, Leases.

Subsequent Events

Management has evaluated subsequent events through May 16, 2025, the date the financial statements were available to be issued.

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2024 consists of the following:

| | | |
|--------------------------------|----|-----------------------|
| Computers & equipment | \$ | 355,685 |
| Computer software | | 25,831 |
| Furniture & fixtures | | 287,575 |
| Leasehold improvements | | 1,519,180 |
| Other property | | 74,493 |
| | | <u>2,262,764</u> |
| Less: Accumulated depreciation | | (1,908,876) |
| | \$ | <u><u>353,888</u></u> |

Depreciation expense for the year ended December 31, 2024 was \$111,213.

NOTE 3 – RELATED PARTY TRANSACTIONS

As of December 31, 2024, the Company had two notes receivable from affiliates in the total amount of \$1,157,862. Both notes receivable are unsecured, bear interest at 2.5% per annum, and require balloon payments at term end. One of the notes is due in 2025 and the other is due in February 2027.

The Company also has eight notes receivable from shareholders in the total amount of \$4,343,142. All these notes are unsecured and bear interest at 2.5% per annum. The notes call for interest only payments monthly with single balloon payments due in various months in 2025 through 2029 depending on the due date of each note.

Notes receivable current and noncurrent portions at December 31, 2024 for both affiliate and shareholders are:

| | | |
|-----------------------|----|-------------------------|
| Notes receivable | \$ | 5,501,004 |
| Less: current portion | | <u>(1,038,006)</u> |
| | \$ | <u><u>4,462,998</u></u> |

NOTE 4 – TRADEMARKS

FASB ASC 350, *Goodwill and Other Intangible Assets* (formerly Statement of Financial Accounting Standards No.142) notes that purchased intangible assets other than goodwill will be amortized over their useful lives unless these lives are determined to be indefinite. Certain trademarks have been assigned an indefinite life as it is currently anticipated that these trademarks will contribute cash flows to the Company indefinitely. Indefinite-lived intangible assets are not amortized but are evaluated at each reporting period to determine whether the indefinite useful life is appropriate. Management believes that at December 31, 2024, no impairment in value of the trademarks had occurred and that the indefinite useful life is appropriate.

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 5 – LEASES

The Company leases its office space, Menchie's University Store, and various office equipment under operating leases expiring at various dates through January 2029. Lease terms may include an option to extend or terminate the lease when it is reasonably certain that the option will be exercised. The premises lease agreements include an allowance for expenses and require the Company to pay for a portion of maintenance and utilities. The lease agreement also includes an allotment of parking spaces.

As discussed earlier, the Company adopted Topic 842 using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. The Company implemented ASC Topic 842 using certain practical expedients.

At December 31, 2024, the future minimum lease payments required under these operating leases with initial or remaining terms in excess of one year are as follows:

| <u>Years Ending December 31,</u> | |
|---|-------------------|
| 2025 | \$ 321,476 |
| 2026 | 324,434 |
| 2027 | 176,599 |
| 2028 | 144,137 |
| 2029 | 58,474 |
| Thereafter | <u>0</u> |
| Total minimum lease payments | 1,025,120 |
| Less: amount representing interest | <u>(53,587)</u> |
| Present value of minimum lease payments | 971,533 |
| Less: current portion | <u>(290,225)</u> |
| | <u>\$ 681,308</u> |

Lease and rent expenses for the years ended December 31, 2024 and 2023 was \$194,441 and \$237,208, respectively.

Weighted-average remaining lease term is 3.57 years. Weighted-average discount rate varies between 3.79%-3.94%.

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 6 – FRANCHISE DEPOSITS/REVENUE RECOGNITION

Of the total income earned during 2024 and 2023, the Company received \$259,438 and \$502,470, respectively, in franchise fees and franchise rights. Management determined that franchise fees and rights should be recognized using two different methods:

Domestic franchise fees and rights are recognized over a five-year term in the following percentages:

| <u>Accounting Year</u> | <u>Percentage of franchise fee recognized</u> |
|-----------------------------|---|
| Year 1 (year fees received) | 62.68% |
| Year 2 | 9.33% |
| Year 3 | 9.33% |
| Year 4 | 9.33% |
| Year 5 | 9.33% |

International franchise fees and rights are recognized over a three-year term in the following percentages:

| <u>Accounting Year</u> | <u>Percentage of franchise fee recognized</u> |
|-----------------------------|---|
| Year 1 (year fees received) | 50.0% |
| Year 2 | 25.0% |
| Year 3 | 25.0% |

At December 31, 2024, the amount of franchise deposits (deferred franchise revenue) was \$206,293. Associated expenses of \$53,861 relating to this deferred franchise fee revenue have also been included on the balance sheet and classified as deferred franchise costs. The method of revenue recognition is consistent with that used in the prior year.

FASB Auditing Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), updates guidance on revenue recognition. The basic principle of Topic 606 states that an entity should recognize revenue to show the transfer of goods or services to customers in an amount that reflects the consideration which an entity expects to receive for those goods and services. It establishes a five-step process to govern contract revenue reporting. The effective date of ASU 2014-09 applies to annual reporting periods beginning after December 15, 2019 for nonpublic business entities. Under this new revenue recognition standard, the Company determined that revenue should be recognized over the term of the franchise agreement which is a period of 10 years. Using a percentage method of applying initial franchise fees over the term of the contract results in recognizing 10.0% of the revenue each year. As the Company's current method of recognizing domestic franchise fees at 9.33% for most years after year 1, the percentage difference is not material to the overall financial statement presentation. The calculation of international franchise fees, although a different percentage to domestic franchise fees, was not material to the overall revenue for 2024. The Company has determined that sales-based fees, i.e., royalties, marketing, etc. are recognized as and when the sales occur over time, which is consistent with the guidance of FASB ASC 606-10-55-65.

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 7 – INVESTMENTS/PORTFOLIO ACCOUNT

The company maintains an Insured Cash Sweep (ICS) account that allows for protection of large deposits with multi-million-dollar FDIC insurance coverage. It does this by automatically dividing a deposit into amounts less than the standard FDIC insurance limit (\$250,000 per depositor, per bank) and placing these smaller amounts in demand deposit or money market deposit accounts at multiple FDIC-insured banks within a network. This ensures that even large deposits are covered by FDIC insurance, even if the main bank were to fail.

As of December 31, 2024, the savings interest rate was 4.25%. Interest income earned during 2024 amounted to \$357,597.

MENCHIE'S GROUP, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
of Menchie's Group, Inc.

Opinion

We have audited the accompanying financial statements of Menchie's Group, Inc. (a California corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

A handwritten signature in dark ink, appearing to read "Sher | Gelb". The signature is stylized with a cursive-like flow.

Sher | Gelb
An Accountancy Corporation
Sherman Oaks, CA

April 8, 2024

MENCHIE'S GROUP, INC.
BALANCE SHEETS

| | December 31, | |
|---|----------------------|----------------------|
| | 2023 | 2022 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash & cash equivalents | \$ 6,356,883 | \$ 2,959,540 |
| Accounts receivable | 513,835 | 197,497 |
| Inventory | 216,979 | 167,148 |
| Notes receivable-affiliates, current | 0 | 100,000 |
| Notes receivable-shareholders, current | 87,943 | 467,537 |
| Portfolio account | 0 | 2,866,663 |
| Undeposited funds | 0 | 92,776 |
| Total current assets | <u>7,175,640</u> | <u>6,851,161</u> |
| PROPERTY AND EQUIPMENT | | |
| Property and equipment, net | 465,102 | 555,502 |
| OTHER ASSETS | | |
| Operating leases, right-of-use asset | 1,246,265 | 1,412,886 |
| Deferred franchise costs | 35,043 | 33,991 |
| Trademarks | 164,991 | 164,991 |
| Security deposits | 41,671 | 41,671 |
| Notes receivable-noncurrent | 3,393,030 | 2,913,436 |
| Website development, net of accumulated amortization of \$126,301 | 0 | 0 |
| Other assets | 57,175 | 57,177 |
| | <u>\$ 12,578,917</u> | <u>\$ 12,030,815</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 327,989 | 132,879 |
| Accrued expenses | 0 | 68,144 |
| Credit cards payable | 1,129 | 29,454 |
| International franchise pool | 78,796 | 92,059 |
| International franchise deposit | 25,000 | 50,000 |
| Payroll tax payable | 30,215 | 1,145 |
| Sales tax payable | 70 | 2,498 |
| Gift cards outstanding | 3,510,846 | 3,364,304 |
| Marketing payable | 281,949 | 571,570 |
| Franchise deposits, current portion | 5,978 | 9,680 |
| Operating lease liabilities, current portion | 276,369 | 255,007 |
| Other current liabilities | 85,025 | 172,319 |
| Total current liabilities | <u>4,623,366</u> | <u>4,749,059</u> |

See accompanying notes to financial statements

MENCHIE'S GROUP, INC.
BALANCE SHEETS (continued)

| | December 31, | |
|---|----------------------|----------------------|
| | 2023 | 2022 |
| OTHER LIABILITIES | | |
| Franchise deposits, net of current portion | 58,099 | 77,331 |
| Operating lease liabilities, net of current portion | 971,531 | 1,157,879 |
| STOCKHOLDERS' EQUITY | | |
| Common stock, no par value; 100,000 shares authorized; 2,000 shares issued and outstanding | 14,100 | 14,100 |
| Retained earnings | 6,911,821 | 6,032,446 |
| | <u>\$ 12,578,917</u> | <u>\$ 12,030,815</u> |

See accompanying notes to financial statements

MENCHIE'S GROUP, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS

| | For the Year Ended December 31, | |
|---|------------------------------------|---------------|
| | 2023 | 2022 |
| INCOME | \$ 17,515,703 | \$ 15,261,078 |
| COST OF SALES | 2,564,928 | 2,538,344 |
| GROSS PROFIT | 14,950,775 | 12,722,734 |
| EXPENSES (INCOME) | | |
| Automobile expenses | 109,577 | 105,946 |
| Bank service charges | 38,299 | 50,493 |
| Depreciation & amortization | 110,110 | 110,110 |
| Education | 44,675 | 43,655 |
| Employee benefits | 231,613 | 1,545 |
| Franchise programs | 32,902 | 161,291 |
| General & administrative | 622,650 | 487,737 |
| Human resources | 5,395 | 32,939 |
| Insurance | 540,175 | 512,000 |
| IT department | 230,447 | 220,907 |
| Leases | 1,635 | 0 |
| Legal | 29,667 | 56,571 |
| Menchie's University | 425,970 | 484,494 |
| Miscellaneous | 12,975 | 11,708 |
| Office supplies & expenses | 86,666 | 95,914 |
| Payroll taxes | 399,212 | 134,069 |
| Postage | 13,548 | 1,997 |
| Professional & real estate & development fees | 163,808 | 153,437 |
| Promotion & brand development | 391,627 | 367,177 |
| Quality assurance | 244,029 | 245,770 |
| Rent | 235,573 | 195,314 |
| Research & development | 7,441 | 25,453 |
| Salaries & wages | 10,192,936 | 7,908,684 |
| Taxes | 73,421 | 65,592 |
| Telephone | 57,982 | 46,103 |
| Travel & entertainment | 4,300 | 2,162 |
| Website costs | 87,271 | 99,198 |

See accompanying notes to financial statements

MENCHIE'S GROUP, INC.**STATEMENTS OF INCOME AND RETAINED EARNINGS (continued)**

| | For the Year Ended December 31, | |
|--|------------------------------------|---------------------|
| | 2023 | 2022 |
| Unrealized (gain)/loss on investments | (55,723) | 209,304 |
| (Interest income) | (114,642) | (46,777) |
| (Government grant-ERC) | (282,939) | (67,025) |
| Total Operating Expenses | <u>13,940,600</u> | <u>11,715,768</u> |
| Income before provision for income taxes | 1,010,175 | 1,006,966 |
| Provision for income taxes | <u>130,800</u> | <u>63,300</u> |
| Net Income | 879,375 | 943,666 |
| Retained earnings, beginning of year | <u>6,032,446</u> | <u>5,088,780</u> |
| Retained earnings, end of year | <u>\$ 6,911,821</u> | <u>\$ 6,032,446</u> |

See accompanying notes to financial statements

MENCHIE'S GROUP, INC.
STATEMENTS OF CASH FLOWS

| | For the Year Ended December 31, | |
|--|------------------------------------|----------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income | \$ 879,375 | \$ 943,666 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation & amortization | 110,110 | 110,110 |
| Non-cash operating lease expense | 264,721 | 0 |
| (Increase) Decrease in: | | |
| Accounts receivable | (316,338) | 85,284 |
| Inventory | (49,831) | (19,213) |
| Portfolio account | 2,866,663 | 162,527 |
| Undeposited funds | 92,776 | (92,776) |
| Deferred franchise costs | (1,052) | 31,654 |
| Other assets | 2 | 0 |
| (Decrease) Increase in: | | |
| Accounts payable | 195,110 | (128,044) |
| Accrued expenses | (68,144) | 58,939 |
| Credit cards payable | (28,325) | 19,074 |
| International franchise pool | (13,263) | 11,387 |
| International franchise deposit | (25,000) | 0 |
| Payroll payable | 0 | (96,750) |
| Payroll taxes payable | 29,070 | 1,145 |
| Sales tax payable | (2,428) | 2,486 |
| Income tax payable | 0 | (800) |
| Gift cards outstanding | 146,542 | (300,861) |
| Marketing payable | (289,621) | (41,600) |
| Franchise deposits | (22,934) | 32,601 |
| Change in operating lease liability | (263,086) | 0 |
| Other current liabilities | (87,294) | 75,423 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 3,417,053 | 854,252 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (19,710) | 0 |
| NET CASH (USED) BY INVESTING ACTIVITIES | (19,710) | 0 |

See accompanying notes to financial statements

MENCHIE'S GROUP, INC.
STATEMENTS OF CASH FLOWS (continued)

| | For the Year Ended December 31, | |
|--|------------------------------------|--------------|
| | 2023 | 2022 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term debt repayments | 0 | 0 |
| Issuance of notes receivable | 0 | (500,000) |
| NET CASH (USED) BY FINANCING ACTIVITIES | 0 | (500,000) |
| Net increase in cash | 3,397,343 | 354,252 |
| Cash & cash equivalents, beginning of year | 2,959,540 | 2,605,288 |
| Cash & cash equivalents, end of year | \$ 6,356,883 | \$ 2,959,540 |

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year ended December 31, 2023 for:

| | |
|--------------|------------|
| Interest | \$ 0 |
| Income taxes | \$ 241,544 |

SUPPLEMENTAL NONCASH DISCLOSURES

For the year ended December 31, 2023:

| | |
|-------------------------------------|--------------|
| Operating lease, right-of-use asset | \$ 1,246,265 |
| Lease liabilities | \$ 1,247,900 |

See accompanying notes to financial statements

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Menchie's Group, Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Operations

Menchie's Group, Inc. is a franchisor of retail soft serve frozen desserts. The Company provides initial and ongoing support to its franchisees and supports qualified franchisees to open and operate Menchie's frozen yogurt locations based on the guidelines and criteria of the franchisor Menchie's Group Inc. business practices and standards. The Company was incorporated on January 2, 2008, in the State of California.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the balance sheet and statement of cash flows, the Company considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. At times, cash and cash equivalent balances may be in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk relative to its cash accounts.

Inventory

Inventory is stated at the lower of cost, using the average cost method, or net realizable value (market). Inventory consists of supplies, company specific apparel, and sundry items.

Depreciation

The Company's property and equipment are depreciated using primarily the straight-line method over the estimated useful lives of the assets of 5 to 7 years. Leasehold improvements are amortized over 15 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Intangible assets subject to amortization include legal agreements and website development costs. Legal agreements are being amortized over 5 years, the same amount of time as revenue is being recognized. Website development is being amortized over 3 years, similar to the IRS position on software.

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The provision for taxes on income is based on income reported for financial statement purposes. Certain expense items are reported in different periods for financial reporting and for tax purposes. The tax effects of these timing differences are not material to the accompanying financial statements. Provision for federal and state taxes on income for year ended December 31, 2023 consists of:

| | | |
|---------|----|----------------|
| Federal | \$ | 130,000 |
| State | | 800 |
| | \$ | <u>130,800</u> |

FASB ASC 740, Income Taxes (formerly Interpretation No. 48, Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement 109 ("FIN 48")) clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The FASB Accounting Standards Codification prescribes a comprehensive model for recognizing, measuring, presenting, and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. The Company believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that would require recognition or disclosure at December 31, 2023. The company believes that there are no years that remain open and are subject to examination by jurisdiction prior to 2020 and 2019 for federal and state, respectively.

Leases

In February 2016, the FASB issued Auditing Standards Codification (ASC) Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Association has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Association's historical accounting treatment under ASC Topic 840, Leases.

Subsequent Events

Management has evaluated subsequent events through April 8, 2024, the date the financial statements were available to be issued.

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023 consists of the following:

| | | |
|--------------------------------|----|------------------|
| Computers & equipment | \$ | 355,685 |
| Computer software | | 25,831 |
| Furniture & fixtures | | 287,575 |
| Leasehold improvements | | 1,519,180 |
| Other property | | 74,493 |
| | | <u>2,262,764</u> |
| Less: Accumulated depreciation | | (1,797,662) |
| | \$ | <u>465,102</u> |

NOTE 3 – RELATED PARTY TRANSACTIONS

As of December 31, 2023, the Company had two notes receivable from affiliates in the total amount of \$913,320. Both notes receivable are unsecured, bear interest at 2.5% per annum, and require balloon payments at term end. One of the notes is due in January 2025 and the other is due in February 2027.

The Company also has six notes receivable from shareholders in the total amount of \$2,567,653. All these notes are unsecured and bear interest at 2.5% per annum. The notes call for interest only payments monthly with single balloon payments due in various months in 2026 through 2028 depending on the due date of each note.

Notes receivable current and noncurrent portions at December 31, 2023 for both affiliate and shareholders are:

| | | |
|-----------------------|----|------------------|
| Notes receivable | \$ | 3,480,973 |
| Less: current portion | | (87,943) |
| | \$ | <u>3,393,030</u> |

NOTE 4 – TRADEMARKS

FASB ASC 350, *Goodwill and Other Intangible Assets* (formerly Statement of Financial Accounting Standards No.142) notes that purchased intangible assets other than goodwill will be amortized over their useful lives unless these lives are determined to be indefinite. Certain trademarks have been assigned an indefinite life as it is currently anticipated that these trademarks will contribute cash flows to the Company indefinitely. Indefinite-lived intangible assets are not amortized but are evaluated at each reporting period to determine whether the indefinite useful life is appropriate. Management believes that at December 31, 2023, no impairment in value of the trademarks had occurred and that the indefinite useful life is appropriate.

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 5 – LEASES

The Company leases its office space, Menchie's University Store, and various office equipment under operating leases expiring at various dates through January 2029. Lease terms may include an option to extend or terminate the lease when it is reasonably certain that the option will be exercised. The premises lease agreements include an allowance for expenses and require the Company to pay for a portion of maintenance and utilities. The lease agreement also includes an allotment of parking spaces.

As discussed earlier, the Company adopted Topic 842 using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. The Company implemented ASC Topic 842 using certain practical expedients.

At December 31, 2023, the future minimum lease payments required under these operating leases with initial or remaining terms in excess of one year are as follows:

| <u>Years Ending December 31,</u> | |
|---|-------------------|
| 2024 | \$ 318,588 |
| 2025 | 321,476 |
| 2026 | 324,434 |
| 2027 | 176,599 |
| 2028 | 144,137 |
| Thereafter | <u>58,474</u> |
| Total minimum lease payments | 1,343,708 |
| Less: amount representing interest | <u>(95,808)</u> |
| Present value of minimum lease payments | 1,247,900 |
| Less: current portion | <u>(276,369)</u> |
| | <u>\$ 971,531</u> |

Lease and rent expenses for the years ended December 31, 2023 and 2022 was \$237,208 and \$195,314, respectively.

Weighted-average remaining lease term is 2.76 years. Weighted-average discount rate varies between 3.79%-3.94%.

At December 31, 2022, the future minimum lease as determined under Topic 840 were as follows:

| <u>Years Ending December 31,</u> | |
|----------------------------------|---------------------|
| 2023 | \$ 293,181 |
| 2024 | 296,025 |
| 2025 | 298,917 |
| 2026 | 301,881 |
| 2027 | 140,337 |
| Thereafter | <u>198,810</u> |
| | <u>\$ 1,529,151</u> |

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 6 – FRANCHISE DEPOSITS/REVENUE RECOGNITION

Of the total income earned during 2023 and 2022, the Company received \$502,470 and \$176,209, respectively, in franchise fees and franchise rights. Management determined that franchise fees and rights should be recognized using two different methods:

Domestic franchise fees and rights are recognized over a five-year term in the following percentages:

| <u>Accounting Year</u> | <u>Percentage of franchise fee recognized</u> |
|-----------------------------|---|
| Year 1 (year fees received) | 62.68% |
| Year 2 | 9.33% |
| Year 3 | 9.33% |
| Year 4 | 9.33% |
| Year 5 | 9.33% |

International franchise fees and rights are recognized over a three-year term in the following percentages:

| <u>Accounting Year</u> | <u>Percentage of franchise fee recognized</u> |
|-----------------------------|---|
| Year 1 (year fees received) | 50.0% |
| Year 2 | 25.0% |
| Year 3 | 25.0% |

At December 31, 2023, the amount of franchise deposits (deferred franchise revenue) was \$64,077. Associated expenses of \$35,043 relating to this deferred franchise fee revenue have also been included on the balance sheet and classified as deferred franchise costs. The method of revenue recognition is consistent with that used in the prior year.

FASB Auditing Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), updates guidance on revenue recognition. The basic principle of Topic 606 states that an entity should recognize revenue to show the transfer of goods or services to customers in an amount that reflects the consideration which an entity expects to receive for those goods and services. It establishes a five-step process to govern contract revenue reporting. The effective date of ASU 2014-09 applies to annual reporting periods beginning after December 15, 2019 for nonpublic business entities. Under this new revenue recognition standard, the Company determined that revenue should be recognized over the term of the franchise agreement which is a period of 10 years. Using a percentage method of applying initial franchise fees over the term of the contract results in recognizing 10.0% of the revenue each year. As the Company's current method of recognizing domestic franchise fees at 9.33% for most years after year 1, the percentage difference is not material to the overall financial statement presentation. The calculation of international franchise fees, although a different percentage to domestic franchise fees, was not material to the overall revenue for 2023. The Company has determined that sales-based fees, i.e., royalties, marketing, etc. are recognized as and when the sales occur over time, which is consistent with the guidance of FASB ASC 606-10-55-65.

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 7 – INVESTMENTS/PORTFOLIO ACCOUNT

The Company investments consisted primarily of exchange traded funds (ETFs) in various government funds and variable rate municipal bonds as well as cash. The investment account was closed during 2023 and funds deposited into a variable rate interest bearing savings account at another institution. The unrealized gain at the closing of this investment account was \$55,723. As of December 31, 2023, the savings interest rate was 5.20%. Investments are stated at fair value as of December 31, 2023 and 2022:

| | 2023 | | |
|--|----------------|------------|------------------------|
| | Amortized Cost | Fair Value | Unrealized Gain/(Loss) |
| Investment portfolio account (closed in 2023) | \$ 0 | \$ 0 | \$ n/a |

| | 2022 | | |
|------------------------------|----------------|--------------|------------------------|
| | Amortized Cost | Fair Value | Unrealized Gain/(Loss) |
| Investment portfolio account | \$ 3,095,967 | \$ 2,886,663 | \$ (209,304) |

Per FASB Auditing Standards Update (ASU) 2016-01, *Financial Instruments-Overall* (Subtopic 825-10), equity investments should be measured at fair value with changes in fair value recognized in net income. As such, the unrealized gain(loss) above is included in the statements of income and retained earnings for 2023 and 2022.

NOTE 8 – FAIR VALUE MEASUREMENTS

Fair value is determined based on assumptions that a market participant would use in pricing an asset or liability. Measurements of fair value are classified within a hierarchy based upon valuation inputs that give the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 Inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable or substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 8 – FAIR VALUE MEASUREMENTS (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds: Valued at the net asset value of shares held by the Company at year end.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Government debt obligations: Valued at the closing price reported on the active or observable market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As noted earlier, the Company's investment account was closed during 2023 and funds transferred into a savings account at a new bank. Therefore, the fair value of this account is zero as of December 31, 2023. The following table sets forth by level, with the fair value hierarchy, the Company's investment assets at fair value:

| Fair Value Measurements Using | | | | |
|--------------------------------------|---|---|--|-------------|
| | Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| At December 31, 2023 | | | | |
| Cash, money funds, and bank deposits | \$ 0 | -- | -- | \$ 0 |
| Exchange-traded products | 0 | | | 0 |
| Total at fair value | <u>\$ 0</u> | <u>--</u> | <u>--</u> | <u>\$ 0</u> |

| Fair Value Measurements Using | | | | |
|--------------------------------------|---|---|--|---------------------|
| | Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| At December 31, 2022 | | | | |
| Cash, money funds, and bank deposits | \$ 93,820 | -- | -- | \$ 93,820 |
| Exchange-traded products | <u>2,772,843</u> | | | <u>2,772,843</u> |
| Total at fair value | <u>\$ 2,866,663</u> | <u>--</u> | <u>--</u> | <u>\$ 2,866,663</u> |

MENCHIE'S GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9 – GOVERNMENT GRANTS

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. Grants related to income are classified as other income. During 2023, grants in the amount of \$282,939 were recognized as government grants-ERC on the statement of income and retained earnings. Conditions of payment related to documents submitted for the Company's third quarter 2021 payroll. These grants relate to the Employee Retention Credit (ERC) which is a refundable tax credit for certain eligible businesses and tax-exempt organizations that had employees and were affected during the Covid-19 pandemic.

Exhibit C

FRANCHISE AGREEMENT



MENCHIE'S® Franchise Agreement

Menchie's Group, Inc.
20631 Ventura Boulevard, Suite 200
Woodland Hills, California 91364

MENCHIE'S® FRANCHISE AGREEMENT

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SCHEDULES

- A. Data Sheet
- B. Addendum to Lease
- C. Electronic Transfer of Funds Authorization
- D. Telephone Assignment Agreement
- E. Guaranty and Assumption of Obligations
- F. Addendum to Franchise Agreement
- G. Acknowledgment Addendum
- H. Collateral Assignment of Lease

MENCHIE'S® FRANCHISE AGREEMENT

This Franchise Agreement is made this day of _____, 20__ between Menchie's Group, Inc., a California corporation with its principal business located at 20631 Ventura Boulevard, Suite 200, Woodland Hills, California 91364 ("we" or "us"), and "Franchisee" or "you" as identified on the Data Sheet attached as Schedule A (the "Data Sheet"). If the franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions of this Agreement also apply to its owners.

RECITALS

- A. We have developed a unique system for the establishment and operation of soft-serve frozen yogurt and ice cream stores which also feature desserts and beverage items for retail sale to the public;
- B. We own the MENCHIE'S trademark and other trademarks used in connection with the operation of a MENCHIE'S store;
- C. You desire to develop and operate a MENCHIE'S store; and
- D. We have agreed to grant you a franchise to operate a MENCHIE'S store, subject to the terms and conditions of this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

I. DEFINITIONS

For purposes of this Agreement, the terms below have the following definitions:

- A. "Gross Sales" means the total revenues collected and receipts from the sale of all products, services and merchandise sold in your Store, whether under any of the Trademarks or otherwise, including any catering or delivery services, cover charges or fees, in your Store or on its premises and all revenues derived from any type of authorized vending machines. Gross Sales excludes sales taxes.
- B. "MENCHIE'S Store" means your Store and any other store operating under the System and Trademarks, whether owned by us or any Affiliate, or licensed or franchised by us or any Affiliate.
- C. "Manual" or "Operations Manual" means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures and recommendations for your MENCHIE'S Store, all of which we may change from time to time.
- D. "Menu Items" means the soft-serve frozen yogurt, ice cream, desserts, beverages, and other products prepared according to our specified recipes and procedures, as we may authorize you to sell at the Store from time to time and as we may modify from time to time.
- E. "Operating Partner" means the person designated by Franchisee (if Franchisee is a legal entity) who: (i) owns at least a 5% ownership interest in Franchisee, (ii) has completed our initial training

program and (iii) has the authority to bind Franchisee in all dealings with us. If the Franchisee is one or more individuals, each individual is an Operating Partner of the franchise. Your Operating Partner(s) are identified on the Data Sheet. Every time there is a change in the persons who are your Operating Partners, you must, within 10 days from the date of each such change, update the Data Sheet. As used in this Agreement, any reference to Operating Partner includes all Operating Partners.

F. “Store” means the MENCHIE’S Store you develop and operate pursuant to this Agreement.

G. “System” means the MENCHIE’S System, which consists of distinctive food and beverage products prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, ingredients, business forms, training materials, Manuals, sales techniques, methods and procedures, all of which we may modify from time to time.

H. “Term” means, individually or collectively the Initial Term, any Interim Period and any Renewal Term of this Agreement.

I. “Trademarks” means the MENCHIE’S trademarks that have been registered in the United States and elsewhere and the trademarks, service marks and trade names, as we may modify from time to time, and such other trademarks, service marks, trade names, the trade dress and other commercial symbols as we may authorize you to use in and in connection with the Store from time to time. Trade dress includes the designs, color schemes and images we authorize you to use in the operation of the Store from time to time. Currently the Trademarks include “Menchie’s”, “Menchie’s design”, “Menchie’s Guy design”, “Mix Weight Pay”, “My Smileage”, “Smileage”, “What’s Your Mix”, “We Make You Smile”, “3-Dimensional Configuration of Restaurant Interior”, and “Our Main Ingredient is a Smile”.

J. “Transfer” means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift, conveyance, lease or other disposition of an interest in this Agreement, you or the Store, including: (a) transfer of any capital stock, partnership interest, limited liability company interest or other ownership interest; (b) merger, consolidation, reorganization, business combination or other issuance of additional stock or ownership interests; (c) transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) transfer to a personal representative upon disability or transfer upon the death of you or a Principal Owner; (e) the grant or creation of any lien or encumbrance on any ownership interest or asset; (f) the grant of any option, call, warrant, conversion rights, or rights to acquire any equity or voting interest; (g) assignment of contract rights; or (h) sale of assets (including the inventory, furniture, fixtures, equipment and other operating assets of the Store, other than in the ordinary course of business).

II. GRANT OF LICENSE

A. License; Authorized Location; Designated Territory; Circle of Success Program. Subject to the terms of this Agreement we grant you the right and license to establish and operate a retail Store identified by the MENCHIE’S Trademarks at the location identified on the Data Sheet as the authorized location, which authorized location must be (I) within the Designated Territory identified on the Data Sheet (the “Designated Territory”) and (II) designated by you and approved by us within two years from the date of this Agreement (the “Authorized Location”). When a location has been timely designated by you and you have received a non-objection (approval) notice from us, it will become the Authorized Location under this Section as if originally stated. We are not responsible for and do not make any warranty regarding the suitability of the Authorized Location. Our consent to the Authorized Location means only that it meets our

minimum standards for an acceptable location of a MENCHIE'S Store. You are solely responsible for investigating the Authorized Location and having any leases or sale contract for the Site reviewed and approved by your attorney.

If an Authorized Location is not designated by you and approved by us within 2 years of the date of this Agreement, we may terminate this Agreement. You accept the license and undertake the obligation to operate the Store at the Authorized Location using the Trademarks and the System in compliance with the terms and conditions of this Agreement.

During the Term of this Agreement and provided you are in compliance with the terms and conditions of this Agreement, we will not: (i) modify the Designated Territory and/or (ii) establish a company-owned or franchised MENCHIE'S Store within the Designated Territory except within a Special Site.

After you sign this Agreement but before you commence the site selection process you must satisfactorily complete our Circle of Success Program. The Circle of Success Program consists of eight separate recorded webinar sessions which last approximately one hour each. It will take you approximately two weeks (8 hours total) to complete the Circle of Success Program.

B. Opening. You agree that the Store will be open and operating in accordance with our requirements within eight months after you sign a lease for your Store, unless we authorize in writing an extension of time. Before you may open your Store for business, we must inspect your Store and provide you with a Certificate of Opening.

C. Our Reservation of Rights. The license is limited to the right to develop and operate one Store at the Authorized Location. Except as limited above, we and our affiliates retain all rights with respect to MENCHIE'S Stores, the Trademarks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate MENCHIE'S Stores immediately adjacent to your Designated Territory or anywhere outside of your Designated Territory; (2) the right to operate or license others to operate MENCHIE'S Stores within Special Sites inside and outside of your Designated Territory; (3) the right to operate or license others to operate similar businesses or any other businesses and services under trademarks or service marks other than the Trademarks in any location, both inside or outside of your Designated Territory; (4) the right to operate or license others to operate businesses that are not similar to a MENCHIE'S Store under the Trademarks in any location, both inside or outside of your Designated Territory; (5) the sole right to offer any products or services (including the products and services you offer at your MENCHIE'S Store through other channels of distribution such as grocery stores, the Internet, print catalogues, direct marketing media and any other non-restaurant outlets (grocery stores and warehouse clubs) both inside and outside of your Designated Territory, and we may promote products bearing the Trademarks at special events, athletic contests, etc., through temporary locations and mobile units; and (6) the right to purchase, be purchased, merge, acquire, be acquired or affiliate with a competitor or any other business regardless of the location of the competitor or business, and to operate, franchise or license these businesses as MENCHIE'S Stores under the System or Trademarks or under other proprietary marks, regardless of the location of these businesses, whether such businesses are in your Designated Territory or outside your Designated Territory. We are not required to pay you if we exercise any of the rights specified above inside your Designated Territory.

We and our affiliates have the right, now or in the future, to purchase, be purchased, merge, acquire, be acquired or affiliate with an existing competitive or non-competitive franchise network, chain or any

other business, and we, our affiliates or the successor has the right to operate, franchise or license those businesses and/or facilities as MENCHIE'S Store operating under the proprietary marks or any other Trademarks following such purchase, merger, acquisition or affiliation

We and our affiliates may sell ourselves, our assets, our proprietary marks, the Trademarks, their systems and/or the System to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above transfers, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, the Trademarks (or any variation thereof), the System and/or the loss of association with or identification of "MENCHIE'S" as a franchisee under this Agreement. If we assign our rights in this Agreement, nothing will be deemed to require us to remain in the restaurant business or to offer or sell any products or services to you.

D. Catering and Delivery. You may not offer any delivery services or catering services, either by yourself or through a designated third party, unless it is in accordance with the company's published delivery and catering services guidelines, protocols, and standard operating procedures. You also may not offer any menu items or any other products through any merchant, provider, supplier, distribution system, store, chain, facility, program, internet or online, or any other channel, and as further described in Section VI.K.

III. TRADEMARK STANDARDS AND REQUIREMENTS

A. Trademark Ownership. You acknowledge and agree that the Trademarks are our property and we have licensed the use of the Trademarks to you and others. The Trademarks are our valuable property, and we own all right, title and interest in and to the Trademarks and all past, present or future goodwill of the Store and of the business conducted at the Authorized Location that is associated with or attributable to the Trademarks. Your use of the Trademarks will inure to our benefit. You may not, during or after the Term of this Agreement, engage directly or indirectly in any conduct that would infringe upon, harm or contest our rights in any of the Trademarks or the goodwill associated with the Trademarks, including any use of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Trademark Use. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Store except the Trademarks or except as we otherwise direct in writing. You may use the Trademarks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing. You must comply with all of our trademark, trade name and service mark notice marking requirements. You may use the Trademarks only in association with products and services approved by us and that meet our standards or requirements with respect to quality, mode and condition of storage, production, preparation and sale, and portion and packaging. Any unauthorized use of the Trademarks by you is a breach of this Agreement and an infringement of our rights and the rights of our affiliates. All provisions of this Agreement applicable to the Trademarks apply to any additional service marks, trademarks, trade dress, trade names, logos, commercial symbols and copyrights hereafter authorized for use by, and licensed to, you.

C. Store Identification. You must use the name MENCHIE'S as the trade name of the Store and you may not use any other mark or words to identify the Store without our prior written consent. You may not, however, use the word "Menchie's" or any of the other Trademarks as part of the legal name of your corporation, partnership, limited liability company or other entity. You may use the Trademarks on

various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Trademarks on the materials as we prescribe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Trademarks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Trademarks. You must post a prominent sign in the Store identifying you as a MENCHIE'S franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Store and that the MENCHIE'S Trademark is owned by us and your use is under a license we have issued to you. All your internal and external signs must comply at all times with our guidelines, requirements and practices, as we may modify from time to time.

D. Contest of Trademarks. You will not directly or indirectly contest or aid in contesting the validity or ownership of the Trademark, trade secrets, methods, procedures and advertising techniques which are part of the System, or contest our and our affiliates' rights to register, use or license others to use the Trademark or the System. You will not at any time (whether during or after the Term of this Agreement) directly or indirectly infringe on our rights to or in the Trademark. You agree to promptly notify us of any claim, demand or suit based upon or arising from any attempt by anyone else to use the Trademark, or any colorable variation thereof. We and our affiliates will have the sole discretion to determine if we will defend the use of the Trademark, and we are not obligated to defend the Trademark. We or our affiliates have the right to control any administrative proceeding or litigation involving the Trademark. You will execute any and all instruments and documents, render assistance and do such acts as may, in the opinion of our counsel, be necessary or advisable to protect our interests or the interests of our affiliates in any such litigation or proceedings, or to otherwise protect and maintain our interest or the interest of our affiliates in the Trademark.

E. Changes. You may not make any changes or substitutions to the Trademarks unless we direct so in writing. We reserve the right to change the Trademarks at any time. Upon receipt of our notice to change the Trademarks, you must cease using the former Trademarks and commence using the changed Trademarks. We will reimburse you for any out-of-pocket expenses you incur in connection with any change to the Trademarks on your letterhead; provided, however, that our reimbursement obligation during the Term of this Agreement will not exceed \$250.

F. Creative Works. All ideas, concepts, techniques, or materials concerning the MENCHIE'S Store, whether or not protectable intellectual property and whether created by or for you or one of your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

IV. TERM AND RENEWAL

A. Term. The initial term of this Agreement is ten years, unless this Agreement is sooner terminated in accordance with the terms of this Agreement ("Initial Term"). The initial term commences upon the Effective Date of this Agreement. We may extend this initial term in writing for a limited period of time not to exceed six months to take into account the term of any applicable lease for the Authorized Location.

B. Renewal Term and Conditions of Renewal. You may renew your license for three renewal terms of ten years each (“Renewal Term”), provided that with respect to each renewal: (i) you have given us written notice of your decision to renew at least 6 months but not more than 12 months prior to the end of the expiring term; (ii) you sign our then-current form of franchise agreement (modified to reflect any additional renewal term(s) upon expiration and other modifications to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher fees; (iii) you perform any further items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Store to conform to the standards then applicable to new MENCHIE’S stores, regardless of the cost of such modernizations and/or replacements; (iv) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and material obligations on a timely basis during the Term and are in good standing; (v) if leasing the Store premises, you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period; (vi) you comply with our then-current training requirements; (vii) you pay us, a renewal fee in the amount of \$4,000; and (viii) to the extent permitted by applicable law, you and your Operating Partner (s) and guarantors execute a general release of claims in a form we prescribe.

C. Interim Period. If you do not exercise your right to renew this Agreement prior to the expiration of this Agreement and continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option, this Agreement may be treated either as (i) expired as of the date of expiration with you then operating a franchise without the right to do so and in violation of our rights; 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 of your obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

V. FACILITY STANDARDS AND MAINTENANCE

A. Store Facility; Site Under Control. You are responsible for purchasing or leasing a site that meets our site selection guidelines. You must use our designated vendor in connection with selecting and securing a site for your Store. However, if the designated vendor is not responsive to you, you are required to notify us in writing and we will secure a new designated vendor for you to use. We must consent to the site in writing. You may not use the Store premises or Authorized Location for any purpose other than the operation of a MENCHIE’S Store during the Term of this Agreement or any Interim Period. We make no guarantees concerning the success of the Store located on any site to which we consent.

You may not open your Store for business until we have inspected your Store, consented to your opening date and provided you with a Certificate of Opening. A Certificate of Opening may be issued only after all local permits, certificates and codes have been obtained and a certificate of occupancy has been granted. If you do not pass our initial inspection, you will be charged an inspection fee which is all costs and expenses incurred by us in sending an inspector to re-inspect your Store (“Inspection Fee”). We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date. We also are entitled to injunctive relief or specific performance for your failure to comply with your obligations.

If you plan to lease the Store premises, you and your landlord must sign the Lease Addendum attached as Schedule B. We recommend you submit the Lease Addendum to the landlord at the beginning

of your lease review and negotiation process, although the terms of the Lease Addendum may not be negotiated without our prior approval. You must provide us a copy of the executed lease and Lease Addendum within five days of its execution. We have no responsibility for the lease; it is your sole responsibility to evaluate, negotiate and enter into the lease for the Store premises. In addition, you must execute a Collateral Assignment of Lease in the form found in Schedule H, attached to this Agreement, whereby you agree to assign your rights in the lease to us in the event of a termination or expiration of the Term of this Agreement or a default or termination under the lease.

You must execute, and provide us an executed copy of your lease (including an executed copy of the Lease Addendum) or the purchase agreement for the approved Authorized Location for your Store within 24 months from the date of execution of this Agreement. If you fail to have your “site under control” (execute the lease or the purchase agreement within the timeframe set forth in this Section), we will have the right to terminate this Agreement.

B. Construction; Future Alteration. You must construct and equip the Store in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, and design and layout of the building. You may not commence construction of the Store until you have received our written consent to your building plans.

Without limiting the generality of the prior Section, you must promptly and in any event within 60 days of obtaining possession of the site for the Store: (i) have prepared and submitted for our approval a site survey and basic architectural plans and specifications consistent with our general atmosphere, image, color scheme and décor requirements as set forth from time to time in the manuals for a MENCHIE’S Store (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating); (ii) purchase or lease and then, in the construction of the Store, use only the approved building materials, equipment, fixtures, furniture and signs; (iii) complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Store in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations; (iv) obtain all customary contractors’ sworn statements and partial and final waivers, obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act; and (v) obtain and maintain all required zoning changes, building, utility, health, sanitation, and sign permits and licenses and any other required permits and licenses. It is your responsibility to comply with the foregoing conditions. Our review is not designed to assess, nor does it assess, compliance with federal, state or local laws and regulations, including the Americans with Disabilities Act, as compliance with such laws is the sole responsibility of you.

Any change to the building plans or any replacement, reconstruction, addition or modification in the building, interior or exterior decor or image, equipment or signage of the Store to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications that have approved in writing. You may not commence such replacement, reconstruction, addition or modification until you have received our written consent to your revised plans.

C. Maintenance. The building, equipment, fixtures, furnishings, signage and trade dress (including the interior and exterior appearance) employed in the operation of your Store must be maintained and refreshed in accordance with our requirements established periodically. Within 30 to 60 days (as we determine depending on the work needed) after your receipt of our report prepared following our evaluation, you must effect the items of maintenance we designate, including the repair of defective items and/or the replacement of irreparable or obsolete items of equipment and interior signage. If, however, any condition

presents a threat to customers or public health or safety, you must effect the items of maintenance immediately. You are solely responsible for taking necessary or appropriate security and safety measures to protect employees, customers, those engaging in business with you, those coming on the premises of the Store and the general public at large. We do not in any way share any of that responsibility..

D. Relocation. So long as you are not in default under this Agreement, you may relocate the Store within the Designated Territory with our prior written consent. However, the Designated Territory for the relocated Authorized Location will be subject to renegotiation. Regardless of the reason for relocating, you agree to pay for all of the costs and expenses of relocating the Store including the cost of any demographic or other study of the proposed site.

If your Store is destroyed or damaged and you repair the Store at the original Authorized Location (rather than relocate the Store), you must repair and reopen the Store at the Authorized Location in accordance with our then-current standards for the destroyed or damaged area within 180 days of the date of occurrence of the destruction or damage.

E. Modernization or Replacement. From time to time as we require, you must affect items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Store to conform to the standards for similarly situated new MENCHIE'S stores. Furthermore, in addition to performing general continued maintenance and refreshing of the Store premises whenever necessary, you must effect any required expenditures for equipment or leasehold improvements necessary to prepare new Menu Items or products. We will not require you to spend more than \$90,000 on Store modernization and replacement during the Initial Term of this Agreement.

You acknowledge and agree that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of MENCHIE'S stores and to avoid deterioration or obsolescence in connection with the operation of the Store. If you fail to make any improvement as required by this Section or perform the maintenance described herein, we may, in addition to our other rights in this Agreement, effect such improvement or maintenance and you must reimburse us for the costs we incur.

F. Signage. The signage at your Store must comply with our then current specifications, which we may modify from time to time due to modifications to the System, including changes to the Trademarks. You must make such changes to the signage as we require.

VI. PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

A. Authorized Menu. Your business must be confined to the preparation and sale of only such Menu Items as we designate and approve in writing from time to time for sale by your Store. You must offer for sale from the Store all items and only those items listed as Menu Items. We have the right to make modifications to these items from time to time, and you agree to comply with any modifications. You may not offer or sell any other product or service at the Authorized Location without our prior written consent. Uniformity of products and services offered by all MENCHIE'S Stores is of utmost importance to us and the entire System. If you offer to sell or do sell products or services which are not authorized or are not prepared in accordance with the Operations Manual, you agree that we will be damaged. These damages will be calculated at the rate of \$250 per day for each day you offer or sell unauthorized products or services, and these damages will be in addition to any other rights and remedies we may have against you. You agree that a precise calculation of the full extent of the damages that we will incur from the offer or sale of unauthorized products and services are difficult to determine and all parties desire certainty in this matter

and agree that the damages provided here are reasonable and constitute liquidated damages and not a penalty.

B. Authorized Products and Ingredients. You must use in the operation of the Store and in the preparation of Menu Items only the proprietary and non-proprietary ingredients, recipes, formulas, techniques, processes and supplies we designate, and prepare and serve the Menu Items in such portions, sizes, appearance, taste and packaging, all as we specify in our Operations Manual or otherwise in writing. You will not sell any product which is adulterated, contaminated, spoiled, unsafe, or otherwise unfit for human consumption. You acknowledge and agree that we may change these periodically and that you are obligated to conform to our requirements. All supplies, including containers, cups, plates, wrappings, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet our standards of uniformity and quality. You acknowledge that the Store must at all times maintain an inventory of ingredients, food and beverage products and other products, materials and supplies that will permit operation of the Store at maximum capacity.

C. Approved Supplies and Suppliers. We will furnish to you from time to time lists of approved supplies and/or approved suppliers. You must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "Approved Supplies") in connection with the design, construction and operation of the Store as set forth in the Approved Supplies lists, as we may amend from time to time. Although we do not do so for every item, we have the right to approve the manufacturer, distributor and/or supplier of Approved Supplies (an "Approved Supplier"). You acknowledge and agree that certain Approved Supplies may only be available from one required Approved Supplier and we may be that supplier. For example, you must purchase all trademarked retail items, and certain products, supplies, equipment and materials from us or our designated supplier. You will pay the then-current price in effect for Approved Supplies purchased from us, or affiliates or any third party we designate. All inventory, products, materials and other items and supplies used in the operation of the Store that are not included in the Approved Supplies or Approved Suppliers lists must conform to the specifications and standards we establish from time to time. WE MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER ITEMS APPROVED OR DESIGNATED BY US. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO US.

You may propose alternative products, services, supplies, equipment and materials for the operation of your Store, as well as alternative manufacturers, suppliers or distributors. However, we may require that samples of or from these proposed alternatives be delivered to us for testing prior to approval and use. Further, all proposed manufacturers, suppliers or distributors must agree to permit our agents or representatives to inspect their facilities regularly, both initially and from time to time as may reasonably be required by us to assure us of the proper production, processing, packaging, storing and transportation of the products, services, supplies or equipment and materials to be purchased by you. We will advise you within 90 days of our approval or disapproval of any proposed alternate sources of products, services, supplies, suppliers, materials and/or equipment. We may charge you a reasonable fee to review any supplier or alternative products, series, supplies and materials. The foregoing will not be construed as an attempt to unreasonably limit the sources from which you may procure products, services, supplies and materials.

Rather, it is our intention that such items conform to our strict standards and strict specifications as to consistent quality, uniformity and reliability. Further, we will not be required to approve an inordinate number of alternative suppliers of a given item which in our reasonable judgment would prevent our effective supervision of suppliers. We may require your supplier to sign a confidentiality agreement.

D. POS System. You must purchase the point of sale cash register computer system we require from our approved suppliers including all future updates, supplements and modifications (the “POS System”). The POS System includes all hardware and software used in the operation of the Store, including electronic point-of-sale cash registers and any software we may designate to record and analyze sales, labor, inventory, product usage, employee information and tax information. The POS System also will include any credit card processing system we designate. You agree that in connection with any credit, debit and/or charge card payments you receive, you will adhere to, and cause any service provider or third party-provided payment applications to adhere to cardholder data security standards according to the then-current PCI (Payment Card Industry) Data Security Standards. You will be responsible for any costs and expenses related to compliance with such standards and/or related audits. You must provide us with evidence of such compliance at our request. You also must provide notice to us of any potential or actual data security breach relating to cardholder data.

The computer software package developed for use in the Store may include proprietary software. You may be required to license the proprietary software from us or a third party and you also may be required to pay a software licensing or user fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. You shall not use or download any software on your computer unless it has been authorized by us in writing. If you use or download any unauthorized software, you will be liable for all damages and problems caused thereby in addition to the other remedies provided under this Agreement. You acknowledge and agree that we will have full and complete access to the information and data entered and produced by the POS System. You must, at all times, have at the Authorized Location Internet access with a form of high speed connection as we require and you must maintain an email account for the Store in accordance with the Manual.

E. Serving and Promotional Items. All sales promotion material, customer goodwill items, cartons, containers, wrappers and paper goods, eating and serving utensils and other items, and customer convenience items used in the sales promotion, sale and distribution of products covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Trademarks. You must purchase these items from our Approved Suppliers.

F. Health and Sanitation. Your Store must be operated and maintained at all times in compliance with any and all applicable health and sanitary standards prescribed by governmental authorities. You also must comply with any standards that we prescribe. This includes compliance with all food safety laws and requirements by all governmental authorities and our own standards. In addition to complying with such standards, if the Store is subject to any sanitary or health inspection by any governmental authorities under which it may be rated in one or more classifications, it must be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency inspecting the same. If you fail to be rated in the highest classification or receive any notice that you are not in compliance with any applicable health and sanitary standards, you must immediately notify us of such failure or noncompliance.

G. Evaluations. We or our authorized representative have the right to enter your Store at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your building, land and

equipment, and to test, sample, inspect and evaluate your supplies, ingredients and products, as well as the storage, preparation and formulation and the conditions of sanitation and cleanliness in the storage, production, handling and serving and to review your books and records. Any failure of an inspection is a default under this Agreement. Further, if we determine that any condition in the Store presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Store until the situation is remedied to our satisfaction. Our inspections and evaluations may include a “mystery shopper” program from time to time throughout the Term of this Agreement. If you fail an evaluation by us or by a mystery shopper or if we receive a specific customer complaint, you must pay the costs and expenses of subsequent “mystery shopper” visits. Any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of the Business or to assume any responsibility for your obligations under this Agreement. You will keep on file and make available for our review the following documents and reports: weekly inventory sheets, deposit slips, bank statements and canceled checks, sales and purchase records, business tax returns and such other accounting records for such periods of time as is necessary to provide appropriate documentation in the event of an audit of your business by any governmental taxing authority having jurisdiction over you. Our right to approve certain matters, to inspect the Store and its operation and to enforce our rights, exists only to the extent necessary to protect our interest in the System and Trademarks for the benefit of us, our affiliates and all MENCHIE’S Stores and to ensure compliance with this Agreement. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters which are clearly reserved to you, nor will they be construed to do so. The obligations of this provision survive termination or expiration of the Term of this Agreement

H. Period of Operation. Subject to any contrary requirements of local law, your Store must be opened to the public and operated during the days and times set forth in the Operations Manual. You acknowledge and agree that if your Store is closed for a period of three consecutive days without our prior written consent, such closure constitutes your voluntary abandonment of the franchise business and we have the right, in addition to other remedies provided for herein, to terminate this Agreement. Acts of force majeure that prevent you from complying with the foregoing will not constitute an abandonment of the franchise business under this Section.

I. Operating Procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in our Operations Manual or other written materials relating to product preparation, menu, storage, uniforms, financial management, equipment, facility and sanitation. We will revise the Operations Manual and these standards, procedures, techniques and management systems periodically to meet changing conditions of retail operation in the best interest of stores operating under the Trademarks. Any required standards exist to protect our interests in the System and the Trademarks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Manual or other written materials. The Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Trademarks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines. You must use your best efforts to promote and increase the sales and service of Menu Items and to effect the widest and best possible distribution throughout the Designated Area.

You acknowledge having received one copy of the Operations Manual on loan from us for the Term of this Agreement. The Operations Manual is at all times solely our property. You must at all times treat the Operations Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. We may from time to time revise the contents of the Operations Manual and you expressly agree to comply with each new or changed requirement at your sole cost and expense. You must at all times ensure that your copy of the Operations Manual is kept current and up to date, and in the event of any dispute as to the contents of said Operations Manual, the terms of the master copy of the Operations Manual that we maintain are controlling. You acknowledge and agree that in the future the Operations Manual and other system communications may only be available on the Internet or other online or computer communications.

J. Confidential Information. You, the Operating Partners, and your manager may not, during the Term of this Agreement or thereafter, disclose, copy, reproduce, sell or use for the benefit of any other person or entity Confidential Information, except to such employees that must have access to it to operate the Store. For purposes of this Agreement, "Confidential Information" means the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the Operations Manual or otherwise communicated to you in writing, verbally or through the Internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Store, as well as the content of this Agreement and any other document executed in connection with this Agreement. Any and all Confidential Information, including, without limitation, proprietary ingredients, secret formulas and recipes, customer lists, methods, procedures, suggested pricing, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the Store. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a minority interest in the franchisee, the Operating Partners, your manager and other key employees. You must provide executed copies of these agreements to us upon our request. Notwithstanding the foregoing, you are authorized to disclose the terms of this Agreement to any lender providing you financing for the Store as well as to your landlord.

K. Catering and Delivery Services. You may not offer any delivery services or catering services, either by yourself or through a designated third party, unless it is in accordance with the our published delivery and catering services guidelines, protocols, and standard operating procedures which are a part of the Manual. You also may not offer any menu items or any other products through any merchant, provider, supplier, distribution system, store, chain, facility, program, internet or online, or any other channel. You also must charge the same price for products offered by the Store whether delivered or catered by or sold in the Store. Any income from catering or delivery services must be included in Gross Sales for purposes of your Royalty Fee and Marketing Fee.

L. Compliance with Law; Licenses and Permits. You must at all times maintain your premises and conduct your Store operations in compliance with all applicable laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to your Store. It is your responsibility to make sure that you are in compliance with all laws that are applicable to the POS System or other technology used in the operation of your Business, including all data protection or security laws as well as PCI compliance. You acknowledge that you are an independent business and responsible for control and management of your Store, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters, as the sole power, responsibility and liability for such matters rest exclusively with you. You must

immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your MENCHIE'S business or Store, including any notices of health code violations.

M. Participation in Internet Websites or Other Online Communications. We may require you, at your expense, to participate in our MENCHIE'S website on the Internet, our intranet system or extranet system or other online communications as we may require. We have the right to determine the content and use of our website and intranet or extranet system and will establish the rules under which franchisees may or must participate. You may not separately register any domain name containing any of the Trademarks, participate in any website or social media platform that markets goods and services similar to a MENCHIE'S store, or operate a website for your Store that does not link to our website. We retain all rights relating to our website and intranet system and may alter or terminate our website, extranet system or intranet system. Your general conduct on our website and intranet and extranet systems or other online communications (including social media) and specifically your use of the Trademarks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our website or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our website and intranet or extranet system, or otherwise use the Trademarks or System on the Internet or other online communications, will terminate when this Agreement expires or terminates.

N. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to any express limitations set forth in this Agreement. You acknowledge and understand that in the future, and from time to time, you may be required to upgrade or purchase or lease new or different computer hardware and software at your sole cost and expense.

O. Suggested Pricing Policies. You generally have the right to establish prices for the Menu Items and other products and services you sell. We may, from time to time, suggest prices for the Menu Items and other products and services you sell. We do, however, reserve the right to modify the Menu Items or System to give us the right to establish prices, both minimum and maximum, to the extent permitted under applicable law. Any such modification will be in writing. Unless we so modify the Menu Items or our System, any list or schedule of prices we furnish to you is a recommendation only and any decision you make to accept or reject the suggestion will not in any way affect the relationship between you and us.

VII. PERSONNEL AND SUPERVISION STANDARDS

A. Supervision. You (if Franchisee is an individual) or one of your owners (if Franchisee is a legal entity) must devote adequate time and best efforts to the management and operation of your Store. You must devote a minimum of ten hours per week to managing your Store. You may hire an Assistant Store Leader to assist you in managing the day-to-day operations of the Store. Any Assistant Store Leader or replacement Assistant Store Leader(s) you hire must complete our training. Any Assistant Store Leader(s) or replacement Assistant Store Leader(s) you hire must be trained by us. Any Assistant Store Leader you may hire need not have any interest in Franchisee. The use of an Assistant Store Leader in no way relieves you of your obligations to comply with this Agreement and to ensure that the Store is properly operated.

B. Training. You must comply with all of the training requirements we prescribe for the Store to be developed under this Agreement. You (or if Franchisee is a legal entity your Operating Partner) must complete our initial training program to our satisfaction. We will provide our initial training program to you (or your Operating Partner) and one additional person without charging you a fee. You, however, are responsible for paying all costs and daily living expenses, including hotel and transportation costs, for these individuals to attend our training program. If you would like us to train more than the two people noted above, or if it becomes necessary to retrain a certain individual, we will charge you our then-current training fee, which fee will not exceed \$500 per person per day. You will also be responsible for paying all costs and other daily expenses for any additional person who attends our initial training program. We also will provide you with up to 3 days of on-site Store opening assistance. Specifically, when your Store is ready to open, we will, at our cost, send one of our representatives to your Store to provide opening assistance and support.

The training requirements may vary depending on your experience and the experience of any manager you hire or other factors specific to the Store. If you are given notice of default, and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you and your manager, at your expense, comply with the additional training requirements we prescribe. Any new manager you hire must comply with our training requirements within a reasonable time as we specify. The training of new managers generally occurs at one of our corporate stores, but we may schedule your training at another site. Under no circumstances may you permit the management of the Store's operation on a regular basis by a person who has not successfully completed to our reasonable satisfaction all applicable training we require. If you request additional training or if we determine that it is necessary to provide you with more training, we may require you to pay to us for each additional training day at our then-current daily training fee.

C. Ongoing Training. We may require you, your manager and other key employees of the Store to attend, at your expense, ongoing training at our training facility, the Authorized Location or other location we designate. If you request training in addition to the initial training program identified above, you must pay to us our then-current daily training fee plus expenses.

D. Staffing. You will employ a sufficient number of competent and trained employees to ensure efficient service to your customers. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Trademarks in any way shifts any employee or employment related responsibility from you to us. You alone are responsible for hiring, firing, training, setting hours for and supervising all employees.

E. Attendance at Meetings. You must attend, at your expense, any annual franchise conventions we may hold or sponsor and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, store management, sales or sales promotion, or similar topics. If you are not able to attend a meeting or convention, you must notify us prior to the meeting and must have a substitute person acceptable to us attend the meeting.

VIII. ADVERTISING

A. Marketing Fund. You must pay to us a Marketing Fee as required hereunder. All Marketing Fees will be placed in a Marketing Fund that we own and manage. On behalf of our company-owned MENCHIE'S Stores, we will pay the same Marketing Fee as similarly situated franchised MENCHIE'S Stores (based on age and type of location) in the same local marketing area, except for Special Sites. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with

respect to the Marketing Fund; provided, however, we will make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each store or in each advertising market. We have the right to make disbursements from the Marketing Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. The disbursements may include payments to us for the expense of administering the Marketing Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions. If requested, we will provide you an annual unaudited statement of the financial condition of the Marketing Fund.

B. Required Local Expenditures. You must use your best efforts to promote and advertise the Store and participate in any local marketing and promotional programs we establish from time to time. In addition to any Marketing Fee we may collect, you are required to spend \$10,000 per year on approved local marketing and promotion in your own market. Upon our request, you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved local marketing. If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Marketing Fund.

C. Grand Opening Marketing. You must spend at least \$3,500 on a grand opening campaign which will include promotional elements, merchandise/giveaways, entertainment, decorations, yogurt and labor within the first 14 days your Store is operating (the "Grand Opening Marketing Campaign"). All grand opening marketing and promotion must be approved by us. Your Grand Opening Marketing Campaign expenditures will count towards your first year's local advertising requirements.

D. Approved Materials. You must use only such marketing materials (including any print, radio, television, electronic, social media, or other media forms that may become available in the future) as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. You must submit all of your own advertising and sale promotion materials to us, or our advertising agency, for approval before use. If you do not receive written disapproval within 20 days after we receive the materials, we will be deemed to have given approval. You are prohibited from advertising or using in advertising or other form of promotion, the Trademarks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct. You are not permitted to advertise your products or services or use the Trademarks on the Internet except after obtaining our consent. Any advertising on the Internet must be pre-approved by us and on terms specified by us.

E. Advertising Cooperatives. We have the right to designate local advertising markets and if designated, you must participate in and contribute to the cooperative advertising and marketing programs in your designated local advertising market. If established, you must direct your local advertising expenditure to the advertising cooperative, which is separate from the payment of the Marketing Fee. Each MENCHIE'S store, including those operated by us, within a designated local advertising area will be a member of the local advertising cooperative and each store will have one vote on all matters requiring a vote. Each advertising cooperative will be required to adopt governing bylaws that meet our approval. You must obtain our prior written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. Each advertising cooperative will be required to prepare annual financial statements, which must be made available to all members of the cooperative and to us upon request. Also, each advertising cooperative must submit to us its meeting minutes upon our request. We

have the right to require advertising cooperatives to be formed, changed, dissolved or merged in our sole determination.

F. Gift Cards, Certificates and Checks. We require you, as permitted by applicable law, to participate in a gift card or other customer loyalty program in accordance with the provisions set forth in the Manual and/or otherwise disclosed to you. In order to participate, you may be required to purchase additional equipment and pay any fees applicable to the use of that equipment. We have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You understand that state or federal law may impact how gift card or loyalty card revenues are divided and accounted. In order to implement and manage the gift card or loyalty program, we reserve the right to view, access, or request the reporting of details and information regarding the use of gift cards or loyalty cards in your Store, including without limitation, transaction details and gift card or loyalty reward balance. You agree that such details and information may be used, with or without identifying information linking it to you or your Store, and in any manner, we deem appropriate in our sole discretion, including without limitation for marketing and store analysis and comparison.

IX. FEES, REPORTING AND AUDIT RIGHTS

A. Initial Franchise Fee. You must pay to us an initial franchise fee of \$32,000 (the “Initial Franchise Fee”). The Initial Franchise Fee must be paid at the time you sign this Agreement and is fully earned upon receipt is nonrefundable.

B. Uniforms, Merchandise and Store Supplies. Prior to the opening of your Store, you must pay us for uniforms, merchandise and store supplies which currently range from \$600-\$1,000.

C. Technology Fee. You must pay us a monthly fee in the amount of \$80 for the Technology Fee by the 1st day of each month (the “Technology Fee”). The fee will cover our expenses associated with furnishing one user with our franchise management software, creating email accounts, email marketing, and providing technology administration and maintenance according to our then current guidelines and procedures, which may change from time to time. The Technology Fee is non-refundable and you will begin paying the Technology Fee on the 1st day of each month 30 days after you sign a lease for your Store. We reserve the right to increase or decrease the monthly fee each calendar year in an amount not to exceed 5%. We will provide you with a 14 days’ prior written notice of any such change.

D. Royalty Fee. In addition to the Initial Franchise Fee, during the Term of this Agreement, and any Interim Period, and in consideration of the rights granted to you, you must pay to us a weekly royalty fee equal to the greater of \$125 or 6% of Gross Sales from the prior week (the “Royalty Fee”).

E. Marketing Fee. In addition, you must pay to us a weekly marketing fee in an amount equal to 2% of Gross Sales from the prior week (the “Marketing Fee”).

F. Computations and Remittances. Except for the Initial Franchise Fee and Technology Fee, you must compute all amounts due and owing at the end of each weekly period from Sunday to Saturday and remittance for the amounts must be made to us on or before Friday of the following week, accompanied by the reports required under this Agreement. We reserve the right to change the reporting day of the week for any or all amounts. You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we reasonably require to verify the accuracy of remittances. You waive any and all existing and future claims and offsets against any amounts

due under this Agreement, which amounts you must pay when due. We have the right to apply or cause to be applied against amounts due to us any amounts that we may hold from time to time on your behalf or that we owe to you.

G. Method of Payment. All of the payments of fees set forth herein together with the other amounts due to us our affiliates will be made via electronic funds transfer ("EFT") or such other manner which we may designate from time to time. None of these amounts are refundable. You must sign an electronic transfer of funds authorization, attached as Schedule C, to authorize and direct your bank or financial institution to transfer electronically amounts due to us directly to our account and to charge to your account accordingly. You must maintain a balance in your account sufficient to allow us to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Section. Any payment or report not received by us on or before the date they are due will be deemed overdue. You will comply with the procedures specified in the Manual or as otherwise communicated for such EFT program and will perform the acts and sign the documents, including authorization forms that we, our bank, and your bank may require to accomplish payment by EFT, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, you will pay all costs associated with utilizing an EFT payment program. If you fail to timely report to us, in addition to any applicable late charges, we have the right, but not the obligation, to debit from such account an estimated amount based on our reasonable estimation of your Gross Sales.

H. Interest Charges; Late Fees. Any and all amounts that you owe to us will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In addition to interest charges on late Royalty Fee and Marketing Fee payments, you must pay to us a service charge of 10% of the delinquent amount for each delinquent report or payment that you owe to us under this Agreement. A payment is delinquent for any of the following reasons: (i) we do not receive the payment on or before the date due; or (ii) there are insufficient funds in your bank account to collect the total payment by a transfer of funds on or after the date due. The service charge is neither interest nor a penalty, it is only to compensate us for increased administrative and management costs due to late payment.

I. Financial Planning and Management. You must keep books and records and submit reports as we periodically require, including but not limited to a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, records of prices and special sales, check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, payroll records, cash disbursement journals and general ledgers, all of which accurately reflect the operations and condition of your Store operations. You must compile, keep and submit to us the books, records and reports on the forms and using the methods of bookkeeping and accounting as we periodically may prescribe. The records that you are required to keep for your Store must include detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media format and methodology we approve. You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time. You also must preserve and retain the books, records and reports for not less than five years. You must allow us electronic and manual access to any and all records relating to your Store.

J. Reports and Audit. Within the time period we prescribe, on a weekly, monthly and annual basis, you must submit to us the required reports in the form and content as we periodically prescribe. If requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for

such fiscal year. We may require that the annual financial statements be reviewed by a certified public accountant. You must certify all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Store are kept and to evaluate, copy and audit such books and records. We also have the right to request information from your suppliers and vendors. If any such evaluation or audit reveals any understatement of 2% or more of your Gross Sales or an audit is made necessary due to your failure to furnish reports and records as required, you must pay for the audit, and in addition to any other rights we may have, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary and any further audits and evaluations for up to three years thereafter will be at your sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto. In order to verify the information that you supply, we have the right to reconstruct your sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance. You must fully cooperate with us or our representative in performing these activities and any expenses incurred by us from your lack of cooperation shall be reimbursed by you.

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding or where your information is grouped with similar information from other stores to produce shared results such as high-low ranges or average gross sales or expenses on a system-wide or regional basis. You will maintain your books and records in accordance with generally acceptable accounting principles, consistently applied. If we at any time desire to utilize a financial performance representation or similar document in connection with the sale of franchises, you agree to provide us, at no cost, with such reasonable information as we may require in order to properly prepare such representation, and will permit us to utilize such information as we deem necessary.

K. Taxes. You agree to indemnify and/or reimburse us and our affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of the Store's business or the license of any of our or our affiliates' intangible property to you (whether required to be paid by us or our affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our affiliates for these taxes does not extend to income-type taxes which a state or local government imposes on us or our affiliates' income.

X. YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS

A. Payment of Debts. You agree to: (i) pay promptly when due all payments, obligations, assessments and taxes due and payable to us and our vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; (ii) promptly and timely discharge and satisfy all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Store or business; and (iii) promptly and timely pay and satisfy all accounts and other indebtedness of every kind incurred by you in operating the Store or business.

B. Indemnification. Under no circumstances will we be liable for any act, omission, debt, or

other obligation of you. You will indemnify, defend and save harmless us and our employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns (each an "Indemnitee") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including legal fees and expenses) of any kind and nature whatsoever, including damages or injuries suffered by any Indemnitee, which may be imposed on, incurred by, or asserted against any Indemnitee in any way arising out of the acts or omissions of you or your employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns pursuant to or in connection with the operation of the Store regardless of whether the Indemnitees were negligent or that this negligence was a contributing factor in any Indemnitee's liability (to the extent permitted by applicable law). We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for all our costs and all attorneys' fees immediately upon our request as they are incurred. It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason; however, if we incur any liability, cost, loss or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such liability, cost, loss or damage.

C. Insurance. You must purchase and maintain in full force and effect, at your expense insurance that insures both you and us, and any other persons we designate by name. You must obtain your insurance from the source we designate. The insurance policy or policies must be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by us from time to time. The insurance coverages referenced above must commence as of the date you sign a lease or purchase agreement for the Authorized Location. You must deliver to us at commencement and annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this Section. The insurance certificate must show our status as an additional insured and provide that we will be given 30 days' prior written notice of a material change in or termination or cancellation of the policy. We also may request copies of all policies. We may from time to time modify the required minimum limits and require additional insurance coverages, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the MENCHIE'S system, standards of liability and higher damage awards. If you do not procure and maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure such insurance coverage on your behalf and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice. Regardless of the amounts required hereby, it will be your responsibility to maintain adequate insurance coverage at all times during the Term of and after the expiration of the Term of this Agreement. You recognize that the levels of insurance required hereby are merely minimum requirements. You should determine if additional insurance is necessary through consultation with your advisors. Your failure to maintain coverage will not relieve you of any contractual responsibility or obligation or liability under this Agreement.

D. Noncompete Covenants. You agree that you will receive valuable training, Confidential Information and goodwill that you otherwise would not have received nor had access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:

1. Unless otherwise specified, the term "you" as used in this Section includes, collectively and individually, all Operating Partners, guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your manager and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this Section.

2. You acknowledge the uniqueness of the System and that we are making our knowledge, know-how, and expertise available to you for the purpose of operating the Store strictly and solely within the Designated Territory. You agree that it would be an unfair method of competition to use or duplicate or to allow others to use or duplicate, any of the knowledge, know-how or expertise you receive from us or our affiliates for any reason other than for the operation of the Store under this Agreement. You further recognize the importance of devoting substantial time and energy to the Store. Therefore, you warrant that during the Term of this Agreement, unless you have our prior written consent, neither you nor any of your owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, or have any interest based on profits or revenues of any Competitive Business except as a duly licensed franchisee of us (except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

3. For 2 years after a Transfer, or the termination or expiration of the Term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, neither you nor any of your owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to, or have any interest based on profits or revenues of any Competitive Business (except for other outlets franchised from us to you or your owners, and except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). The geographical scope of this restriction will cover the area: at the premises of the Authorized Location; (ii) within 25 miles of the Authorized Location; or (iii) within 25 miles of any MENCHIE'S Store being constructed or subject to an executed Franchise Agreement at the time this restriction begins to be enforced.

For purposes of this Section, a Competing Business means and includes any business where 10% or more of its sales include the sale of soft-serve frozen yogurt or ice cream.

4. You and any guarantor of this Agreement acknowledge and confirm that the length of the term and geographical restrictions contained in this Section are fair and reasonable and not the result of overreaching, duress or coercion of any kind. You acknowledge and confirm that your and their full, uninhibited and faithful observance of each of the covenants contained in this Section will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Section will not impair your or their ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to you or them or otherwise to obtain income required for your or their comfortable support and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

5. You acknowledge that to disregard the provisions of this Section would effectively foreclose us from selling other franchises and you could be unjustly enriched and unfairly derive benefit from the goodwill of and training you receive from us. Moreover, our franchisees and the MENCHIE'S Stores could be severely disadvantaged if you compete against them using the Trademarks or other Confidential Information. We intend to restrict your activities under this Section of this Agreement only to the extent necessary for the protection of our, our affiliates' and our franchisees' legitimate business interests. Each of the foregoing covenants will be construed as severable and independent, and will be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction will determine the business, time, or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then, the court so holding will reduce the limitation necessary to render such restriction enforceable by the court. We will have the right to reduce the scope of any covenant contained in this Section, without your consent, effective immediately upon receipt by you of our written notice; and you will comply with any reduced covenant. In addition to any other remedies available at law

or equity, we will have the right to injunctive relief without the obligation to post a bond for your violation or threatened violation of any covenant described in this Section. The terms of this non-compete are assignable by us and will inure to our benefit, as well as our successors and assigns. In the event of any assignment, sale, merger or change in our ownership or structure, the resulting entity will step into our place, without any additional consent of or notice to you, as if the terms "us", "our" or "we" were defined in this Agreement to include such entity

XI. TRANSFER OF FRANCHISE

A. Transfers. The rights and duties created by this Agreement are personal to you. We have granted this franchise in reliance upon our perception of the individual and collective character, skill, attitude, and business and marketing abilities of you and your owners. Therefore, there can be no Transfer without our prior written consent. Any consent by us will not operate as consent to any future such Transfer, and no future such Transfer will be valid without our prior written consent to that specific Transfer. Any attempted Transfer in violation of this paragraph is voidable at our option.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided we determine that all of the conditions described in this Section have been satisfied. Application for our consent to a Transfer and tender of the right of first refusal set forth herein must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) and other required information. The application must indicate whether you or an Operating Partner proposes to retain a security interest in the property to be transferred. No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer will be subject to our prior written approval, which approval will not be withheld unreasonably. You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void, your interest in this Agreement will be voluntarily abandoned, and it will provide us with the right to elect either to deem you in default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee.

C. Conditions of Transfer. We condition our consent to any proposed Transfer, whether to an individual, a corporation, a partnership or any other entity upon the following:

1. Transferee's Requirements. The transferee meets our established standards for new franchisees, is of good moral character and has a good credit rating, sufficient financial resources to operate the business and competent qualifications. Further, neither the transferee nor any of its direct or indirect owners or affiliates operate, have an ownership interest in or perform for a Competitive Business.

2. Payment of Amounts Owed. You have paid all amounts owed to us and our affiliates, and all other outstanding obligations relating to the Store are fully paid and satisfied.

3. Transfer Fee. You or the transferee must pay to us a transfer fee in the amount of \$10,000.

4. Compliance. The Transfer is conducted in compliance with applicable laws and regulations. You have performed your obligations and duties under this Agreement, and you are not in default under this Agreement, or any other agreement with us or our affiliates;

5. Modernization. The transferee updates and remodels the Store to comply with our then-current standards for new MENCHIE'S Stores.

6. Assignment of Franchise Agreement. The transferee must execute a document whereby transferor assigns the existing Franchise Agreement to transferee. In addition, the transferee's owners (actual and beneficial) and their spouses must sign the Guaranty and Assumption of Obligations attached to that franchise agreement

7. General Release. To the extent permitted by applicable law, you, each Operating Partner and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your Store or the parties' business relationship, in the form we designate, releasing us.

8. Training. The transferee's Operating Partner and its Assistant Store Leader have satisfactorily completed the initial training program.

9. Economically Reasonable Terms. Although we will not be required to determine the value of your business upon a Transfer, if in our reasonable judgment, the purchase price or other terms of sale are not economically feasible to the proposed transferee, we can withhold our consent to such Transfer. Our consent is not, however, to be construed as an implication or warranty that the terms of the sale are in fact economically feasible. We may, in good faith, notify you and the proposed transferee, stating the reasons that we have elected to withhold our approval of the proposed Transfer.

10. Assumption of Liabilities. The transferee agrees to assume all liabilities and obligations from you and your operation of the Store, including the lease, and must comply with other reasonable requirements we may impose.

11. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies.

D. Death, Disability or Incapacity. If any individual who is an Operating Partner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as an Operating Partner, such person or entity must apply for our consent under Section XI.B, and satisfy the transfer conditions under Section XI.C, as in any other case of a proposed transfer, all within 180 days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the Store still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as set forth in Section XI.F.

E. Right of First Refusal. Notwithstanding the foregoing paragraphs (other than paragraph XI.D), if you receive a bona fide, executed, written offer to acquire an interest in this Agreement, you or the Store from a responsible, fully disclosed third party purchaser, you must submit a copy of the offer to us. You must also provide us with any other information we request to evaluate the offer. We have the right, exercisable by delivering written notice to you within 15 days from the date of last delivery by you of the offer and any other documents we request, to acquire such interest for the price and on the terms and conditions contained in the offer, except that regardless of the terms of the offer, we may substitute cash for any form of payment proposed in the offer; require you to include customary warranties and representations in the purchase agreement; and structure the transaction as an "asset purchase" rather than a "stock purchase." We will not be obligated to pay any "finder's" or broker's fees that are a part of the proposed

sale, and we will not be obligated to comply with any part of the offer which directly or indirectly requires payment of any consideration other than a bona fide purchase price for the interest proposed to be transferred (for example, we will not be obligated to pay any earn out or other share of the profits from our operation of the Store after the Transfer is completed). If we decline to exercise our right of first refusal, you will have 90 days after the earlier of our decline to exercise the right or the expiration of the right, to consummate such Transfer to the bona fide third party purchaser upon the terms and conditions described in the offer notice submitted to us, subject to compliance with Section XI.C. In the event you fail to complete the sale on these terms within this 90 day period, you must again comply with this paragraph and give us the first right to acquire such interest prior to any sale. Our election to not exercise our right of first refusal as to any particular offer will not affect our right of first refusal as to any subsequent offer.

F. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement and upon such assignment we will be relieved of all liability under this Agreement, and all rights and obligations will accrue to our successor or assignee. In addition, we may assign certain of our obligations or duties under this Agreement to a sub-franchisor or area developer. For example, a sub-franchisor or area developer may assist us with or provide training or ongoing supervision to our franchisees.

XII. DISPUTE RESOLUTION

A. Mediation. Before any party may bring an action in court for any controversy, dispute or claim between you and us arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the “Mediation”) in the city where our headquarters are located unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the “AAA Mediation Rules”) except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted under the AAA. You and we will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be paid by you. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, You and we agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by us and relating to our trademarks, service marks, patents, or copyrights, including the Trademarks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.

B. **Litigation.** Except as otherwise provided in this Agreement, all controversies, disputes or claims between you and us arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court in the city where our headquarters are located when the grounds set forth in 28 U.S.C. § 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims we have relating to its trademarks, service marks, patents, or copyrights, including the Trademarks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties shall be brought in either federal or state courts in the city where are headquarters are located. Both parties agree to submit to the jurisdiction of the state and federal court in the city where are headquarters are located.

C. **Arbitration.** In the event that the federal court described above does not have jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in in the city where are headquarters are located (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then-current commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted under the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party is limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes us, our respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. 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, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, we may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not we were a party) will not be binding on us in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, you and we will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. The arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. **Dispute Resolution Fee.** In the event that you or your owners or guarantors have not complied with the provisions in this Section on Dispute Resolutions, you shall reimburse us for all of its expenses incurred in curing your breach (including, without limitations, our attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay us a Dispute Resolution Fee of \$50,000 ("Dispute Resolution Fee"). You acknowledge and agree that we will be damaged by such breach. You agree that a precise calculation of the full extent of the damages that we will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. We have the right to collect these amounts in addition to exercising any and all other rights we may have for non-compliance under this Agreement.

XIII. DEFAULT AND TERMINATION

A. Termination By Us.

1. **With 30 Days' Opportunity to Cure.** We may, at our option, and without prejudice to any other rights or remedies provided for in this Agreement, or at law or in equity, terminate the Term of this Agreement for "good cause". Without limitation as to other situations, "good cause" for termination also exists if you or any guarantor of this Agreement:

- (1) Do not substantially perform all of the lawful terms, conditions, and obligations of this Agreement, or the mandatory obligations under the Confidential Operations Manual; or
- (2) Lose possession of the premises at which the Store is located and fail to secure a suitable site for relocation which we consent to within 3 months of so losing possession; or
- (3) Default under the terms of the lease for the premises; or
- (4) Misrepresent Gross Sales in any report submitted to us; or
- (5) Lose any permit or license which is a prerequisite to the operation of the Store for a period of at least 5 days; or
- (6) Repeatedly fail or refuse to comply with the lawful provisions of this Agreement (i.e. two (2) or more times in any 12 month period), whether or not the repeated failures or refusals are corrected after notice. Under no circumstances do you have a 30 day

opportunity to cure this default; or

(7) Misuse the Trademark or Confidential Information, or engage in conduct which, in our opinion, reflects unfavorably upon the operation, maintenance, goodwill and/or reputation of the System; or

(8) Are adjudged bankrupt, become insolvent, or make a general assignment for the benefit of creditors (subject to paragraph XIII.A.3.(d) below); or

(9) Are convicted of, plead guilty or no contest to, or commit any criminal misconduct which, in our sole opinion, materially and adversely affects the operation, maintenance, reputation or goodwill of the MENCHIE'S franchise (subject to paragraph XIII.A.3.(a) below); or

(10) Commit any other act which constitutes good cause under applicable state law or court decision; or

(11) Fail to keep the Store open for a period of 3 consecutive days without justifiable cause; or

(12) Fail to pay any lawful debt or tax when due; or

(13) Surrender or transfer control of the Store (including entering into a management arrangement with any person who does not meet our standards, such as satisfactorily completing our training program), or make an unauthorized direct or indirect Transfer.

Subject to applicable law and except as otherwise provided in this Agreement, we will give you at least 30 days' prior written notice of default (except that, if state law requires a longer period or shorter period, you will be granted the longer period or shorter period provided by state law, and except that, if state law permits, we will have the right to terminate earlier if the "good cause" constitutes a default that is not curable). The notice will state the reason(s) for default and will provide that you have 30 days from the date of the notice to correct any claimed deficiency. If the default is corrected within this period, the notice will be void. If the default is not corrected within this period, we have the right to terminate the Term of this Agreement immediately.

2. **10 Days' Opportunity to Cure.** We may also terminate the Term of this Agreement for non-payment of sums due to us or our Affiliates or suppliers; your failure to open the Store for business 32 months after our acceptance of this Agreement; or your failure to immediately correct and cure (within 24 hours) a threat or danger to the public health or safety resulting from the construction, operation or maintenance of Store. Subject to applicable law and except as otherwise provided in this Agreement, if termination is based on the foregoing, we will give you at least 30 days' prior written notice of default (except that, if state law requires a longer period, you will be granted the longer period, and except that if state law permits, we will have the right to terminate earlier if the claimed deficiency constitutes a default that is not curable). The notice will state the reason(s) for default and will provide you with at least 10 days from the date of the notice to correct any claimed deficiency. If the deficiency is corrected within this period of time, the notice will be void. If the deficiency is not corrected within this period of time, then we have the right to terminate the Term of this Agreement effective 30 days after the date we gave you notice of default.

3. Without Opportunity to Cure. Notwithstanding anything contained herein to the contrary, if state law permits, we will be permitted to terminate the Term of this Agreement immediately and without notice when the basis or grounds for termination is: (a) conviction of, or pleading guilty or no contest to, a felony or engaging in any other criminal misconduct that materially and adversely affects the operation, maintenance, reputation or goodwill of the Store or the System; (b) fraudulent activity that materially and adversely affects the operation, maintenance, reputation, or goodwill of the Store or the System; (c) abandonment of the Store; (d) your bankruptcy or insolvency or that of your guarantors; (e) the giving of more than 2 no account or insufficient funds checks to us or our Affiliates within a 12 month period, or our or our Affiliates receipt of any similar notice when utilizing any EFT payment; (f) your making or having made any material misrepresentation or omission in the application for this franchise; or (g) any other act or omission that permits termination without notice and/or an opportunity to cure under applicable state law.

B. Termination by You. You must notify us in writing of any failure of us to perform any of our obligations pursuant to this Agreement. You may terminate the Term of this Agreement only if we materially default in our performance of any terms and conditions in this Agreement, you give us written notice within 30 days of this material default, and we fail to cure this material default within 60 days of our receipt of your written notice of default.

XIV. POST-TERM OBLIGATIONS

A. Consequences of Termination. Upon a Transfer, or the termination or expiration of the Term of this Agreement for any reason whatsoever, all of your rights hereunder will terminate, and you will do each of the following:

1. You will cease to be a franchisee of us and cease to operate the Store under the System and Trademarks. You will not thereafter directly or indirectly represent to the public that the business at the Authorized Location is or was operated or is in any way connected with the System, or hold yourself out as a present or former franchisee of us at or with respect to the authorized Location.

2. You will immediately discontinue use of all Trademarks, signs, colors, structures, printed goods and forms of advertising indicative of our business, any MENCHIE'S Store or the System, and return any Confidential Information or other copyrighted materials, including the Manual, to us.

3. If we request, you will assign your telephone numbers, any telephone references, and any advertising to us or any of our designees, including any other MENCHIE'S Store pursuant to the Telephone Assignment Agreement in Schedule D.

4. You will pay all amounts due to us, our Affiliates, and suppliers.

5. You will cancel any assumed name registration or equivalent registration which contains the Trademarks, and you will furnish us with evidence satisfactory to us of your compliance with this obligation within 5 days of a Transfer, or the termination or expiration of the Term of this Agreement.

6. Pursuant to the Collateral Assignment of Lease, upon our request, you will assign to us any interest that you may have in any lease or sublease for the Authorized Location. We may exercise the option at or within 30 days after either (i) the termination or expiration of the Term of this Agreement, or (ii) our receipt of notice by your landlord of its intent to terminate the lease or sublease for the Authorized Location. If we exercise this option, we will have the right and are hereby empowered to take possession of

the Authorized Location demised by the lease or sublease and expel you from the Authorized Location, after which you will have no further right, title or interest in the lease or sublease. In the event that we do not exercise our option to acquire the lease or sublease for the Authorized Location, you will make such modifications or alterations to the Authorized Location immediately upon the termination or expiration of the Term of this Agreement, as we may deem necessary, to distinguish the appearance of the Authorized Location from that of other MENCHIE'S Stores. In the event you will fail or refuse to comply with the requirements of this paragraph, we or our designees will have the right to enter upon the premises without being guilty of trespass or any other tort for the purposes of making or causing to be made the changes that may be required by this paragraph at your expense. You agree to pay us this expense upon demand.\

7. You will comply with all post-term covenant obligations including the trade secrets, Confidential Information, non-competition and indemnification covenants set forth in this Agreement.

8. You acknowledge and understand that if the Term of this Agreement is terminated for any reason, we will incur damages including the loss of the future Royalties and Marketing Fees. In such situations, we have the right to require you to pay us a "Termination Fee" within 5 days of the date of termination. The Termination Fee equals \$250 per week for each week remaining in the Term of this Agreement if the Term of this Agreement had not been terminated early. The Termination Fee is for the convenience of the parties and is in addition to any and all remedies we may have as a result of the early termination. Further, the Termination Fee is not to be considered liquidated damages.

Neither a Transfer, nor the termination or expiration of the Term of this Agreement will relieve you of any of your obligations to us or our Affiliates existing at the time of such Transfer, termination or expiration, or terminate your obligations that, by their nature, survive a Transfer, or the termination or expiration of the Term of this Agreement. Furthermore, a Transfer, or the termination or expiration of the Term of this Agreement will be without prejudice to our rights against you; and in the event of a termination which is the result of your material breach or default under this Agreement, we will, in addition to our rights set forth above, also be entitled to all rights and remedies available at law or in equity.

B. Purchase Option. After the termination or expiration of the Term of this Agreement, but not upon an approved Transfer, we will have the right, but not the obligation, to purchase any or all of your equipment, inventory, supplies and other personal property used in connection with the operation of the Store. The purchase price for such property will be the book value less any liens. We will have 30 days after the determination of such value, to exercise our rights granted by this Section, and we will have an additional 30 days to pay for the property we desire to purchase. If we fail to exercise our rights within the time periods set forth above, you will be free to otherwise sell or dispose of the personal property used in connection with the operation of the Store.

XV. GENERAL PROVISIONS

A. Severability. If one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement will be valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable

remedy.

B. Our Operation of the Store. In order to prevent any interruption of the franchise business which would cause harm to the business, if you are unable to operate the business for any reason whatsoever, you abandon or fail to actively operate the Store for any period or you fail to cure a breach within the applicable cure period (if any), you authorize us and our agents and affiliates to operate the Store if we desire to do so, in our sole discretion, for so long as we deem necessary and practical. All income from the operation of the business shall be kept in a separate account, and the expenses of the business, including our reasonable compensation and expenses, and, those of our agents and affiliates, shall be charged to this account. We may charge you a reasonable management fee that we specify plus any out-of-pocket expenses incurred in connection with the management of the Store. We and our designees will have a duty only to use reasonable efforts upon assuming the Store's management and will not be liable for any debts, losses or obligations that the Store incurs, or to any creditors for any supplies or other products or services purchased for the Store in connection with such management. Nothing contained herein shall be construed to require us to operate the business in the case of your inability to operate same, and the rights set forth herein may be exercised in our sole and absolute discretion.

C. Waiver. Neither our waiver of a breach or default by you, nor our delay or failure to exercise any right upon your breach or default, nor our acceptance of any payment from you, will be deemed a waiver, nor will it impair our rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice will not prevent our assertion of other defaults or breaches. We may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular franchisee or any particular MENCHIE'S Store, but the waiver in favor of any other franchisee or MENCHIE'S Store will not prevent us from enforcing the requirements against you, all other franchisees and all other MENCHIE'S Store.

D. Entire Agreement. You and we each acknowledge and warrant to each other that you and we each wish to have all terms of our business relationship defined in this Agreement. Neither you nor we wish to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between us or anyone acting on our behalf and you or anyone acting on your behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and you and we each agree that we each have placed, and will place, no reliance on any such discussion and will covenant not to bring an action regarding any oral representations provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document furnished to you. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto or incorporated herein by reference, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise rights or offer of franchise rights have been promised to you, and no such franchise rights or offer of franchise rights shall come into existence, except by means of a separate writing, executed by one of our officers or such other entity granting the franchise rights and specifically identified as a modification of this Agreement. No amendment to this Agreement is binding unless executed in writing by both parties. You acknowledge and agree that no representations and warranties have been made and that you are not relying on any that were made and you will not bring an action or claim against us on any

representations or warranties.

E. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid return registered or certified to us at the address in the first paragraph of this Agreement and to you at the address set forth on the Data Sheet or at the Authorized Location unless either party has notified the other party of a change in address. Notices for purposes of this Agreement notice will be deemed to have been received will be given: (i) if hand delivered on the day of delivery; (ii) 3 business days after placement in the United States Mail by registered or certified mail, postage prepaid; or (iii) the day after placement with a courier guaranteeing overnight delivery.

F. Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents.

G. References. If the franchisee is 2 or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement include all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

H. Guarantee. Your spouse and all persons owning any interest in Franchisee, if Franchisee is a corporation, limited liability company, partnership or other legal entity, must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes an owner of Franchisee or otherwise must execute the form of undertaking and guarantee at the end of this Agreement.

I. Successors/Assigns. Subject to the terms of Section XI hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

J. Construction of Language. The language of this Agreement will be construed according to its fair meaning and not strictly for or against either party. All words used in this Agreement refer to whatever number or gender the context requires.

K. Governing Law and Jurisdiction. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State where the Authorized Location is located without regard to principles of conflicts of law. If, however, any provision of this Agreement would not be enforceable under the laws of the State where the Authorized Location is located and if the provision would be enforceable under the laws of California, then the provision in questions (and only that provision) will be interpreted and construed under the laws of California. We may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the state where are headquarters are located, and you and each guarantor of this Agreement irrevocably submits to the jurisdiction of these courts and waive any objection to the jurisdiction or venue in these state and federal courts. If a state regulator requires an amendment to this Agreement, the amendment will be attached to this Agreement. We will not, however, be precluded from contesting the validity, enforceability, or applicability or such regulator's required amendment in any action relating to this Agreement or to its rescission or termination.

L. Remedies. In addition to any other remedies in law or in equity to which it may be entitled, we will be entitled, without bond, to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement in the event you actually or anticipatorily breach this Agreement. If we incur attorneys' fees or other expenses in seeking enforcement of this Agreement or defending any other claim you bring against us, including without limitation, a claim related to the offering of a franchise or the franchise relationship, you will be required to reimburse us for our reasonable costs and expenses (including attorneys' and expert witness fees). No right or remedy conferred upon us is intended to be exclusive, and every right or remedy granted in this Agreement will be cumulative and in addition to any other rights or remedies available under this Agreement or otherwise. For purposes of this Agreement, a termination will include a termination for any reason, expiration, cancellation, failure to renew, assignment or Transfer.

M. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. Without limiting the generality of the foregoing, we shall have no liability in connection with or related to the products or services rendered to you by any third party, even if we required, approved or consented to the product or service or designated or approved the supplier. You will conspicuously identify yourself at the premises of the Store and in all dealings with the public as an independently owned business.

N. Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party, the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, strikes, wars, riots and acts of government except as may be specifically provided for elsewhere in this Agreement.

O. No Warranty. You acknowledge that no approvals, consents, waivers, conditions, or the like warrant your success of operating the Store or the appropriateness of the particular items or matters so approved.

P. Receipt of the FDD. You acknowledge receipt of our franchise disclosure document ("FDD") along with this Agreement, at least 14 days before your execution of this Agreement or any payment by you to us. If any unilateral modifications have been made to this Agreement you acknowledge that you have had at least 7 days to review them.

Q. Time is of the Essence. Time is of the essence of this Agreement.

R. Survival. Your obligations regarding Confidential Information, trade secrets, non-competition, indemnification, your accrued obligations to us (monetary or otherwise) and any other terms or conditions which by their nature will survive a Transfer, or the termination or expiration of the Term of this Agreement.

S. Payments from You. We have the sole discretion to apply any payments by you to any of your past due indebtedness for Royalty Fees, Marketing Fees, Technology Fees, expenses, purchases from us or our affiliates, interest or any other indebtedness you may owe us or our affiliates. Neither we nor any of our affiliates are required to accept payments after they have become due or to extend credit or otherwise to finance your operation of the Store. We and our affiliates may require you to pay for all purchases on a C.O.D. basis by cashier's check, or may refuse to make further sales to you, if you are in default under this Agreement or if you have failed to pay all amounts due us or our affiliates when due. In addition to any other remedies available to us, we will have the right to charge you \$50.00 for each no account or

insufficient funds check issued by you to us or any similar notice received by us on account of any EFT program in which you participate.

T. Limitation on Liens. You will not grant a security interest, pledge, or place a lien upon your interest in this Agreement or in the Store or in the furniture, fixtures, or equipment used in the business, except that you will be permitted to grant a security interest in such furniture, fixtures, and equipment to secure your obligation to the seller of, or lender of funds used for the purchase of, such furniture, fixtures, and equipment.

U. Day-to-Day Control. You have the sole right and responsibility for the manner and means by which the day-to-day operation of the Store is determined and conducted and for achieving your business objectives. Subject to any approval, inspection and enforcement rights reserved to us in this Agreement, this right and responsibility possessed by you includes the employment, supervision, setting the conditions of employment and discharge for your employees, daily maintenance, safety concerns and the achievement of conformity with the System.

V. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the Menu Items and other standards, specifications, and requirements for any franchised store or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such store or store, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

W. Effective Date. We will designate the "Effective Date" of this Agreement in the space provided on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement. However, as described in Section V.A, you do not have the right to, and may not, open and commence operation of a Store at the Authorized Location until we notify you that you have satisfied all of the pre-opening conditions set forth in this Agreement.

XVI. YOUR WARRANTIES AND REPRESENTATIONS

A. We have not and do not represent that you can expect to maintain a specific level of sales, profits, or earnings. You and your guarantors have been advised to obtain independent professional and legal advice regarding this franchise. You and your guarantors acknowledge that you have and they are entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of this franchise and not act in reliance on or as a result of any representations made by our owners, officers, directors, managers, employees, agents, representatives, attorneys, franchisees, brokers or other franchise sellers that are not contained in or are contrary to the terms set forth in this Agreement or any representation in the FDD. You and your guarantors understand that they may sustain losses as a result of the operation or the closing of the Store. You and your guarantors understand that the business venture contemplated by this Agreement involves a high degree of

financial risk and depends to a large degree and depends, to a large degree, on your skills, abilities, initiative, and hard work.

B. You and your guarantors represent and warrant that the execution, delivery and performance of this Agreement by you and the Guarantee and Assumption of Obligations by the guarantors do not and will not violate, conflict with or result in the breach of any term, condition or provision of any contract or agreement, or require the consent of any other person or entity.

C. Under applicable U.S. Law, including without limitation executive order 1224, signed on September 23, 2001 (the "Order"), you are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in acts of terrorism as defined in the Order. Accordingly, you do not and hereafter will not engage in any terrorist activity. In addition, you are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity. You are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

XVII. CAVEAT

THE SUCCESS OF THE STORE IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. WE DO NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE STORE AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATION OR WARRANTY ON OUR BEHALF. YOU FURTHER ACKNOWLEDGE THAT YOU HAVE READ AND COMPLETED THE ACKNOWLEDGMENT ADDENDUM, A COPY OF WHICH IS ATTACHED TO THIS AGREEMENT AS SCHEDULE G.

YOU UNDERSTAND AND AGREE THAT WE HAVE NO OBLIGATION TO ACCEPT YOUR APPLICATION AND MAY REFUSE TO GRANT YOU A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR OUR DECISION. YOU ACKNOWLEDGE THAT UNLESS AND UNTIL WE SIGN THIS AGREEMENT, THE FRANCHISE HAS NOT BEEN GRANTED, YOU NOT A FRANCHISEE OF OURS AND YOU MAY NOT RELY UPON BECOMING A FRANCHISEE OF OURS.

XVIII. LIMITATION OF LEGAL ACTIONS

A. **IN NO EVENT WILL WE BE LIABLE TO YOU FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU. WE AND OUR OWNERS, OFFICERS', DIRECTORS' AND AFFILIATES' TOTAL CUMULATIVE LIABILITY IN CONNECTION WITH THIS AGREEMENT, WHETHER IN CONTRACT OR TORT OR OTHERWISE, WILL NOT EXCEED THE AMOUNT OF ROYALTY FEES AND MARKETING FEES PAID TO US BY YOU UNDER THIS AGREEMENT DURING THE 6 MONTHS PRECEDING YOUR DEMAND THEREFOR. YOU ACKNOWLEDGE THAT THE FEES AND ROYALTIES, IF ANY, SET FORTH IN THIS AGREEMENT REFLECT THE ALLOCATION OF**

RISK SET FORTH IN THIS AGREEMENT AND THAT WE WOULD NOT ENTER INTO THIS AGREEMENT WITHOUT THESE LIMITATIONS OF LIABILITY.

B. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

C. ANY DISAGREEMENT BETWEEN YOU AND US (AND OUR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND YOU WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

D. YOU WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU, UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN 1 YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement on the dates written above.

Franchisor: Menchie's Group, Inc.

By: _____
MJ Kwon
Its: Senior Director Business Development

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

Schedule A to the Franchise Agreement

Data Sheet

1. **Franchisee:** _____

2. **Operating Partner.** You represent and warrant to us that the following person or entity, and only the following person or entity, will be your Operating Partner:

| Name | Home Address | Percentage of Ownership |
|------|--------------|-------------------------|
| | | |
| | | |
| | | |

3. **Authorized Location.** The Authorized Location is: _____.

4. **Designated Territory.** The Designated Territory shall mean: _____
_____.

Effective Date: _____

By signing below you acknowledge that the Authorized Location noted above was chosen and approved by you.

Franchisor: Menchie's Group, Inc.

By: _____
MJ Kwon
Its: Senior Director Business Development

Franchisee: _____

By: _____

Printed Name: _____
Its: _____

By: _____

Printed Name: _____

Its: _____

Schedule B to the Franchise Agreement

Addendum to Lease

LEASE PROVISIONS

Any lease executed by you for the operation of the Store will contain the following provisions or an addendum to the lease as follows.

ADDENDA TO LEASE

This lease addenda entered into this ____ day of _____, 20__, by and between _____ ("FRANCHISEE") and _____ ("LANDLORD") for the premises located at _____ in the City of _____, State of _____ (the "Premises");

WHEREAS, FRANCHISEE has executed a Franchise Agreement ("Franchise Agreement") with MENCHIE'S GROUP, INC. ("MGI"), and as part of said Franchise Agreement, the lease ("Lease") for the franchised MENCHIE'S Store ("Store") must contain certain provisions; and

WHEREAS, LANDLORD and FRANCHISEE agree that the terms contained herein will be applicable to the Lease, notwithstanding anything contained in the Lease to the contrary;

NOW, therefore, in consideration of the mutual promises contained herein and the execution of the Lease, which execution is made simultaneously with this Addendum, LANDLORD and FRANCHISEE hereby agree as follows:

1. LANDLORD agrees that FRANCHISEE will not otherwise assign the Lease or renew, amend or extend the term of the Lease without the prior written consent of MGI.
2. LANDLORD agrees that FRANCHISEE will have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as FRANCHISEE is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which FRANCHISEE may operate a MENCHIE'S Store at the Premises.
3. LANDLORD agrees to furnish MGI with copies of any and all letters and notices sent to FRANCHISEE pertaining to the Lease at the same time that such letters and notices are sent to FRANCHISEE. LANDLORD further agrees that, if it intends to terminate the Lease, the LANDLORD will give MGI thirty (30) days advance written notice or such intent, specifying in such notice all defaults that are the case of the proposed termination. MGI will have after the expiration of the period during which FRANCHISEE may cure such default, an additional fifteen (15) days (or if there is no cure period, at least fifteen (15) days to cure, at its sole option, any such defaults. MGI, or an affiliate of MGI, will have the right, but not obligation, upon giving written notice of its election to FRANCHISEE and LANDLORD, to cure the breach and succeed to FRANCHISEE's rights under the Lease, and any renewals or extensions thereof.
4. Upon default, expiration or termination of the Franchise Agreement, or the lease, and upon notice to LANDLORD, MGI or its designee will have the option, without however any obligation, to assume the FRANCHISEE's lease obligations, on the same terms and conditions available to the FRANCHISEE. Further, if FRANCHISEE or any other party with an interest in FRANCHISEE transfers to MGI or another

party all of its or their interest in the Franchise Agreement, the FRANCHISEE or the Store, the transferee will have the right to assume the lease on the same terms and conditions as contained in the Lease.

5. MGI will have the right to enter the premises to make any reasonable modification or reasonable alteration necessary to protect MGI's interest in its proprietary marks. LANDLORD agrees that in such event MGI will not be liable for trespass or any other crime or tort. Further, MGI or its designated agents will be permitted to enter the leased premises for purposes of making inspections in accordance with the terms of the Franchise Agreement.

6. FRANCHISEE may assign to MGI all of its rights of further assignment at any time if the LANDLORD is given reasonable notice thereof. Such an assignment will be effective only if accepted in writing by MGI.

7. Upon request of MGI, the LANDLORD will provide MGI with copies of all reports, information, or data in LANDLORD's possession with respect to sales made from the leased premises.

8. Copies of any and all notices pertaining to the Lease will also be sent to MGI at the following address, or at such other address as may be designated by MGI in writing: 20631 Ventura Boulevard, Suite 200, Woodland Hills, CA 91364.

9. MGI will be a third-party beneficiary of this Addendum to Lease and has the right independently of FRANCHISEE to enforce all of its rights hereunder.

10. To the extent of any conflict between the terms and conditions of this Addendum to Lease and the Lease, this Lease Addendum will govern.

FRANCHISEE

LANDLORD

By: _____

By: _____

Its: _____

Its: _____

Schedule C to the Franchise Agreement

Electronic Transfer of Funds Authorization

Franchisee: _____ Location: _____ Date: _____
Attention: Bookkeeping Department

| | |
|-----|--------|
| NEW | CHANGE |
| | |

The undersigned hereby authorizes Menchie's Group, Inc. or any affiliated entity (collectively, "Franchisor") to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Marketing Fees or other amounts that become payable by the undersigned to Franchisor. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Franchisor.

This authorization is binding and will remain in full force and effect until 90 days' prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

Sincerely yours,

*** We also need a VOIDED Check ***

Account Name: _____

Bank Name

Street Address

Branch

City State Zip Code

Street Address

Telephone Number

City State Zip Code

Bank Telephone Number

Bank's Account Number

Customer's Account Number

By

Its

Date

Schedule D to the Franchise Agreement

Telephone Assignment Agreement

This Assignment Agreement (the "Assignment") is made and entered into on the ____ day of _____, 20__, between Menchie's Group, Inc., a California corporation ("Menchie's") and the undersigned MENCHIE'S franchisee ("Franchisee").

RECITALS

- A. Menchie's has developed a unique system for the establishment and operation of soft-serve frozen yogurt and ice cream stores which also feature desserts and beverage items for retail sale to the public (the "System");
- B. Menchie's and Franchisee have entered into a Franchise Agreement dated __, day of _____, 20__ (the "Franchise Agreement"), pursuant to which Franchisee was granted the right to operate a MENCHIE'S Store under the System; and
- C. It is the desire of and in the best interests of Menchie's and the System that if the Franchise Agreement terminates or expires, the telephone numbers, telephone directory listings and internet addresses used by Franchisee in connection with the operation of its MENCHIE'S Store are assigned to Menchie's.

AGREEMENT

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

1. Franchisee hereby agrees to assign to Menchie's: (i) those certain telephone numbers and regular, classified or other telephone directory listings used by Franchisee in connection with operating the MENCHIE'S Store (collectively, the "Numbers and Listings") and (ii) those certain Internet Web Site addresses ("URLs") associated with the MENCHIE'S trademarks and service marks and used from time to time by Franchisee in connection with the operation of its MENCHIE'S Store.
2. This Assignment is for collateral purposes only and, except as specified herein, Menchie's will have no liability or obligation of any kind whatsoever arising from or in connection with Franchisee's use of the Numbers and Listings and the URLs, unless and until Menchie's notifies the telephone company and the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "Telephone Company") and Franchisee's Internet service provider ("ISP") to effectuate the assignment pursuant to the terms hereof.
3. Upon termination or expiration of the Franchise Agreement (without renewal or extension), Menchie's will have the right and is hereby empowered to effectuate the assignment of the Numbers and Listings and the URLs to itself or to any third party it designates. If Menchie's exercises its assignment rights Franchisee will have no further right, title or interest in the Numbers and Listings or the URLs; provided, however, Franchisee will remain liable to the Telephone Company and the ISP for any and all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment.

4. Franchisee acknowledges and agrees that as between Menchie's and Franchisee, upon termination or expiration of the Franchise Agreement, Menchie's will have the sole right to and interest in the Numbers and Listings and the URLs, and Franchisee appoints Menchie's as Franchisee's true and lawful attorney-in-fact to direct the Telephone Company and the ISP to assign the same to Menchie's or its designee and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee will immediately notify the Telephone Company and the ISP to assign the Numbers and Listings and the URLs to Menchie's or its designee. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Numbers and Listings and the URLs to Menchie's or its designee, Menchie's will direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Menchie's or its designee.

5. The parties agree that the Telephone Company and the ISP may accept Menchie's written direction, the Franchise Agreement or this Assignment as conclusive proof of Menchie's (or its designee's) exclusive rights in and to the Numbers and Listings and the URLs upon such termination or expiration of the Franchise Agreement and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP's receipt of such notice from Menchie's or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Menchie's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

Agreed to this ____ day of _____, 20__.

Franchisor: Menchie's Group, Inc.

By: _____
MJ Kwon, Senior Director Business Development

Franchisee: _____

By: _____
Printed Name: _____
Its: _____

By: _____
Printed Name: _____
Its: _____

Schedule E to the Franchise Agreement

Guaranty and Assumption of Obligations

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement"), by MENCHIE'S GROUP, INC. ("MGI") in favor of _____ ("FRANCHISEE"), each of the undersigned ("GUARANTORS") hereby personally and unconditionally guarantees to MGI, its affiliates, and their successors and assigns for the Term of the Agreement and thereafter as provided in the Agreement, that FRANCHISEE will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and agrees to be personally bound by, and personally liable for the breach of each and every provision in the Agreement. The GUARANTORS each agree to be personally and unconditionally bound by each and every undertaking, agreement and covenant set forth in the Agreement, including, the restrictive covenants, non-solicitation and non-disclosure provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Trademarks and Transfers (as defined in the Agreement) to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned will survive any expiration or termination of the Term of the Agreement or this Guaranty and Assumption of Obligations. The GUARANTORS further hereby personally and unconditionally guarantee all debts and obligations FRANCHISEE incur to MGI, its successors, assigns, affiliated entities, parent corporation, and subsidiaries ("Affiliates"), as the case may be, as a result of any obligations under the Agreement and as a result of purchases of products or services from MGI and its Affiliates. Each of the undersigned waives:

- (1) acceptance and notice of acceptance by MGI or Affiliates of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (4) any right he or she may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability;
- (5) all rights to payments and claims for reimbursement or subrogation which any of the GUARANTORS may have against the FRANCHISEE arising as a result of the GUARANTORS' execution of and performance under this Guaranty and Assumption of Obligations; and
- (6) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

- (1) his or her direct and immediate liability under this guaranty will be joint and several;
- (2) he or she will render any payment or performance required under the Agreement upon demand if the FRANCHISEE fails or refuses punctually to do so;
- (3) such liability will not be contingent upon or conditioned upon pursuit by MGI or Affiliates of any remedies against the FRANCHISEE or any other person; and

(4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or the indulgence which MGI or affiliates may from time to time grant to the FRANCHISEE or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty and Assumption of Obligations, which will be continuing and irrevocable during the Term of the Agreement.

If MGI or any of the affiliates are required to enforce this Guaranty and Assumption of Obligations in any judicial proceeding or appeal thereof, the GUARANTORS will reimburse MGI and affiliates for its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty and Assumption of Obligations.

The undersigned GUARANTORS also recognize that certain disputes relating to this Franchise Agreement are to be resolved by mediation, litigation and arbitration, and hereby consent to such process in accordance with the terms of the Franchise Agreement. Further, undersigned GUARANTORS also hereby consent to the applicability of the venue and jurisdiction provision in the Franchise Agreement to this Guaranty and Assumption of Obligations.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on the same day and year as the Agreement was executed.

Print Name: _____
Signature: _____
Date: _____
Address: _____

Telephone Number: _____

Print Name: _____
Signature: _____
Date: _____
Address: _____

Telephone Number: _____

Schedule F to the Franchise Agreement

Addendum to MENCHIE'S Franchise Agreement

This Addendum to the Franchise Agreement ("Addendum"), dated _____, 20__ , is entered into between _____ ("Franchisee"), and Menchie's Group, Inc. ("Franchisor").

RECITALS

A. The parties have entered into __ separate Franchise Agreements, all dated _____, 20__ , relating to the development and operation of MENCHIE'S stores around the following locations: (1) _____ (the " _____ Agreement"), (2) _____ (the " _____ Agreement"), (3) _____ (the " _____ Agreement").(4) _____ Agreement (" _____ Agreement") and (5) _____ (the " _____ Agreement").

B. The parties desire to amend Sections II.A and II.B of the _____ Agreement accordance with the terms and conditions contained in this Addendum.

AGREEMENT

Franchisor and Franchisee agree that the _____ Agreement is hereby modified as follows:

1. The first paragraph of Section II.A is deleted in its entirety and replaced with the following:

A. License: Authorized Location; Designated Territory; Circle of Success Program. Subject to the terms of this Agreement, we grant you the right and license to establish and operate a retail Store identified by the MENCHIE'S Trademarks at the location identified on the Data Sheet as the authorized location, which authorized location must be (i) within the Designated Territory identified on the Data Sheet (the "Designated Territory") and (ii) designated by you and approved by us within __ months from the date of this Agreement (the "Authorized Location"). When a location has been timely designated by you and you have received a non- objection (approval) notice from us, it will become the Authorized Location under this Section II.A as if originally stated. If an Authorized Location is not designated by you and approved by us within this time period, we may terminate the Term of this Agreement. You accept the license and undertake the obligation to operate the Store at the Authorized Location using the Trademarks and the System in compliance with the terms and conditions of this Agreement.

2. Section II.B is deleted in its entirety and replaced with the following:

B. Opening. You agree that the Store will be open and operating in accordance with the requirements set forth herein within __ months from the date of this Agreement, unless we authorize in writing an extension of time. Before you open your Store for business, we must inspect your Store and provide you with a Certificate of Opening.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement Addendum on the dates written below.

Franchisor: Menchie's Group, Inc.

By: _____
MJ Kwon

Its: Senior Director Business Development

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

Schedule G to the Franchise Agreement

Acknowledgment Addendum

Do not sign this Acknowledgment Addendum if you are a resident of Maryland or the franchise is to be operated in Maryland.

California Addendum: If any California franchisee completes this Statement, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such acknowledgement.

As you know, you and we are entering into a Franchise Agreement for the operation of a MENCHIE'S franchise. The purpose of this Acknowledgment Addendum 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, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least fourteen calendar days prior to signing the Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____
2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____
3. Do you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one ☐ Yes ☐ No. If no, please comment _____
4. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation: _____
5. Do you understand that the site selection process will take many months and, in some instances, more than one year? Do you understand that the Initial Franchise Fee is not refundable in the event you are unable to locate a site that meets our site selection criteria? Check one: ☐ Yes ☐ No If no, please comment: _____
6. Did any employee or other person speaking on behalf of Menchie's Group, Inc. make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document? Check one: ☐ No ☐ Yes. If yes, please comment: _____

7. Except as stated in Item 19, did any employee or other person speaking on behalf of Menchie's Group, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any MENCHIE'S store, location or business, or the likelihood of success at your franchised business? Check

one: ☐ No ☐ Yes . If yes, please state in detail the oral, written or visual claim or representation:

8. Do you understand that that the franchise granted is for the right to operate a Store at the Authorized Location within the Designated Territory only and that we have the right to issue franchises or operate competing businesses for or at locations outside your Designated Territory and through alternate channels of distribution? Check one: ☐ Yes ☐ No. If no, please comment: _____

9. Do you understand that the Franchise Agreement and Disclosure Document contain the entire agreement between you and us concerning the franchise for the Store, meaning that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding? Check one: ☐ Yes ☐ No. If no, please comment: _____

10. Do you understand that the success or failure of your Store will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the MENCHIE'S trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Store may change? Check one ☐ Yes ☐ No. If no, please comment: _____

11. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the MENCHIE'S brand and Trademarks and to assist you in the operation of your Business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your Business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Check One: ☐ Yes ☐ No. If no, please comment: _____

12. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in the Franchise Agreement and that an injunction is an appropriate remedy to protect the interest of the MENCHIE'S system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one ☐ Yes ☐ No. If no, please comment: _____

13. On the receipt pages of your Disclosure Document you identified _____ as the franchise sellers involved in this franchise sales process. Are the franchise sellers identified above the only franchise sellers involved with this transaction? Check one ☐ Yes ☐ No. If no, please identify any additional franchise sellers involved with this transaction: _____

14. Do you understand that this franchise business may be impacted by other risks, including those outside your or our control such as economic, political or social disruption, including pandemics. In addition, you understand that the aforementioned risks and any preventative or protective actions that federal, state, and local governments may take in response may result in a period of business disruption, reduced customer demand, and reduced operations for a MENCHIE'S Store. The extent to which an event impacts the MENCHIE'S system will depend on precise occurrences which are highly uncertain and which we cannot predict. Check one ☐ Yes ☐ No.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS OPERATING PARTNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____
Print Name: _____
Date: _____

Signed: _____
Print Name: _____
Date: _____

Signed: _____
Print Name: _____
Date: _____

Signed: _____
Print Name: _____
Date: _____

Franchisor: Menchie's Group, Inc.

By: _____
MJ Kwon

Its: Senior Director Business Development

*All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law.

:

Schedule H to the Franchise Agreement

Collateral Assignment of Lease

FOR VALUE RECEIVED, the undersigned, _____ a _____ ("Assignor"), hereby assigns, transfers and sets over unto Menchie's Group, Inc. ("Assignee") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (the "Lease"), respecting the premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or a default or expiration under the franchise agreement by and between Assignor and Assignee for a Menchie's Store (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its affiliates, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewal thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension of renewal.

Assignee: Menchie's Group, Inc.

Assignor:

By: _____

By: _____

MJ Kwon

Its: Senior Director Business Development

Its: _____

:

CALIFORNIA ADDENDUM

AMENDMENTS TO THE FRANCHISE AGREEMENT

The Franchise Agreement is amended to state: For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600. The covenants regarding Franchisor's intellectual property, trademarks and confidentiality are, however, intended to be enforced by Franchisor.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first forth below

Franchisor: Menchie's Group, Inc.

By: _____

Name: _____

Its: _____

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

:

Exhibit D

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Exhibit E

STATE SPECIFIC ADDENDA

CALIFORNIA ADDENDUM

AMENDMENTS TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE

“THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.”

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 et seq. the franchise disclosure document and Franchise Agreement for Menchie’s Group, Inc. for use in the State of California shall be amended as follows:

Item 3 of the FDD is supplemented to include the following:

Neither we nor any person identified in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 78a *et seq.*, suspending or expelling such person from membership in such association or exchange.

Item 6: In California, the highest interest rate allowed by law is 10% annually.

Item 1 of the FDD is amended to state: Franchisees located in California are required to comply with all applicable California labor laws, including labor laws that may apply to certain fast food restaurant industry employees. Specifically, California franchisees operating certain fast food restaurants must comply with Part 4.5.5 (commencing with Section 1474) of Division 2 of the California Labor Code (codifying Assembly Bill No. 1228) which established the California Fast Food Council (“CFFC”) which has the authority to increase the hourly minimum wage subject to certain limitations, and to set forth requirements, limitations, and procedures for adopting and reviewing fast food restaurant health, safety, and employment standards in California.

Item 7 of the FDD is amended to add the following language: Compliance with the bill law may increase your expenses (including increased wages) and the amount of your initial investment. You may review the Department of Industrial Relations website at <https://www.dir.ca.gov/dlse/Fast-Food-Minimum-Wage-FAQ.htm> for further information and consult with an attorney specializing in labor law in determining any additional costs.

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

The financial performance representation does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

The Franchise Agreement is amended to state: For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

Other provisions:

California Business & Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the California Business & Professions Code Sections 20000 through 20043, the California Business & Professions Code Sections 20000 through 20043 controls.

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code 20040.5, Code of Civil Procedure Section 1281, and Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

Waiver of jury trial and the restriction on the statute of limitations may not be enforceable under California law.

You must sign a release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business Professions Code 2000 through 20043).

OUR WEBSITES IS www.menchies.com. OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

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

HAWAII ADDENDUM

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

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

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS, AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

THE NAME AND ADDRESS OF OUR AGENT TO RECEIVE SERVICE OF PROCESS IN THE STATE OF HAWAII IS LISTED IN EXHIBIT A ATTACHED HERETO.

THIS REGISTRATION IS, OR WILL SHORTLY BE ON FILE IN THE FOLLOWING STATES: ILLINOIS, CALIFORNIA, NEW YORK, MARYLAND, VIRGINIA, NORTH DAKOTA, RHODE ISLAND, MINNESOTA, WISCONSIN AND WASHINGTON. NO STATES HAVE REFUSED, BY ORDER OR OTHERWISE, TO REGISTER THESE FRANCHISES. NO STATES HAVE REVOKED OR SUSPENDED THE RIGHT TO OFFER THESE FRANCHISES.

No release language set forth in the Franchise Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

ILLINOIS ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the Illinois Franchise Disclosure Act ("Act") shall apply to any franchise located in the State of Illinois, which shall control to the extent of any inconsistency:

Illinois law governs the Franchise Agreement.

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

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

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement shall remain in full force and effect, except to the extent specifically modified herein.

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.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first forth below

Franchisor: Menchie's Group, Inc.

By: _____

Name: _____

Its: _____

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

MARYLAND ADDENDUM

The following provisions of the Maryland Franchise Registration and Disclosure Law ("Maryland Franchise Law") shall apply to any franchises or area development rights sold or offered for sale within the State of Maryland, located in this State or to a Maryland resident, which shall amend the Franchise Disclosure Document ("FDD) and to the extent of any inconsistency:

Pursuant to Code of Maryland Regulations section 02.02.08.16L, any general release required of the franchisee as a condition of renewal, sale, assignment and/or transfer shall not apply to any release from liability under the Maryland Franchise Registration and Disclosure Law. The Franchise Agreement is amended accordingly.

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to agree to any release, estoppel or waiver of liability as a condition of purchasing a franchise. To the extent that the Franchise Agreement may require you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase your franchise, each is hereby amended to state that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

Section 14-227 of the Maryland Franchise Registration and Disclosure Law provides that any action brought under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires the franchisor to file an irrevocable consent to be sued in Maryland. Accordingly, the Franchise Agreement is amended to provide that you may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland.

The Franchisee Disclosure Questionnaire in Appendix F is amended as follows: "Notwithstanding anything in the Franchise Agreement or the Franchise Disclosure Questionnaire to the contrary, all representations requiring prospective franchisee 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".

Section XVI of the Franchise Agreement is hereby removed and will not apply to Maryland franchisees.

The Acknowledgment Addenda found in Schedule G of the Franchise Agreement is hereby removed and will not apply to Maryland franchisees.

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.

[SIGNATURE PAGE TO FOLLOW]

Franchisor: Menchie's Group, Inc.

By: _____

Name: _____

Its: _____

Date: _____

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

Date: _____

By: _____

Printed Name: _____

Its: _____

Date: _____

MINNESOTA ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement or Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the Minnesota Franchise Act shall apply to any franchise or franchisee located in the State of Minnesota, which shall control to the extent of any inconsistency:

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

2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)

(i) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and

(ii) that consent to the transfer of the franchise will not be unreasonably withheld.

3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

4. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.

6. The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5. Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

7. 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.

[SIGNATURE PAGE TO FOLLOW]

Franchisor: Menchie's Group, Inc.

By:_____

Name:_____

Its:g_____

Franchisee: _____

By:_____

Printed Name:_____

Its:_____

By:_____

Printed Name:_____

NEW YORK ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the New York State Franchise Act shall apply to any franchise or franchisee located in the State of New York, which shall control to the extent of any inconsistency:

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 SOURCES OF 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 THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or

restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. 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.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. 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.

[SIGNATURE PAGE TO FOLLOW]

Franchisor: Menchie's Group, Inc.

By: _____

Name: _____

Its: _____

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

NORTH DAKOTA ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the North Dakota Franchise Investment Law shall apply to any franchise or franchisee located in the State of North Dakota, which shall control to the extent of any inconsistency:

Item 17 of the FDD, Section X of the Franchise Agreement.

The covenants not to compete found in the Franchise Agreement is generally considered unenforceable to the extent that the covenants conflicts with North Dakota law.

Item 17(u) of the FDD, Section XII of the Franchise Agreement.

The provisions of the Franchise Agreement requiring consent to arbitration or mediation of disputes to be held outside of North Dakota are unenforceable to the extent that the provision conflicts with North Dakota law.

Item 17(v) of the FDD, Section XII of the Franchise.

The provisions of the Franchise Agreement requiring consent to the jurisdiction of courts outside of North Dakota are unenforceable to the extent that the provision conflicts with North Dakota law.

Item 17 of the FDD, Section XV.K of the Franchise Agreement.

The provisions of the Franchise Agreement requiring that the Franchise Agreement be governed by the laws of a state other than North Dakota are unenforceable to the extent the provision conflicts with North Dakota law.

Section XVIII.B of the Franchise Agreement.

The provision of the Franchise Agreement requiring Franchisee to consent to the waiver of jury trial is unenforceable to the extent the provision conflicts with North Dakota law.

Section XVIII.A of the Franchise Agreement.

The provisions of the Franchise Agreement requiring Franchisee to consent to a waiver of exemplary and punitive damages are unenforceable to the extent the provision conflicts with North Dakota law.

Item 17 of the FDD, Sections IV.B of the Franchise Agreement.

The provisions of the Franchise Agreement requiring that the franchisee sign a release upon the renewal of the Franchise Agreement are unenforceable to the extent that it conflicts with North Dakota law.

Section XVIII.D of the Franchise Agreement.

The provision of the Franchise Agreement that requires the franchisee consent to the limitation of claims is unenforceable to the extent the provision conflicts with North Dakota law

All other terms and provisions contained in the Franchise Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

Dated on the _____ day of _____, 20____.

Franchisor: Menchie's Group, Inc.

By:_____

Name:_____

Its:_____

Franchisee: _____

By:_____

Printed Name:_____

Its:_____

By:_____

Printed Name:_____

Its:

RHODE ISLAND ADDENDUM

The following modifies and supersedes the Franchise Disclosure Document (“FDD”) and Franchise Agreement with respect to franchises offered for sale or sold in the State of Rhode Island, as followings:

§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.” Therefore, Item 17v. and 17 w. of the FDD and Section 16.18 of the Franchise Agreement is hereby modified.

All other terms and provisions contained in the Franchise Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

Dated on the _____ day of _____, 20____

Franchisor: Menchie’s Group, Inc.

By: _____

Name: _____

Its: _____

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

VIRGINIA ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the Virginia Retail Franchising Act shall apply to any franchise or franchisee located in the State of Virginia, which shall control to the extent of any inconsistency:

The following is added to Item 17.h. of the FDD, and corresponding provisions in the Franchise Agreement:

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 THE FRANCHISE DISCLOSURE DOCUMENT AND
FRANCHISE AGREEMENT**

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with 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 Franchisor, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise 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 Washington Franchise Investment Protection Act, right or remedies under such Act, such as a right to jury trial, may not be enforceable.

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

The Dispute Resolution Fee of \$50,000 will not apply to Washington franchisees, however, a Washington franchisee is still required to pay all of Franchisor's expenses in curing the Franchisee's breach in accordance with the provisions of the Franchise Agreement.

Franchisor: Menchie's Group, Inc.

By: _____

Name: _____

Its: _____

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

WISCONSIN ADDENDUM

The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter following, such provisions are hereby amended:

- a. The Wisconsin Fair Dealership Law, among other things, grants Franchisee the right, in most circumstances, to 90 days' prior written notice of termination or non-renewal and 60 days within which to remedy any claimed deficiencies. If the Agreement contains a provision that is inconsistent with these provisions of the Wisconsin Fair Dealership Law, the provisions of the Agreement shall be superseded by the Law's requirements and shall have no force or effect.
- b. If the Agreement requires that it be governed by a state's law, other than the State of Wisconsin, to the extent that any provision of the Agreement conflicts with the Wisconsin Fair Dealership Law such provision shall be superseded by the law's requirements.

Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

As to any state law described in the Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, the Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

Exhibit F

RELEASE

THIS GENERAL RELEASE (the "General Release") is made by the undersigned (hereinafter "Releasor(s)") for the benefit of Menchie's Group, Inc. (hereinafter, "Franchisor"), on this ____ day of _____, 20____.

RECITALS:

WHEREAS, Releasor is a franchisee and operates a MENCHIE'S Store (the "Franchised Business") pursuant to that certain franchise agreement dated _____ (the "Franchise Agreement");

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor's consent to _____ in connection with the Franchise Agreement; and

WHEREAS, certain states require certain changes be made to this General Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys' fees, accounting fees or experts' fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor-franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this General Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under applicable state law.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term "Releasor" shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers

and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.

RELEASOR:

By: _____

Name: _____

Title: _____

Exhibit G

LIST OF FRANCHISEES AND SUBFRANCHISEES IN THE SYSTEM AS OF DECEMBER 31, 2024

| Franchise | Store Address | City | State | Zip | Phone |
|----------------------------------|----------------------------------|---------------|--------------|------------|----------------|
| Meshel Carle | 9000 Lake Otis Parkway | Anchorage | AK | 99507 | 907.929.9977 |
| Todd Rivers | 7301 Alcoa Road, Suite 5 | Bryant | AR | 72022 | 501.794.6070 |
| Craig Early | 9925 W. McDowell Rd. | Avondale | AZ | 85392 | 623-936-9987 |
| Duff Heyl | 3131 S. Market Street | Gilbert | AZ | 85295 | (480) 993-3336 |
| Whitney Mullins | 5022 S. Power Road | Gilbert | AZ | 85212 | (480)783-2441 |
| Craig Early | 3121 W Peoria Ave | Phoenix | AZ | 85029 | 623-266-9010 |
| Rick Brown | 21295 S. Ellsworth Loop Road | Queen Creek | AZ | 85142 | 480-784-3943 |
| John Rubio | 15678 N. Frank Lloyd Wright Blvd | Scottsdale | AZ | 85260 | (480) 451-5804 |
| Brian Dea | 1128 E. Baseline Road | Tempe | AZ | 85283 | (480)307-6037 |
| Rhonda Dunn | 3535 Stockton Hills Rd. | Kingman | AZ | 86401 | (928) 263-6646 |
| Rich Murdin | 1229 East Grand Ave. | Arroyo Grande | CA | 93420 | 805-270-4920 |
| Andy Khajvand | 4560B Coffee Road | Bakersfield | CA | 93308 | (661)615-3014 |
| April Huang | 1200 El Camino Real | Belmont | CA | 94002 | 650.802.8373 |
| Raju Mann | 1862 Euclid Ave. | Berkeley | CA | 94709 | (510) 883-0822 |
| Martin Loekito | 2530 Sand Creek Road | Brentwood | CA | 94513 | 925.513.6600 |
| Alex Kozlovsky | 3800 West Verdugo Ave | Burbank | CA | 91505 | 818.859.7801 |
| Tim McGinn | 7625 Via Campanile | Carlsbad | CA | 92009 | (760) 436-4036 |
| | | | | | |
| Tim McGinn | 2659 Gateway Rd. | Carlsbad | CA | 92009 | (760)809-3810 |
| Cristian Pellegrini | 9201 Winnetka Ave. | Chatsworth | CA | 91311 | 818.717.8128 |
| Michael Causey | 785 W. Herndon Ave | Clovis | CA | 93612 | 559.298.2878 |
| Carlos Canseco | 5622 Sawtelle Blvd. | Culver City | CA | 90230 | 310.915.7190 |
| Carlos Canseco | 3851 Main St. | Culver City | CA | 90232 | 310-838-2000 |
| Tim McGinn | 1710 E. Main Street | El Cajon | CA | 92021 | 619.440.9648 |
| | | | | | |
| Tim McGinn | 2471 Jamacha Road | El Cajon | CA | 92019 | 619-440-6000 |
| Firas Qanbar | 506 Danengerg Road | El Centro | CA | 92243 | (619) 971-9317 |
| Edwin Issakhanian | 10619 Valley Boulevard | El Monte | CA | 91731 | (626) 443-8516 |
| Divya Gaddam | 349 West Felicita Plaza | Escondido | CA | 92025 | (760) 735-6334 |
| Simardeep Kaur, Gurmeet Singh | 2405 Iron Point Road | Folsom | CA | 95630 | 916-365-9640 |
| Nadhika AJ | 16645 Sierra Lakes Pkwy. | Fontana | CA | 92336 | (909) 854-3605 |
| Arun Narayan | 5030 Mowry Ave | Fremont | CA | 94538 | 510.221.6833 |
| Nelson Blakeman | 3090 W. Shaw | Fresno | CA | 93711 | 559-277-0277 |
| Hapreet Gill | 8464 N.Friant Rd. | Fresno | CA | 93720 | (559)412-2444 |
| Sunnie Gill | 6611 N Riverside Drive | Fresno | CA | 93722 | (559) 274-9002 |

| | | | | | |
|-----------------------|--------------------------------|------------------|----|-------|----------------|
| Liz Charlton | 17840 Chatsworth St. | Granada Hills | CA | 91344 | 818.368.7700 |
| Josh Grewal | 12719 Main Street | Hesperia | CA | 92345 | 760.662.5777 |
| Kyle Cardinal | 30211 Golden Lantern | Laguna Niguel | CA | 92677 | (949) 441-7505 |
| Drumil Patel | 1265 N Hacienda Blvd | La Puente | CA | 91744 | 626-918-1924 |
| Tarun Anand | 973 E Stanley Blvd. | Livermore | CA | 94550 | 925.447.3300 |
| Sanjay Patel | 27130 Eucalyptus Avenue | Moreno Valley | CA | 92555 | 951-992-1517 |
| Andeep Saini | 40557 California Oaks Rd. | Murrieta | CA | 92562 | 951-698-2244 |
| John Spishak | 26865 Sierra Hwy. | Newhall | CA | 91321 | 661.250.0500 |
| Luis Gonzales | 21109 Newport Coast Drive | Newport Beach | CA | 92657 | (949) 719-2700 |
| Jaeun Shin | 2525C Vista Way | Oceanside | CA | 92054 | (760) 730-5728 |
| Marisela Estrada | 667 Town Center Drive | Oxnard | CA | 93036 | 805.278.1153 |
| Eric Ghiselli | 1301 Rancho Vista Blvd | Palmdale | CA | 93551 | 661.947.9950 |
| Manhal Dawabi | 8880 East Whittier Blvd | Pico Rivera | CA | 90660 | 562-942-7382 |
| Henry Sarmiento | 10933 Olson Drive | Rancho Cordova | CA | 95670 | (916)858-2606 |
| Manhal Dawabi | 12263 Highland Avenue | Rancho Cucamonga | CA | 91701 | 909 385-2904 |
| Cergios Mavrokordatos | 2515 Artesia Blvd. | Redondo Beach | CA | 90278 | 310.370.4888 |
| Enrique Ruvalcaba | 1310 S Riverside Ave | Rialto | CA | 92376 | 909-566-0101 |
| Kuljinder Sekhon | 2231 Claribel Road | Riverbank | CA | 95367 | 209-502-7689 |
| Stacey Cordova | 5194 Commons Drive | Rocklin | CA | 95677 | (916) 652-6577 |
| Gary Marrone | 484 Howe Avenue | Sacramento | CA | 95825 | (916) 333-1084 |
| Davinder Rajasuncy | 8124 Delta Shores Cir | Sacramento | CA | 95832 | (916)629-9184 |
| Ramon Valencia | 943 Avenida Pico | San Clemente | CA | 92673 | 949-910-1331 |
| Hani Esoo | 3225 Sports Arena Blvd | San Diego | CA | 92110 | 619-221-5944 |
| Jonathon Burk | 1201 Truman St. | San Fernando | CA | 91340 | 818.365.6599 |
| Carlos Canseco | 133 S. Las Posas Rd. | San Marcos | CA | 92078 | 760.798.8000 |
| Suri Sneha | 3104 Crow Canyon Place | San Ramon | CA | 94583 | (925) 307 7755 |
| Carlin Fortkamp | 2188 Santa Rosa Ave | Santa Rosa | CA | 95407 | 707-545-9866 |
| Adele Bloch | 1888 W. 11th St. | Tracy | CA | 95376 | 209.229.1998 |
| Stacy So | 100 Universal City Plaza | Universal City | CA | 91608 | (818) 622-4605 |
| Alex Kozlovsky | 28273 Newhall Ranch Road | Valencia | CA | 91355 | (661) 678-0753 |
| Alex Kozlovsky | 24201 West Valencia Blvd. | Valencia | CA | 91355 | 661.260.3900 |
| Adam Caldwell | 4849 Laurel Canyon Blvd. | Valley Village | CA | 91607 | 818.985.9150 |
| Carlos Canseco | 5944 Telegraph Road | Ventura | CA | 93003 | (805) 477-9725 |
| Inderjeet Harika | 245 N Barranca St | West Covina | CA | 91791 | 626.332.2400 |
| Yuliva Neporin | 6731 1/2 Fallbrook Ave. | West Hills | CA | 91307 | 818.703.7300 |
| Cristian Pellegrini | 19755 Vanowen Street | Winnetka | CA | 91306 | (818) 999-4700 |
| Marsha Haina | 20968 Ventura Blvd. | Woodland Hills | CA | 91364 | 818.887.1777 |
| Hani Esoo | 1610 Millenia Ave | Chula Vista | CA | 91915 | 619-289-8763 |
| Raju Mann | 1358 Fitzgerald Drive | Pinole | CA | 94564 | 510-223-7696 |
| Simardeep Kaur | 5450 Sunrise Blvd | Citrus Heights | CA | 95610 | 916-671-3158 |
| Darshan Shah | 13595 Whittier Blvd | Whittier | CA | 90605 | 562-696-5676 |
| Chanthavy Keovilay | 7450A W. 52 nd Ave. | Arvada | CO | 80002 | (303)432-8048 |

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| Abrams | | | | | |
| Mitch Godfrey | 10601 East Garden Drive | Aurora | CO | 80012 | 303.750.0705 |
| Lisa Smith | 8302 Northfield Blvd. | Denver | CO | 80238 | 303.375.1101 |
| Andrea Borlovan | 535 W South Boulder Rd. | Lafayette | CO | 80026 | (720) 890-9500 |
| Gary Richman | 1569 Fall River Drive | Loveland | CO | 80538 | 970.461.9700 |
| Chanthavy Adams | 1001 W. 120 th Avenue | Westminster | CO | 80234 | (303) 280-2900 |
| Chanthavy Keovilay Abrams | 14643 Orchard Parkway | Westminster | CO | 80023 | (303) 946-3753 |
| Mark Bleakmore | 5935 Dublin Blvd. | Colorado Springs | CO | 80923 | 719-596-4178 |
| Allan Nandlal | 6415 W 104th Ave | Westminster | CO | 80020 | 720-356-4271 |
| Anthony Aligo | 1939 12 th Street NW | Washington | DC | 20009 | 202-289-7588 |
| Leo Ring | 18839B Biscayne Blvd. | Aventura | FL | 33180 | 305-935-6777 |
| Arshiful Shadman | 7028 West Palmetto Road | Boca Raton | FL | 33433 | 561.347.7001 |
| Brian Pekny | 5770 Ranch Lake Blvd Unit #c136 | Bradenton | FL | 34202 | 941.758.5095 |
| Joshua D. Hill | 1830 Pine Island Road NE | Cape Coral | FL | 33909 | 239.573.9951 |
| Robert Caldwell | 8270 Champions Gate Blvd. | Champions Gate | FL | 33896 | (321) 401-4304 |
| Kathy Kuhns | 4900 University Dr. | Davie | FL | 33328 | 954.680.6499 |
| Aileen Martinez | 9169 W. Atlantic Ave. | Delray Beach | FL | 33446 | (561) 332-3550 |
| Jose Mendez | 7540 NW 104 Avenue | Doral | FL | 33178 | 786-245-7481 |
| Helmet Weiss | 5100 Daniels Parkway | Fort Myers | FL | 33912 | 239.437.6283 |
| Ishvar Patel | 2905 SW 42 nd Street | Gainesville | FL | 32608 | 352-519-5255 |
| Linh Ngo | 1553 W 49 th St | Hialeah | FL | 33012 | 305-822-8322 |
| Jose Mendez | 2512 NE 10 th Court | Homestead | FL | 33033 | 305-247-8600 |
| Montserrat Miranda | 2617 West Osceola Pkwy. | Kissimmee | FL | 34741 | 407-201-8948 |
| Aileen Martinez | 8130 U.S. 192 | Kissimmee | FL | 34747 | 407-964-1627 |
| Jason Ding | 1120 Townpark Avenue | Lake Mary | FL | 32746 | (407) 915-5715 |
| Jason Ding | 3005 Lake Mary Blvd. | Lake Mary | FL | 32746 | (407) 878-2811 |
| Carlos Sanchez | 6169 Jog Road | Lake Worth | FL | 33467 | 561.357.9914 |
| Jimmy Robaina | 7309 Miami Lakes Dr. | Miami Lakes | FL | 33014 | (305) 557-5755 |
| Al Virani | 15798 SW 56 th St. | Miami | FL | 33165 | 305-382-8700 |
| Jose Mendez | 1850 NW 117th Place | Miami | FL | 33182 | 305-794-8033 |
| Tejas Patel | 6355 Naples Boulevard | Naples | FL | 34109 | 239-572-8936 |
| Universal City Walk Orlando | 6000 Universal Blvd. | Orlando | FL | 32819 | (407) 224-2327 |
| Robert Caldwell | 7339 W. Sand Lake Rd. | Orlando | FL | 32819 | 407.601.7792 |
| Greg Fleischman | 404 E. Central Blvd. | Orlando | FL | 32801 | 407-440-2843 |
| Rakesh Akula | 6817 Eagle Watch Dr. | Orlando | FL | 32822 | 330-881-0272 |
| David Blond | 9685 Lake Nona Village Place | Orlando | FL | 32827 | 407-856-4811 |
| Jose Mendez | 4100 N. Alafaya Trail | Orlando | FL | 32826 | 407-658-4817 |
| Angel López Alegria | 45 W. Mitchell Hammock Rd. | Oviedo | FL | 32765 | 407-542-1682 |
| Greg Overend | 794 East Lake Rd. | Palm Harbour | FL | 34685 | (727) 785-7768 |

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| Andy Indarwis | 10011 Cleary Blvd. | Plantation | FL | 33324 | (954) 473-5000 |
| Brian Pekny | 6046 Winthrop Town Centre Ave. | Riverview | FL | 33578 | 813.409.3834 |
| Nancy Flores | 4435 13 th Street | St.Cloud | FL | 34769 | (407) 593-9131 |
| Tanner Rose | 257 N Cattlemen Road | Sarasota | FL | 34243 | (941) 360-2162 |
| Arpit Dudhia | 11201 Park Blvd N | Seminole | FL | 33772 | 727-873-6726 |
| Suzanne Strump | 5724 N. University Dr | Tamarac | FL | 33321 | (954)721-8585 |
| Gioni Baiutti | 280 Indian Trace | Weston | FL | 33326 | 954-659-9118 |
| Leroy Lee | 28356 Willet Way | Wesley Chapel | FL | 33543 | (813) 991-0365 |
| Melissa Kushner | 2607 N. Dixie Hwy | Wilton Manors | FL | 33334 | 754.200.4962 |
| Sameerali Jessa | 1939 Aloma Ave | Winter Park | FL | 32792 | 407 622 6551 |
| Sameerali Jessa | 510 North Orlando Avenue | Winter Park | FL | 32789 | (407) 622-6555 |
| Greg Overend | 3280 Word Way | New Port Richey | FL | 34655 | (727) 645-5616 |
| Nisha Mahmood | 3348 Cobb Pkwy | Acworth | GA | 30101 | 770.529.3221 |
| Nathan Ridgeway | 12850 Highway 9 N | Alpharetta | GA | 30004 | 678.297.0107 |
| Cooper Jobe | 3655 Roswell Rd. | Atlanta | GA | 30342 | (404) 228-6387 |
| Tim O'Sullivan | 712 Glynn Isles | Brunswick | GA | 31525 | (912) 275-8793 |
| Greg Brooks | 1355 Riverstone Parkway | Canton | GA | 30114 | (770) 704-7510 |
| Jinesh Patel | 2463 Hamilton Mill Pkwy | Dacula | GA | 30019 | 678.714.2981 |
| Joseph Mays | 2200 Peachtree Industrial Blvd | Duluth | GA | 30097 | 770-624-7600 |
| Zach Balthrop | 5857 Spout Springs Road | Flowery Branch | GA | 30542 | 770-967-8277 |
| Nathan Ridgeways | 12030 Etris Road Suite | Roswell | GA | 30075 | 770.992.7992 |
| Felipe Cuartas | 3030 Watson Blvd. | Warner Robins | GA | 31093 | 478-953-1910 |
| Marc Levine | 2265 Towne Lake Parkway | Woodstock | GA | 30189 | 770-924-4004 |
| Brent Dahlstrom | 421 Viking Plaza Dr. | Cedar Falls | IA | 50613 | (319) 266-6359 |
| John Kha | 2105 Ingersoll Avenue | Des Moines | IA | 50312 | 515-288-3410 |
| | | | | | |
| John Kha | 4825 EP True Parkway | West Des Moines | IA | 50265 | (515) 223-7800 |
| Jeff Imahara | 3149 W. Quintale Drive | Meridan | ID | 83646 | 925-683-4861 |
| Tracy Elbert | 2531 North County Line Road | Algonquin | IL | 60102 | 224-333-0641 |
| Bryan Herbig | 358 W. Army Trail Rd. | Bloomington | IL | 60108 | (630) 295-8650 |
| Debashis Das | 7339 Lemont Rd | Downers Grove | IL | 60516 | 630-277-7262 |
| Eric Peterson | 450 W Mondamin St | Minooka | IL | 60447 | 815-290-5300 |
| Kwan Choi | 160D S. Roselle Road | Schaumburg | IL | 60193 | 224.653.9634 |
| Tristen Skeens | 8544 US 42 | Florence | KY | 41042 | 859.647.7300 |
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| Erin Daigle | 524 Palace Dr. | Hammond | LA | 70403 | 985.542.4514 |
| Georgios Karavasileidis | 268 Patriot Place | Foxborough | MA | 02035 | 508-543-8000 |
| Weimin (William)Zhao | 15 Shipyard Drive | Hingham | MA | 02043 | 781-740-1245 |
| Alia Layne | 504 Constitution Road | Littleton | MA | 01460 | 781-426-1879 |
| John Carnesi | 3473 Merchant Blvd. | Abingdon | MD | 21009 | (410) 569-5080 |

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| Farooq Minhas | 3155 Ann Arbor-Saline Road | Ann Arbor | MI | 48108 | 734-222-1125 |
| Atul Sorathiya | 6427 N. Canton Center Road | Canton | MI | 48187 | 734-335-7679 |
| Rohan Patel | 6315 Sashabaw Road | Clarkston | MI | 48346 | 248-297-5862 |
| Amit Joshi | 31015 Orchard Lake Rd | Farmington Hills | MI | 48334 | 248-539-0320 |
| Jacob Armour | 1700 S Drake Road | Kalamazoo | MI | 49006 | (479) 799-7976 |
| Jacob Armour | 2721 Preyde Blvd. | Lansing | MI | 48912 | (517) 657-2307 |
| Amit Joshi | 17911 Haggerty Rd | Northville | MI | 48168 | 248-449-4733 |
| Amit Shah | 48010 Grand River Avenue | Novi | MI | 48374 | 248-374-4960 |
| Sandra Israeel Abro | 4713 S. Baldwin Rd. | Orion Township | MI | 48359 | (248) 481-3890 |
| Jamie Perayeff | 15075 Hall Rd | Shelby Township | MI | 48316 | (586) 566-4002 |
| Louis Messina | 55124 Van Dyke Ave. | Shelby Township | MI | 48316 | (586) 697-5651 |
| Jinan Abbas | 23320 Eureka Road | Taylor | MI | 48180 | (248) 963-1000 |
| Louis Messina | 29367 Mound Road | Warren | MI | 48092 | (586) 751-3446 |
| Haresh Gadhiya | 158 N. Adams Road | Rochester Hills | MI | 48309 | 248-453-5586 |
| Sean Quinn | 98 Gravois Bluffs Circle Drive | Fenton | MO | 63026 | 636-326-6311 |
| Maggie / Chris Stark | 106 Laura K Drive | O'Fallon | MO | 63366 | 636.294.9888 |
| Maggie / Chris Stark | 2010 Zumbahl Rd | St. Charles | MO | 63303 | 636-493-0421 |
| Wynn Suebhongsang | 175 Grandview Blvd. | Madison | MS | 39110 | 601-856-2477 |
| Wynn Suebhongsang | 733 Lake Harbour Drive | Ridgeland | MS | 39157 | 601.853.7505 |
| Brian Johnston | 7169 O'Kelly Chapel Rd. | Cary | NC | 27519 | (919) 797-0976 |
| Joaquin del Rosario | 4711 Hope Valley Road | Durham | NC | 27707 | (919) 908-9330 |
| Eric Cole | 2636 Timber Drive | Garner | NC | 27529 | 919-771-1895 |
| Justice Stubbs | 5607 W Friendly Avenue | Greensboro | NC | 27410 | 336-285-9587 |
| Maricela Acosta-Leyba | Commissary Address: 1601 4 th St. N.W. | Albuquerque | NM | 87102 | 505-433-1582 |
| Purvi PatilPur | 1450 Brace Road | Cherry Hill | NJ | 08034 | 425-289-8367 |
| Brandon Monarski | 6500 Holly Avenue NE | Albuquerque | NM | 87113 | 505.797.8221 |
| Angela Blakely | 6001 Winter Haven Road NW | Albuquerque | NM | 87120 | 505-899-2299 |
| Angela Blakely | 11225 Montgomery Blvd. | Albuquerque | NM | 87111 | 505.293.0615 |
| Si Do | 6600 Menaul Blvd. NE | Albuquerque | NM | 87110 | 505-966-4914 |
| Angela Blakely | 1101 Unser Blvd. S.E. | Rio Rancho | NM | 87124 | 505-892-6770 |
| Scott Somerville | 665 South Green Valley Parkway | Henderson | NV | 89052 | 702-749-9864 |
| Antoine Eustache | 10965 Lavender Hill Drive | Las Vegas | NV | 89135 | 702-888-1193 |
| Frank Feng | 1150 E. Flamingo Rd. | Las Vegas | NV | 89119 | 702-699-9990 |
| Philip Langager | 9810 W Skye Canyon Park Dr. | Las Vegas | NV | 89166 | (702) 531-006 |
| Chi Tang | 3555 Johnson Ave. | Bronx | NY | 10463 | (718) 432-2580 |
| Brian Trager | 22 Clifton Country Rd | Clifton Park | NY | 12065 | 518-371-7700 |
| Johny Taveras | 2656 Haylan Blvd | Staten Island | NY | 10306 | (646) 673-3585 |
| Brian Trager | 3076 Route 50 | Saratoga Springs | NY | 12866 | 518-282-6030 |
| Ali Azaki | 7545 Sawmill Rd. | Dublin | OH | 43016 | 614-339-5656 |

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| Patrick Gulling | 813 Boardman Poland Road | Boardman | OH | 44512 | (330) 540-1814 |
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| Joe Lukasik | 5300 Riverside Dr. | Cleveland | OH | 44135 | (216) 265-6000 |
| Jordan Bankston | 5382 Dixie Hwy | Fairfield | OH | 45014 | 513.858.3705 |
| Adam Rector | 2300 Elida Road | Lima | OH | 45805 | (419) 224-2564 |
| Eddy Liao | 6360 Tylersville Road | Mason | OH | 45040 | 513.229.0920 |
| Melissa Tarpley | 205 S. Santa Fe Avenue | Edmond | OK | 73003 | 405.216.3644 |
| Timothy Pennington | 1432 24 th Ave NW | Noman | OK | 73069 | 405-463-5650 |
| Jack Chamberlin | 13230 Pawnee Drive | Oklahoma City | OK | 73114 | 405-463-5650 |
| Mark Sandwith | 12325 SW Horizon Blvd | Beaverton | OR | 97007 | 503-579-6124 |
| Mark Sandwith | 8950 SE Sunnyside Rd. | Clackamas | OR | 97015 | 503-654-1188 |
| Wayne Shinseki | 2387 NW 185 th Ave | Hillsboro | OR | 97124 | (503) 690-7770 |
| Tim Cupp | 4811 Meadows RD | Lake Oswego | OR | 97035 | 503-305-7214 |
| Vicki Calcagno | 1408 Molalla Ave. | Oregon City | OR | 97045 | (503) 305-7680 |
| Vicki Calcagno | 21430 SW Langer Farms Parkway | Sherwood | OR | 97140 | 503-625-2961 |
| Jonathan Higa | 2820 Gateway St, | Springfield | OR | 97477 | 541-357-4262 |
| Jeff Cabrera | 353 South Cedar Crest Blvd | Allentown | PA | 18103 | 610-841-1900 |
| Jeff Cabrera | 943 Airport Center Drive | Allentown | PA | 18109 | 610-841-4913 |
| David Tafani | 9173 Roosevelt Blvd, Unit 4 | Philadelphia | PA | 19114 | 215-941-7718 |
| Tripp Allen | 5580 Sunset Blvd | Lexington | SC | 29072 | 803-356-0643 |
| Chekib Kchouk | 750 N. Germantown Pkwy | Cordova | TN | 38018 | (901) 753-0808 |
| Robert Read | 3135 Peoples Street | Johnson City | TN | 37604 | 423.328.7004 |
| Eugene Brown | 7706 Winchester Road | Memphis | TN | 38125 | 901-756-0014 |
| Suhail Rahim | 930 Village Green Drive | Allen | TX | 75013 | 469-999-4050 |
| Augustus "Gus" Elmer | 14028 N US Hwy 183 | Austin | TX | 78717 | 512-466-8829 |
| Sihyung Yoo | 1000 E. 41 st Street | Austin | TX | 78751 | 512-614-4255 |
| Aman Zahirs | 5122 Bissonnet Street | Bellaire | TX | 77401 | 713-660-0606 |
| Ben Adams | 305 W FM 1382 | Cedar Hill | TX | 75104 | (469) 909-0609 |
| Augustus "Gus" Elmer | 909 East Whitestone Blvd | Cedar Park | TX | 78613 | 201-220-3930 |
| Bill Brown | 4709 Colleyville Blvd. | Colleyville | TX | 76034 | 817-485-1111 |
| Danny Vaswani | 1355 George Dieter Dr. | El Paso | TX | 79936 | 915.307.6361 |
| Danny Vaswani | 8889 Gateway Blvd West | El Paso | TX | 79925 | 915.591.1800 |
| Danny Vaswani | 10771 Gateway South Boulevard | El Paso | TX | 79934 | 915.821.0101 |
| Danny Vaswani | 6450 Desert Blvd N | El Paso | TX | 79912 | 915.270.9629 |
| Danny Vaswani | 655 Sunland Park Drive Ste | El Paso | TX | 79912 | 915.584.1820 |
| Rebecca Maddox | 2701 State Hwy 121 | Euless | TX | 76039 | 817-857-6206 |
| Javshri Patel | 301 W. Parkwood Ave | Friendswood | TX | 77546 | 281-482-2806 |
| Joe Karl | Mobile Unit | Houston | TX | | |
| Elizabeth Flores | 14309 E Sam Houston Pkwy N | Houston | TX | 77044 | (832) 975-7429 |

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| Olu George | 13421 Westheimer Road | Houston | TX | 77077 | 281-496-0828 |
| Charles Goldsmith | 10880 Louetta Road | Houston | TX | 77070 | 832-717-4500 |
| Sarfraz Khan | 512 W. 19th Street | Houston | TX | 77008 | 713-861-9600 |
| Gaurang Patel | 2353 Bay Area Blvd | Houston | TX | 77058 | 281-218-6060 |
| Mark Anthony Martinez | 20440 Highway 59 | Humble | TX | 77338 | 281-570-2954 |
| Jesus Sanchez | 24600 Katy Fwy | Katy | TX | 77494 | 832-241-7080 |
| Hemant Patel | 2875 E. League City Parkway | League City | TX | 77573 | 281-334-0660 |
| Gary Novit | 651 N US Hwy 183 | Leander, | TX | 78641 | 512.259.6994 |
| JC Garcia | 310 East Hawkins Parkway | Longview | TX | 75605 | 430-625-8053 |
| Michael Landess | 2910 W. Loop 289 | Lubbock | TX | 79407 | (806) 796-7070 |
| Michael Landess | 8201 Quaker Avenue | Lubbock | TX | 79424 | 806-368-0776 |
| Clayto Cozart | 4400 W Loop N | Midland | TX | 79707 | 432-247-1369 |
| Monirul Islam | 11939 North Grand Parkway | New Caney | TX | 77357 | 346-775-9950 |
| Mehrunnisa Mojoy | 2680 Pearland Parkway | Pearland | TX | 77581 | 281-997-7874 |
| John Sierra | 2324 FM 685 | Pflugerville | TX | 78660 | 512-614-6168 |
| Don McClain | 4801 W Park Blvd. | Plano | TX | 75093 | 972-612-0100 |
| Adam Tillery | 1170 N. Preston Rd. | Prosper | TX | 75078 | 972-346-1658 |
| Krupel Patel | 10525 West Grand Parkway South | Richmond | TX | 77407 | 281-762-2166 |
| Aaron Condra | 4740 W. University | Prosper | TX | 75078 | 972-346-1658 |
| Shawn Morris | 5619 W. Loop 1604 N. | San Antonio | TX | 78253 | 210.688.9835 |
| Mayra Castillo | 999 E Basse Rd | San Antonio | TX | 78209 | 210-824-1104 |
| Rosa Turczynski | 4001 N. Hwy 75 | Sherman | TX | 75090 | 903-870-7828 |
| Bhavik Patel | 2129 F.M. 2920 | Spring | TX | 77388 | 281-528-9100 |
| Olu George | 3363 Highway 6 | Sugar Land | TX | 77478 | 281.265.1158 |
| JC Garcia | 8926 S. Broadway Ave. | Tyler | TX | 75703 | 903-630-7061 |
| Shawn Morris | 200 Springtown Way | San Marcos | TX | 78666 | 512-667-6606 |
| Carol Turcios | 5528 W 13400 S | Herriman | UT | 84096 | 385-361-2212 |
| Shawna Willits | 765 West Antelope Drive | Layton | UT | 84041 | 801.416.8280 |
| Wendi Shipley | 791 South 930 West | Payson | UT | 84096 | 385-361-2212 |
| Rory Rich | 329 E 24th Street | Ogden | UT | 84401 | (801)317-4114 |
| Rory Rich | 359 W 2650 N | Pleasant View | UT | 84414 | 801-786-9274 |
| Shawna Willits | 153 N. State Street | Orem | UT | 84057 | 801.426.5259 |
| Jason Ward | 691 East St. George Blvd. | St. George | UT | 84770 | 435.628.6464 |
| Jason Ward | 168 W 1280 N | Tooele | UT | 84074 | 385-277-5958 |
| Shawna Willits | 3165 East 3300 South | Salt Lake City | UT | 84109 | 801.486.0971 |
| Shawna Willits | 1665 W Towne Center Dr | South Jordan | UT | 84095 | 801.727.2605 |
| Shawna Willits | 541 East 12300 | South Draper | UT | 84020 | 801-432-8105 |
| Shawna Willits | 2682 South High Commons Way | West Valley City | UT | 84120 | (801) 297-1707 |
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| Robert (Penn) Penney | 1070 Lakeway Drive | Bellingham | WA | 98225 | (360) 685-6199 |
| Mark Sandwith | 14865 Main St. | Bellevue | WA | 98007 | 425-644-3035 |
| Mark Sandwith | 21210 State Route 410 East | Bonney Lake | WA | 98391 | (253) 862-7440 |
| Joe Karl | 21225 Bothell Everett Hwy. | Bothell | WA | 98021 | 425.286.6039 |
| Mark Sandwith | 1409 S. 348th St. | Federal Way | WA | 98003 | 253.835.2110 |
| Kyong Hansen | 4819 Point Fosdick Drive NW | Gig Harbor | WA | 98335 | 253-858-3435 |
| Julie Ogata | 1110 Galaxy Dr. NE | Lacey | WA | 98516 | 360-628-8010 |
| Devang Shah | 2902 164th Street SW | Lynwood | WA | 98087 | (425) 742-9872 |
| Joe Karl | 2543 172nd St. NE | Marysville | WA | 98271 | 360-654-8277 |
| Mark Sandwith | 10306 156 th St E | Puyallup | WA | 98374 | 253.770.1330 |
| Mark Sandwith | 830 N 10th Street | Renton | WA | 98057 | (425)282-4667 |
| Mark Sandwith | 14024 SE Petrovitsky Rd. | Renton | WA | 98058 | (425)264-5725 |
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| Devan Shah | 2101 Queen Anne Ave N | Seattle | WA | 98109 | 206.216.1650 |
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| David Sandwith | 7902 NE 6th Ave | Vancouver | WA | 98665 | (360) 718-2781 |
| Ken Mork | 19171 SE Mill Plain Blvd. | Vancouver | WA | 98683 | 360.597.4055 |

List of Franchisees and Subfranchisees that have Signed Agreements, but Outlet not Open:

(as of December 31, 2024)

(The number of outlets owned is listed in the parenthesis next to the franchisee's name / With no parenthesis indicating a single outlet)

| Franchisee & # of Units | Telephone # | Email | State |
|-------------------------|------------------|--|-------|
| Boyd Landas (3) | 850-889-2804 | boyd.landas@yahoo.com | AL |
| Jovonia Mathey | (618) 779-9753 | jovoniagoetz@gmail.com | AL |
| Erica Nunez | (323) 868-9046 | erica.nunez@live.com | AZ |
| Arman Hovakemian | (818) 419-2768 | arman.hovakemian@icloud.com | CA |
| Armando Gonzales | (805) 310-9862 | hopefarms@gmail.com | CA |
| Atta Erikat | (858) 518-3769 | attaerikat@gmail.com | CA |
| Ayman Tawadrous | (2) 100-767-4444 | aymantawadrous@yahoo.com | CA |
| Aziz Tohme | 559-273-4604 | tohmeaziz@yahoo.com | CA |
| Ben Drutman | 760-515-9123 | bdrutman@yogurtlabinc.com | CA |
| Ben Drutman (2) | 760-515-9123 | bdrutman@yogurtlabinc.com | CA |
| Bob Bodassian | 805.433.2034 | bbodossian@yahoo.com | CA |
| Carlos Canseco | (818) 219-0976 | Carlos.canseco.g@gmail.com | CA |
| Chen Li | 626-688-5558 | Menchiesmorenovalley@gmail.com | CA |
| Cheng Wang | (646) 270-1496 | chgwang512@gmail.com | CA |

| Franchisee & # of Units | Telephone # | Email | State |
|-------------------------|----------------|--|-------|
| Chris Siegler | (707) 477-9077 | chris.siegler01@gmail.com | CA |
| Eddie Shamas (2) | (818)599-1275 | eshamas21@yahoo.com | CA |
| Eric Ghiselli | (818) 271-1271 | ericjghiselli@gmail.com | CA |
| George Wanis | (661) 860-0226 | Wanisgeorge@yahoo.com | CA |
| Gurmeet Arora | 510.565.5868 | dimplewfg@gmail.com | CA |
| Hani Esoo | (619) 253-7755 | Hani@Esoo.US | CA |
| Harpreet Singh | (818) 751-9066 | harpreety23@yahoo.com | CA |
| Harpreet Gill | (559) 776-7519 | Harpeet_gill07@yahoo.com | CA |
| Hector Jibaja | (909) 520-3379 | hbjibaja@gmail.com | CA |
| Jaimi Downey | 530-417-0773 | Jaimih_lv@yahoo.com | CA |
| Jaspal Singh | (559)908-1246 | jaspal7singh@live.com | CA |
| Joanna Naschold | (760) 943-9890 | joanna.naschold@menchiesfroyo.com | CA |
| Kamran Mostafa | (916) 949-3814 | kmostafa@icloud.com | CA |
| Kevin Wong | (562) 858-4449 | Kwong11987@gmail.com | CA |
| Kuljinder Sekhon (2) | 209.543.0576 | kksekhon1010@gmail.com | CA |
| Maria Pilar Llorente | (949) 273-8648 | pllorente2014@gmail.com | CA |
| Mario Munoz | (734) 383-0272 | mario.g.munoz@gmail.com | CA |
| Mevis Machado | (818) 915-3206 | menchies.smile@gmail.com | CA |
| Michael Chin | 510.381.3278 | mikekchin@hotmail.com | CA |
| Mohammed Al-Anesi | (949) 247-9927 | alanesi@gmail.com | CA |
| Rupinderjit Randhawa | (559) 269-6417 | rupiharry01@yahoo.com | CA |
| Sachethan Gaddam | (408) 784 9155 | Divya.sachethan@gmail.com | CA |
| Sohail Mallick | 510.708.4152 | sohail_mallick@yahoo.com | CA |
| Tim McGinn | (760) 271-2265 | Lacostamenchies@gmail.com | CA |
| Cleveland Wiltz | (941) 321-9682 | cwiltz68@gmail.com | CO |
| Ken Hammell (5) | (441) 238-6727 | qing32@gmail.com | CO |
| Pasquale Cirone | (203) 848-0129 | pasquale.cirone@gmail.com | CT |
| Arpit Dudhia | 813-817-5451 | arpitdudhia@yahoo.com | FL |
| Chris White | (321) 442-3626 | White124@msn.com | FL |
| Craig Ziadie | (954) 483-9553 | cziadie@hotmail.com | FL |
| Daniele Ranaudo | 786-566-7906 | dranaudosuk@gmail.com | FL |
| Donna Devivo (2) | (727) 423-5277 | devivo22@aol.com | FL |
| Estaban Merlo | (305) 562-8204 | emerlo@security-re.com | FL |
| Greg Overend (3) | (727) 244-6723 | gaoverend@gmail.com | FL |
| Jerry Colon | (321) 279-4792 | jerry_colon@yahoo.com | FL |
| Jill McCallum | (239)297-8927 | jillmccallum@hotmail.com | FL |
| John Wilson (3) | (941) 545-0360 | john@srqwilsons.com | FL |
| Julio Jimenez | (908) 247-2680 | jjimenez4@live.com | FL |
| Rene Suarez | 954.802.4468 | reedsuarez@gmail.com | FL |
| Tejas Patel | (239)223-1661 | patel.tejas7744@gmail.com | FL |
| Timothy Drake | (407) 209-5283 | tjdrake4889@yahoo.com | FL |

| Franchisee & # of Units | Telephone # | Email | State |
|------------------------------|----------------|--|-------|
| Vito Pagillo | (856)745-5129 | flounder65@gmail.com | FL |
| Jose Mendez | 305-794-8033 | josemendezhartkopf@gmail.com | FL |
| Baktier Khan | (305) 721-0211 | bkkfc1@gmail.com | FL |
| Jonathan Smithgall | (404) 456-4258 | jfsmithgall@aol.com | GA |
| Larry Hanger | (404) 307-8311 | lhanger@clear.net | GA |
| Prince Njoku | (404) 436-5533 | princen@thecplawgroup.com | GA |
| Bill Rehwald | 424.238.5685 | BILLMBZ@EARTHLINK.NET | HI |
| John Kha | (515) 664-0699 | khazilla81@gmail.com | IA |
| Brian Hanks | (801) 369-9033 | hanks1415@gmail.com | ID |
| Amin Sharapov (3) | (214) 316-6965 | dilshod.sharapov@gmail.com | IL |
| Barney Stanner (2) | (773) 551-5507 | bstanner@mindspring.com | IL |
| Linda Berlin | 630.660.8188 | linxrt@aol.com | IL |
| Renuka Velavan | (630) 940-8574 | renuvels@yahoo.com | IL |
| Tom Fleming | (618) 973-0563 | td.fleming@hotmail.com | IL |
| Kevin Candau | 512-897-8202 | kevin.candau19@gmail.com | IN |
| Ron Mallick (2) | (614) 315-2545 | ron.mallick@yahoo.com | MA |
| Ed Crane | (301) 518-4119 | ed.crane@llc-bits.com | MD |
| Keni Winger | (703) 906-5041 | winger.keni@gmail.com | MD |
| Anil Bilimoria (2) | (313) 613-0212 | bilimoria.anil@gmail.com | MI |
| Mehul Patel | (810) 603-2565 | MRPATEL.RX@gmail.com | MI |
| Wynn Suebhongsang | 601.951.4085 | wynns123@hotmail.com | MS |
| Jiten Majithia | (704) 516-4642 | ndoogu@hotmail.com | NC |
| Lalit Solanki | (919) 462-9241 | lalitji@gmail.com | NC |
| Christine R. Grucci | (516)491-9591 | christine.grucci@gmail.com | NC |
| Martha Spires | (910) 322-3345 | spires1987@yahoo.com | NC |
| Rajesh Patel | (314) 852-2383 | carolinapantryoffice@gmail.com | NC |
| Sybil Shipley | (443) 904-4347 | sena@senallc.net | NC |
| Shane Skarison | (218) 230-5347 | sskarison@gmail.com | ND |
| Joseph Auriemma (3) | (917) 836-0714 | joe@aljorincorporated.com | NJ |
| Monica Harwell | (201) 697-8507 | linelady1@verizon.net | NJ |
| Angela Blakely | 505.401.3606 | acrpnr@aol.com | NM |
| Ben Schenkman (2) | (505) 507-3484 | blschen45@gmail.com | NM |
| Maricela Acosta-Leyba | (505) 220-8283 | macostale@gmail.com | NM |
| Mark Jones | 480.381.0584 | marjones1@hotmail.com | NM |
| Bhupinder Gill | (604) 889-7006 | vmm@direct.ca | NV |
| Phil and Rhonda Langager (5) | 702-371-5233 | yogager.inc@gmail.com | NV |
| Nanda Reddy | (404) 909-5403 | nkreddy69@gmail.com | NV |
| Ron McMillan | 702.592.1100 | RMCTMC@hotmail.com | NV |
| Scott Somerville (2) | (541) 217-9801 | nailz1116@yahoo.com | NV |
| Chi Tang | 917.669.0955 | chiwtang@gmail.com | NY |
| Don Warhol | 716.867.5857 | donwarhol@verizon.net | NY |

| Franchisee & # of Units | Telephone # | Email | State |
|---------------------------|----------------|--|-------|
| Fiona Chin | (917) 385-5855 | fionac611@gmail.com | NY |
| Johny Taveras | (646) 673-3585 | johntaveras@gmail.com | NY |
| Roger Lindstrom | (716) 575-4359 | rogdog83@aol.com | NY |
| William Aldebot Jr. | (646) 387-5103 | waldebot@gmail.com | NY |
| Ali Azaki | (440) 219-1934 | alialzakirrt@gmail.com | OH |
| Vicki Calcagno (2) | (503) 524-7537 | rvcalcagno@comcast.net | OR |
| Doug Willwerth | (717) 725-9512 | Tazz1028@comcast.net | PA |
| Michael Fineman | (267) 265-7048 | mbf130@gmail.com | PA |
| Kyle Kuriger | (803) 493-0402 | kylekuriger@gmail.com | SC |
| An Le | (682) 554-9530 | anie1784@yahoo.com | TX |
| Clayton Cozart (5) | (432) 889-8198 | cozart_c@yahoo.com | TX |
| Cristina Alvarado | (805) 509-2029 | caalvarado14@yahoo.com | TX |
| Flavia Salgado | (214) 620-4286 | flaviasalgado@gmail.com | TX |
| Harikrishna Thoom (Hari) | (937) 212-4499 | Hari.thoom@gmail.com | TX |
| John Chen | (575) 526-2230 | john.chen816@yahoo.com | TX |
| Jose A. Garcia | (504) 451-5439 | cura666@aol.com | TX |
| Joseph Markosfeld | (512) 652-8901 | bobbysfroyollc@gmail.com | TX |
| Jyothi Addanki | (860) 967-8159 | jyothi.addanki@gmail.com | TX |
| Aaron Condra | 972-346-1658 | | TX |
| Kassie Fitzgerald (4) | (713) 705-2228 | kassie@texasmenchies.com | TX |
| Luis Huerte | 214.316.0693 | pepeluish@yahoo.com | TX |
| Maher Altamimi | (214) 597-5671 | Maher.altamimi@gmail.com | TX |
| Margaret Yip-Chen | (646) 303-8926 | Margaretyip@gmail.com | TX |
| Maria Kelly | 713.501.6625 | malolaparra@gmail.com | TX |
| Meredith Bruce | (281) 380-9377 | meredithlb71@gmail.com | TX |
| Mickie Hernandez | 512-297-1766 | mickie_hernandez@outlook.com | TX |
| Moses Kovalchuk | (940) 600-3333 | men619@menchiesfroyo.com | TX |
| Nadeem Mujeeb | (832) 860-4873 | nkrinc@yahoo.com | TX |
| Naeem Ali | (832) 776-6963 | naeemali83@gmail.com | TX |
| Naveen Tatikonda | (636) 388-5264 | Naveenkumar.tatikonda@gmail.com | TX |
| Olu George | (832) 542-5045 | ogeorge@earthlink.net | TX |
| Ralph Hodges | (832) 721-2456 | hodgesrd@flash.net | TX |
| Rebecca Maddox | (817) 964-5534 | Rebecca.maddox@yahoo.co | TX |
| Richard Coons | 210.592.7383 | ric.coons@parallon.com | TX |
| Anna Coyne | 512-614-4255 | | TX |
| Srinivasulu Satrasala (2) | 859-797-8029 | ssatrasa@gmail.com | TX |
| Tamika Williams | (252) 266-1478 | takeshamwilliams@gmail.com | TX |
| Vinay Sharma | (972) 413-5331 | vkshar@gmail.com | TX |
| Yeworkwoha (York) Belay | 713-550-0320 | yorkb1222@gmail.com | TX |
| Joshua Ono | (808) 221-5674 | joshua_ono@me.com | TX |
| Melissa Forslund (3) | (425) 218-1225 | lissarn@gmail.com | WA |

| Franchisee & # of Units | Telephone # | Email | State |
|------------------------------------|--------------------|---------------------------|--------------|
| Shawna Meyer-Ravelli | (650) 996-8885 | ravelliventures@gmail.com | WA |

Franchisees and Subfranchisees that Left the System During 2024

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

| Franchisee First Name | Last Name | City | State |
|----------------------------------|------------------|--------------|--------------|
| Jim | Sneed | Euless | TX |
| Charles | Goldsmith | Houston | TX |
| Phil | Forgit | Williamsburg | VA |
| Mark | Sandwith | Lyndwood | WA |
| Sarah | Howe | Marysville | WA |

Left the System (Franchise Agreement With Open Store):

| Franchisee | City | State |
|------------|------|-------|
|------------|------|-------|

Exhibit H

STATE EFFECTIVE DATES AND RECEIPT

State Effective Dates

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

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

| State | Effective Date |
|--------------|-----------------------|
| California | pending |
| Hawaii | May 7, 2024 |
| Illinois | pending |
| Indiana | April 29, 2024 |
| Maryland | pending |
| Michigan | pending |
| Minnesota | July 29, 2024 |
| New York | June 14, 2024 |
| North Dakota | August 6, 2024 |
| Rhode Island | November 30, 2023 |
| South Dakota | April 27, 2024 |
| Virginia | pending |
| Washington | pending |
| Wisconsin | April 23, 2024 |

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

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Menchie's Group, Inc. offer you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, we must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, if applicable, we must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, we must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Menchie's Group, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Menchie's Group, Inc., located at 20631 Ventura Blvd, Suite 200, Woodland, CA 91364, (818)708-0316. Each seller listed below shares the principal business address and telephone number of Menchie's Group, Inc.:

| | | | |
|---|---------------------------------------|----------------------------------|-------------------------------------|
| <input type="checkbox"/> Sara Goehring | <input type="checkbox"/> Eric Edwards | <input type="checkbox"/> MJ Kwon | <input type="checkbox"/> Yogi Tanna |
| <input type="checkbox"/> Amit Kleinberger | <input type="checkbox"/> Tom Regev | | |

Issuance Date: April 18, 2025

I have received a Disclosure Document dated *, that included the following Exhibits: (A) Agents for Service of Process & State Administrators, (B) Financial Statements, (C) Franchise Agreement, (D) Operations Manual Table of Contents, (E) State Specific Addenda, (F) Sample Release, (G) List of Franchisees and Subfranchisees in the System, and (H) State Effective Dates and Receipt.

Date: _____ Signed: _____
Print Name: _____
Address: _____
City: _____ State _____
Phone () _____ Zip _____

Date: _____ Signed: _____
Print Name: _____
Address: _____
City: _____ State _____
Phone () _____ Zip _____

Prospective Franchisee's Copy – Keep for your Records

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Menchie's Group, Inc. offer you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, we must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, if applicable, we must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, we must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Menchie's Group, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Menchie's Group, Inc., located at 20631 Ventura Boulevard, Suite 200, Woodland Hills, California 91364 (818) 708-0316. Each seller listed below shares the principal business address and telephone number of Menchie's Group, Inc.:

| | | | |
|---|---------------------------------------|----------------------------------|-------------------------------------|
| <input type="checkbox"/> Sara Goehring | <input type="checkbox"/> Eric Edwards | <input type="checkbox"/> MJ Kwon | <input type="checkbox"/> Yogi Tanna |
| <input type="checkbox"/> Amit Kleinberger | <input type="checkbox"/> Tom Regev | | |

Issuance Date: April 18, 2025

I have received a Disclosure Document dated *, that included the following Exhibits: (A) Agents for Service of Process & State Administrators, (B) Financial Statements, (C) Franchise Agreement, (D) Operations Manual Table of Contents, (E) State Specific Addenda, (F) Sample Release, (G) List of Franchisees and Subfranchisees in the System, and (H) State Effective Dates and Receipt.

Date: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ State _____

Phone () _____ Zip _____

Date: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ State _____

Phone () _____ Zip _____

Please sign this copy of the Receipt, date your signature and return it to MJ, 20631 Ventura Boulevard, Suite 200, Woodland Hills, California 91364.