

## FRANCHISE DISCLOSURE DOCUMENT



### Crepe Delicious Holding USA, Inc.

a Delaware Corporation

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Crepe de licious businesses operate retail, quick-service restaurants (“Restaurants”), kiosks (“Kiosks”), and food trucks (“Food Trucks”) that make and sell European-style sweet and savory crepes, Panini sandwiches, gelato, gelato products, and other assorted food and drink items (“Crepe de licious Business(es)”).

The total investment necessary to begin operation of a Crepe de licious Restaurant franchised business is between \$359,250 and \$977,600. The total investment necessary to begin operation of a Crepe de licious Kiosk franchised business is between \$298,250 and \$689,600. The total investment necessary to begin operation of a Crepe de licious Food Truck franchised business is between \$177,950 and \$426,700. These amounts include between \$40,500 and \$45,500 that must be paid to the franchisor or its affiliate(s).

We may offer to enter into an area development agreement to establish and operate a certain number of Crepe Delicious Restaurants at specific locations pursuant to individual franchise agreements. The area development fee will be equal to \$35,000 multiplied by the number of Crepe Delicious Restaurants to be developed under the area development agreement. There is currently a minimum of two units and no maximum number of units required for an area development agreement. The area development fee will be payable upon signing the area development agreement. Your estimated initial investment will vary based on the number of stores to be developed.

The 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 Oded Yefet at 147 Citation Drive, Unit 29, Concord, Ontario, Canada L4K 2P8 or (905) 326-2969.

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, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**Issuance Date: March 20, 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 7.
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 ability to provide support to my business?	Item 21 or Exhibit 8 includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 21 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Crepe de licious 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 Crepe de licious franchisee?	Item 20 or Exhibit 6 lists current (Exhibit 7 lists former) franchisees. You can contact them to ask about their experiences.

<p>What else should I know?</p>	<p>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.</p>
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## WHAT YOU NEED TO KNOW ABOUT FRANCHISING *GENERALLY*

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

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

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

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

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

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

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

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 1.

Your state also may also 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 in Toronto, Canada and arbitration and/or litigation only in Delaware. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate in Toronto, Canada and arbitrate or litigate with the franchisor in Delaware than in your own state.

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 the 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 terms 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 six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or 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 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.

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

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**EXHIBITS:**

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBIT E.

## ITEM 1 THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “CDHU,” “we,” “us,” and “our” means Crepe Delicious Holding USA, Inc., the franchisor. “You,” “your,” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from CDHU.

### The Franchisor and its Affiliates

CDHU is a Delaware corporation formed on June 17, 2014. We conduct business under the name Crepe Delicious Holding USA, Inc., Crepe Delicious and Crepe de licious and no other name. Our principal business address is 147 Citation Drive, Unit 29, Concord, Ontario, Canada L4K 2P8. We began offering franchises for Crepe de licious Businesses in 2014. We have not operated, nor do we currently operate, any franchises like those described in this Franchise Disclosure Document, or in any other line of business. We do not conduct any other business other than franchising Crepe de licious Businesses. We have no predecessor or parent entities.

We have two affiliates. Our affiliate, Crepe Delicious Holdings Corporation (“Holdings”), offers Crepe de licious franchises in Canada. Holdings is a Canadian corporation with a principal business address of 147 Citation Drive, Unit 29, Concord, Ontario, Canada L4K 2P8. Holdings first conducted this type of business by opening the very first Crepe de licious restaurant in November 2004, which was a corporate-owned restaurant. Holdings began offering Crepe de licious franchises in Canada in November 2005. Holdings does not offer franchises in any other line of business, and has not engaged in any business other than as described above.

Our affiliate, Crepe Delicious Leasing Corp. (“Leasing”), controls the real property leases that are entered into by Crepe de licious franchisees in Canada. Leasing is a Canadian corporation with a principal business address of 147 Citation Drive, Unit 29, Concord, Ontario L4K 2P8. Leasing does not conduct any other business except controlling the real property leases that are entered into by Crepe de licious franchisees in Canada, and does not and has not offered franchises in this or any other line of business.

Our agent for service of process is InCorp Services, Inc. located at 1201 Orange Street, #600, Wilmington, DE 19899. Our agents for service of process in certain states are identified in Exhibit D. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

### The Franchise

We offer franchises (“Crepe de licious Franchise(s)” or “Franchise(s)”) for the use of our “CREPE DE LICIOUS” trademarks, trade names, service marks, and logos (“Marks”) for the operation of Crepe de licious Businesses. Crepe de licious Businesses are operated under our proprietary Crepe de licious system (“System”). The System may be changed or modified by us throughout your ownership of the Franchise. Crepe de licious Businesses operate retail, quick-service Restaurants, Kiosks, and Food Trucks that make and sell some or all of the following: crepes, Panini sandwiches, gelato, gelato products, and other assorted food and drink items. Restaurants will typically be in-line or stand-alone locations ranging in size from 250 square feet to 4,000 square feet, Kiosks will typically be small structures with one or more open sides ranging from 200 to 600 square feet, and Food Trucks will typically be a small mobile food truck serving from one or two sides ranging from 12 to 16 feet in length. Typically, we require Kiosks, Food



Trucks, and Restaurants with approximately 400 square feet or less to offer a more limited menu than larger Restaurants or Kiosks. Restaurants, Kiosks, and Food Trucks may require additional storage. You will operate your Crepe de licious Business from an approved location or Territory. You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit B (“Franchise Agreement”). You may operate one Crepe de licious Business for each Franchise Agreement you sign.

In some cases, We may offer you operations and management services. Under an operations or management service agreement (“Management Agreement”), you will remain in overall control of the Crepe Delicious Business to direct and manage it while the day to day functions are handled by an approved third party operations and management company for a certain management fee. This third party management company will serve as the Designated Manager and have responsibility for all day to day operations and tasks to run the Crepe Delicious Business. The current form of this Management Agreement is found in Exhibit G.

### Area Development Agreement

We may also offer to enter into an area development agreement (“Area Development Agreement”) (included as Exhibit C to this Disclosure Document) with qualified legal entities and persons (“Area Developer”), which grants the right to establish and operate a specified number of Crepe Delicious Restaurants in a specified area (“Development Area”) at specific locations that must be approved by us, each under a separate Franchise Agreement. We will enter into Area Development Agreements under which at least two Crepe Delicious Restaurants will be developed by an Area Developer.

Area Developers must open each Crepe Delicious Restaurant in accordance with an agreed upon opening schedule (“Development Schedule”). The Development Schedule will be set forth in Exhibit A of the Area Development Agreement. The Area Developer exercises its right to open Crepe Delicious Restaurants by entering into a separate Franchise Agreement for each Franchised Restaurant opened. These separate Franchise Agreements for each unit under an Area Development Agreement may be in a form different from the Franchise Agreement disclosed in this offering.

### The Market and Competition

Crepe de licious Businesses service the needs of customers seeking high quality, quick-service meals at reasonable prices. Our services are not seasonal in nature. The market for the goods and services offered by Crepe de licious Businesses is well-developed and competitive. Crepe de licious Businesses compete with other businesses, including franchised operations, national chains, and independently-owned restaurants offering quick-service meals. You will also face normal business risks that could have an adverse effect on your Crepe de licious Business. These include industry developments, such as pricing policies of competitors, and supply and demand.

### Industry-Specific Laws

You must obtain all necessary permits, licenses, and approvals to operate your Crepe de licious Business. Most states and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of your Crepe de licious Business, including those that: (a) regulate matters affecting the health, safety, and welfare of your customers, such as general health and sanitation requirements for restaurants, and laws and regulations relating to access by persons with disabilities; (b) employee practices concerning the storage, handling, cooking, and preparation of food; (c) restrictions on smoking and exposure to tobacco smoke or other carcinogens; (d) availability of and requirements for public accommodations, including restroom facilities and public access; (e) establish requirements for food identification and labeling; (f) regulations on food trucks, and (g) regulate advertisements. State and local



agencies inspect restaurants to ensure that they comply with these laws and regulations. You alone are responsible for investigating, understanding, and complying with all laws, regulations, and requirements applicable to you and your Crepe de licious Franchise despite any advice or information that we may give you. You should consult with a legal advisor about whether these and/or other requirements apply to your Crepe de licious Business.

## **ITEM 2 BUSINESS EXPERIENCE**

### Founder, Chief Executive Officer, President and Director: Oded Yefet

Mr. Yefet is the founder, Chief Executive Officer, President, and sole Director of CDHU in Concord, Ontario, Canada, and has been since its incorporation in June 2014. Since December 2003, Mr. Yefet has been the Chief Executive Officer, President, and sole director of Holdings in Concord, Ontario, Canada.

### Office Manager and Treasurer of Holdings: Ada Law

Ms. Law has been the Office Manager and Treasurer of Holdings in Concord, Ontario, Canada since January 2011.

### Secretary and Franchise Director: Elik Farin

Mr. Farin has been the Secretary and Franchise Director of CDHU in Concord, Ontario, Canada since its incorporation in June 2014. Mr. Farin has also been the Franchise Director of Holdings in Concord, Ontario, Canada since January 2012.

## **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4 BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

## **ITEM 5 INITIAL FEES**

You must pay us an initial franchise fee (“Initial Franchise Fee”) of \$35,000 when you sign the Franchise Agreement. The Initial Franchise Fee is payment for all of our pre-opening assistance that we will provide to allow you to open your Crepe de licious Business and also offsets some of our franchisee recruitment expenses. In 2024, we collected Initial Franchise Fees ranging from \$2,000 to \$20,667 , though we intend for this fee to be uniform across the system.

You can reserve a particular geographic territory for a Crepe de licious Business for a period of 90 days by paying us a non-refundable territory reservation fee (“Territory Reservation Fee”) of \$10,000 before you sign a Franchise Agreement and signing the “Territory Reservation Agreement and Receipt,” which is attached as Exhibit G-6 to this Disclosure Document. If you choose to purchase a Crepe de licious Franchise, the Territory Reservation Fee will be applied towards the Initial Franchise Fee. You will only be

able to pay the Territory Reservation Fee and sign the Territory Reservation Agreement and Receipt after you have waited the prescribed federal and state waiting periods (generally 14 calendar days after you have received our Franchise Disclosure Document). The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement(s), and is deemed fully earned by us once paid and is non-refundable. The Territory Reservation Fee is uniform to all franchisees.

If you fail to open your Crepe de licious Business within 12 months of signing the Franchise Agreement, you will be required to pay us an opening extension fee (“Opening Extension Fee”) of \$250 per week until the Crepe de licious Business is open.

You may be required to also pay us a non-refundable “Design Fee” between \$5,000 and \$10,000 to provide restaurant design preparation services for your Restaurant, Kiosk, or Food Truck at our discretion. If required, You will pay the Design Fee upon ordering the designs prior to opening your Crepe de licious Business. This fee will vary depending on the size and complexity of the design. In 2023, our we did not collect any Design Fees from franchisees.

#### Fee Deferral

Some states have imposed a fee deferral. Please refer to the State Addendum in Exhibit E to the Franchise Disclosure Document.

#### Area Development Fee

If you are going to be an Area Developer, then you will sign an Area Development Agreement and pay us an area development fee (the “Area Development Fee”). The amount of the Area Development Fee will be calculated by multiplying \$35,000 times the number of Crepe Delicious Restaurants to be developed under the Area Development Agreement. The Area Development Fee will be due in a lump sum payment upon the signing of an Area Development Agreement. The Area Development Fee is fully earned and non-refundable in consideration of administrative and other expenses we incur in entering into the Area Development Agreement, and for our lost or deferred opportunities to enter into the Area Development Agreement with others, regardless of whether you enter into any Franchise Agreements for Franchised Restaurants to be developed. The Area Development Fee is imposed uniformly.

### ITEM 6 OTHER FEES

Name of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Royalty Fee <sup>(2)</sup>	6% of Gross Revenues	5 <sup>th</sup> day of each month for the immediately preceding month	The “ <u>Royalty Fee</u> ” is based on “Gross Revenues” during the previous period. Your Royalty Fee is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Advertising Fee	3% of Gross Revenues	Same as Royalty Fee	We charge this fee for the creation of a national advertising fund. The advertising fee is discussed in Item 11.

Name of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Local Advertising Payment	The difference between the amount you spent on local advertising each month and your required local advertising expenditure (the greater of \$500 or 1% of monthly Gross Revenues)	Monthly	If you fail to meet your required local advertising requirement on local advertising, you must pay us the difference between the amount you spent and the required advertising expenditure, which will be contributed to the advertising fund.
Unauthorized Advertising Fee	\$500 per occurrence	On demand	This fee is payable to us or, if established, the advertising fund, if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Unapproved Product or Service Fee	\$500 per day of use of unauthorized products or services	If incurred.	In addition to other remedies available to us. This may not be enforceable under some State laws.
Technology Fee	Our then-current fee (currently \$250 per month)	Same as Royalty Fee	This fee covers website hosting, POS fees, and other services. We reserve the right to increase this fee in the event we offer updated or additional software or technology for use in the Crepe de Licious Franchise. We will not increase this fee by more than 5% per year if paid to us. We reserve the right to require you to pay this fee directly to the service provider(s) of these services, in which case the amount will be set by the provider and may vary.
Additional Training or Assistance Fees <sup>(3)</sup>	Then-current fee (currently \$2,000 per additional person for initial training; \$500 per person per day for additional training; plus expenses)	As incurred	We provide initial training at no charge for up to three people as well as three days to five days of on-site training at no charge prior to the opening of your Crepe de Licious Business. We may charge you for training additional people, newly-hired personnel, refresher training courses, and additional or special assistance or training you need or request. The fee amount will depend on the training required and experience level of the trainer.

Name of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Convention Fee <sup>(4)</sup>	Then-current fee (currently up to \$500 per person)	As incurred	Payable to us to help defray the cost of your attendance at any annual convention that we choose to hold. This fee is due regardless of whether or not you attend our annual convention in any given year.
Transfer Fee	\$5,000 if transferring to one of our existing franchisees; \$10,000 if transferring to a third party	\$1,000 non-refundable deposit at time transfer application is submitted, and the remaining balance of fee at time of approved transfer	Payable in connection with the transfer of your Restaurant, Kiosk, or Food Truck, a transfer of ownership of your legal entity, or the Franchise Agreement.
Successor Franchise Fee	20% of our then-current Initial Franchise Fee	At the time you sign the successor franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
Relocation Fee	\$2,500	Upon submission of request to relocate	You must pay this fee if you relocate your Crepe de licious Restaurant or Kiosk. There are various other conditions you must meet for us to approve your transfer request.
De-identification	All amounts incurred by us related to de-identification	As incurred	Payable if we must de-identify your Crepe de licious Business upon its termination, relocation, or expiration.
Operations Manual Replacement Fee	Currently \$500 per manual	As incurred	Payable if your copy of the operations manual is lost, destroyed, or significantly damaged. You must obtain a replacement copy at our then-charge.
Payment Service Fee	Up to 4% of total charge	As incurred	If payment is made to us or our affiliates by credit card for any fee required, we may charge a service charge of up to four percent (4%) of the total charge.
Late Payment Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 15% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.

Name of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Insufficient Funds Fee	\$100 per occurrence	As incurred	Payable if any check or EFT payment is not successful due to insufficient funds, stop payment, or any similar event.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses	On demand	You will be required to pay this if an audit reveals that you understated monthly Gross Revenues by more than two percent (2%), or you fail to submit required reports.
Taxes	Amount assessed by federal, state, and local tax authorities on any payments you make to us	On demand	Payable if we are assessed any taxes on any payments you make to us (including sales, gross receipt, excise, use, or similar taxes, but not income taxes).
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Crepe de licious Business or Franchise.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement, or payable for any fees we incur for any transfer that is not completed.
Insurance	Reimbursement of our costs, plus a 20% administrative fee	On demand	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance obtained, plus 20% of the premium as an administrative cost for obtaining the insurance.
Management Fee	\$500 per day, plus expenses	As incurred	Payable if we manage the Crepe de licious Business because you are in breach of the Franchise Agreement.
Supplier and Product Evaluation Fee	Cost of inspection (estimated to be between \$100 and \$500)	As incurred	Payable if we inspect new product, service, or proposed supplier nominated by you.

Name of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Liquidated Damages <sup>(5)</sup>	Will vary under the circumstances	On demand	Liquidated damages are determined by multiplying the combined monthly average of Continuing Franchise Fees and advertising fund contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open your Crepe de licious Restaurant through the date of early termination, multiplied by the lesser of: (i) 36, or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$30,000.
Failure to Submit Required Report Fee	\$100 per occurrence and \$100 per week	Your bank account will be debited for failure to submit any requested report within 5 days of request	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the advertising fund, if established, or us. You will continue to incur this fee until you submit the required report.
Customer Issue Resolution	Reasonable costs we incur for responding to a customer complaint, which varies	On invoice	Payable if a customer of your Crepe de licious Business contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue.
Broker Fees	Our cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your Crepe de licious Business to a third party or purchaser, you must reimburse all of our costs for commissions, finder's fees and similar charges.

Notes:

1. **Fees.** All fees paid to us or our affiliates are non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable, depending on the vendors and suppliers. All fees paid to Us or our affiliates are generally uniform except that the Royalty Fee ranged from 3% to 6% and the Advertising Fee ranged from 1%-3% for some of our first franchisees. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit G) for direct debits from your business bank operating account. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. Gross Revenues. The term “Gross Revenues” means the revenues you receive from the sale of all products and services sold at, from, or through your Crepe de licious Business, whether or not sold or performed at or from the Crepe de licious Business, including the full redemption value of any gift certificate or coupon sold for use at the Crepe de licious Business (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation), and all other income and revenue of every other kind and nature related to the Crepe de licious Business or Crepe de licious Business operation, whether for cash or credit, and regardless of collection in the case of credit, but not including: (a) any sales taxes or other taxes you collect from customers for, and thereafter pay directly to, the appropriate taxing authority; or (b) any bona fide refunds you make to customers. Gross Revenues are deemed received by you at the time the products or services from which they were derived are delivered or rendered, or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on an account receivable) actually has been received by you. If you have not timely reported your Crepe de licious Business’ Gross Revenues to us for any reporting period, then we shall be authorized, at our option, to debit your account for the higher of: (a) the fees transferred from your account for the last reporting period for which a report of your Crepe de licious Business’ Gross Revenues was provided to us; or (b) an estimated amount due.
3. Additional Training or Assistance Fees. If you desire additional people to attend the initial training program, we will charge a tuition fee, which is currently \$2,000 for each additional person to attend. If you request or we require additional or ongoing training, you will be required to pay us our then-current fee. You will also need to pay for the cost of travel, room and board, and other personal expenses for each person attending the initial and recurring training programs.
4. Convention Fee. You must attend mandatory conferences at locations that we designate, and you must pay other expenses of each person attending, including any conference fees we may charge, travel expenses, meals, living expenses, and personal expenses.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**

The following tables describe the estimated initial investment for a single Crepe Delicious unit. We have not included a separate table for the initial investment if you sign an Area Development Agreement, since it will be substantially similar to the opening of a single franchise unit. As described in Item 5, on execution of an Area Development Agreement you must pay us \$35,000 multiplied by the number of Crepe Delicious Restaurants to be developed under the Area Development Agreement. Other than the Area Development Fee, the following estimated initial investment expenditures will apply, subject to potential increases over time and other changes in circumstances. If you sign a Area Development Agreement, your professional fees, such as in the category of legal and financial, may be higher and cannot be predicted by us.

Restaurant

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee <sup>(1)</sup>	\$35,000	\$35,000	Lump sum	Upon signing of Franchise Agreement	Us
Territory Reservation Fee <sup>(1)</sup>	\$1,000	\$10,000*	Lump Sum	Due before Franchise Agreement is signed	Us
Design Fee <sup>(2)</sup>	\$5,000	\$10,000	As incurred	Upon ordering designs	Us
Mechanical, Electrical, Plumbing, and Architectural Fees <sup>(3)</sup>	\$5,000	\$25,000	As incurred	As agreed	Third Parties
Real Estate Agent Fees <sup>(4)</sup>	\$10,000	\$15,000	As incurred	As agreed	Third Parties
Rent, Security Deposit, Utility Deposit <sup>(5)</sup>	\$5,000	\$40,000	As incurred	As agreed	Landlord, Utility Companies
Additional Storage <sup>(5)</sup>	\$650	\$15,000	As incurred	As agreed	Landlord
Leasehold Improvements <sup>(6)</sup>	\$125,000	\$350,000	As incurred	As agreed	Landlord, Contractors, Other Suppliers
Furniture, Fixtures, and Equipment <sup>(7)</sup>	\$85,000	\$250,000	As incurred	As agreed	Approved Suppliers
Initial Inventory and Supplies <sup>(8)</sup>	\$15,000	\$25,000	As incurred	As agreed	Approved Suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Insurance <sup>(9)</sup>	\$5,000	\$10,000	As incurred	As agreed	Insurance Providers / Approved Suppliers
Business Licenses and Permits <sup>(10)</sup>	\$7,500	\$20,000	As incurred	As agreed	Third Parties
Professional Fees <sup>(11)</sup>	\$5,000	\$10,000	As incurred	As agreed	Attorney, Accountant
Signage <sup>(12)</sup>	\$10,000	\$25,000	As incurred	As agreed	Approved Suppliers
Office Equipment and Supplies <sup>(13)</sup>	\$3,500	\$5,000	As incurred	As agreed	Us, Approved Suppliers
Grand Opening Promotion <sup>(14)</sup>	\$2,500	\$5,000	As incurred	As agreed	Approved Suppliers
Uniforms <sup>(15)</sup>	\$800	\$1,200	As incurred	As agreed	Approved Suppliers
Initial Training Expenses <sup>(16)</sup>	\$2,500	\$10,000	As incurred	As agreed	Airlines, Hotels, Restaurants, etc.
POS Set Up Fee <sup>(17)</sup>	\$2,500	\$7,000	As incurred	As agreed	Us, Approved Suppliers
Digital Signage Displays and Set Up, License and Maintenance Fees <sup>(18)</sup>	\$4,500	\$24,400	As incurred	As agreed	Approved Suppliers
Miscellaneous Opening Expenses <sup>(19)</sup>	\$10,000	\$25,000	As incurred	As agreed	Third Parties, Approved Suppliers
Additional Funds – 3 Months <sup>(20)</sup>	\$18,800	\$60,000	As incurred	As agreed	Us and Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT<sup>(21)</sup></b>	<b>\$359,250</b>	<b>\$977,600</b>			

## Kiosks

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee <sup>(1)</sup>	\$35,000	\$35,000	Lump sum	Upon signing of Franchise Agreement	Us
Territory Reservation Fee <sup>(1)</sup>	\$1,000	\$10,000*	Lump Sum	Due before Franchise Agreement is signed	Us
Design Fee <sup>(2)</sup>	\$5,000	\$10,000	As incurred	Upon ordering designs	Us
Mechanical, Electrical, Plumbing, and Architectural Fees <sup>(3)</sup>	\$5,000	\$25,000	As incurred	As agreed	Third Parties
Real Estate Agent Fees <sup>(4)</sup>	\$10,000	\$15,000	As incurred	As agreed	Third Parties
Rent, Security Deposit, Utility Deposit <sup>(5)</sup>	\$1,500	\$5,000	As incurred	As agreed	Landlord, Utility Companies
Additional Storage <sup>(5)</sup>	\$650	\$15,000	As incurred	As agreed	Landlord
Leasehold Improvements <sup>(6)</sup>	\$95,000	\$200,000	As incurred	As agreed	Landlord, Contractors, Other Suppliers
Furniture, Fixtures, and Equipment <sup>(7)</sup>	\$65,000	\$150,000	As incurred	As agreed	Approved Suppliers
Initial Inventory and Supplies <sup>(8)</sup>	\$15,000	\$25,000	As incurred	As agreed	Approved Suppliers
Insurance <sup>(9)</sup>	\$5,000	\$7,000	As incurred	As agreed	Insurance Providers / Approved Suppliers
Business Licenses and Permits <sup>(10)</sup>	\$5,000	\$20,000	As incurred	As agreed	Third Parties
Professional Fees <sup>(11)</sup>	\$5,000	\$10,000	As incurred	As agreed	Attorney, Accountant
Signage <sup>(12)</sup>	\$5,000	\$25,000	As incurred	As agreed	Approved Suppliers
Office Equipment and Supplies <sup>(13)</sup>	\$3,500	\$5,000	As incurred	As agreed	Us, Approved Suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Grand Opening Promotion <sup>(14)</sup>	\$2,500	\$5,000	As incurred	As agreed	Approved Suppliers
Uniforms <sup>(15)</sup>	\$800	\$1,200	As incurred	As agreed	Approved Suppliers
Initial Training Expenses <sup>(16)</sup>	\$2,500	\$10,000	As incurred	As agreed	Airlines, Hotels, Restaurants, etc.
POS Set Up Fee <sup>(17)</sup>	\$2,500	\$7,000	As incurred	As agreed	Us, Approved Suppliers
Digital Signage Displays and Set Up, License and Maintenance Fees <sup>(18)</sup>	\$4,500	\$24,400	As incurred	As agreed	Approved Suppliers
Miscellaneous Opening Expenses <sup>(19)</sup>	\$10,000	\$25,000	As incurred	As agreed	Third Parties, Approved Suppliers
Additional Funds – 3 Months <sup>(20)</sup>	\$18,800	\$60,000	As incurred	As agreed	Us and Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT<sup>(21)</sup></b>	<b>\$298,250</b>	<b>\$689,600</b>			

### Food Truck<sup>22</sup>

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee <sup>(1)</sup>	\$35,000	\$35,000	Lump sum	Upon signing of Franchise Agreement	Us
Territory Reservation Fee <sup>(1)</sup>	\$1,0000	\$10,000*	Lump Sum	Due before Franchise Agreement is signed	Us
Design Fee <sup>(2)</sup>	\$0	\$10,000	As incurred	Upon ordering designs	Us
Mechanical, Electrical, Plumbing, and Architectural Fees <sup>(3)</sup>	\$5,000	\$25,000	As incurred	As agreed	Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Additional Storage <sup>(5)</sup>	\$650	\$1,500	As incurred	As agreed	Landlord
Leasehold Improvements <sup>(6)</sup>	\$55,000	\$150,000	As incurred	As agreed	Landlord, Contractors, Other Suppliers
Furniture, Fixtures, and Equipment <sup>(7)</sup>	\$30,000	\$75,000	As incurred	As agreed	Approved Suppliers
Initial Inventory and Supplies <sup>(8)</sup>	\$15,000	\$25,000	As incurred	As agreed	Approved Suppliers
Insurance <sup>(9)</sup>	\$4,000	\$7,000	As incurred	As agreed	Insurance Providers / Approved Suppliers
Business Licenses and Permits <sup>(10)</sup>	\$5,000	\$20,000	As incurred	As agreed	Third Parties
Professional Fees <sup>(11)</sup>	\$5,000	\$10,000	As incurred	As agreed	Attorney, Accountant
Signage <sup>(12)</sup>	\$5,000	\$10,000	As incurred	As agreed	Approved Suppliers
Office Equipment and Supplies <sup>(13)</sup>	\$0	\$5,000	As incurred	As agreed	Us, Approved Suppliers
Uniforms <sup>(15)</sup>	\$800	\$1,200	As incurred	As agreed	Approved Suppliers
Initial Training Expenses <sup>(16)</sup>	\$2,500	\$8,000	As incurred	As agreed	Airlines, Hotels, Restaurants, etc.
POS Set Up Fee <sup>(17)</sup>	\$2,500	\$4,000	As incurred	As agreed	Us, Approved Suppliers
Digital Signage Displays and Set Up, License and Maintenance Fees <sup>(18)</sup>	\$1,500	\$5,000	As incurred	As agreed	Approved Suppliers
Miscellaneous Opening Expenses <sup>(19)</sup>	\$5,000	\$10,000	As incurred	As agreed	Third Parties, Approved Suppliers
Additional Funds – 3 Months <sup>(20)</sup>	\$5,000	\$15,000	As incurred	As agreed	Us and Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT<sup>(21)</sup></b>	<b>\$177,950</b>	<b>\$426,700</b>			

## Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Crepe de licious Franchise. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Crepe de licious Franchises. The factors underlying our estimates may vary, depending on several variables, and the actual investment you make in developing and opening your Crepe de licious Franchise may be greater or less than the estimates given, depending upon the location of your Crepe de licious Business and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Initial Franchise Fee. You must pay us an initial franchise fee to purchase a franchise. The initial franchise fee is payment for all our pre-opening assistance that we will provide to allow you to open your Crepe de licious Business. See Item 5 for additional information about your Initial Franchise Fee and the Territory Reservation Fee. \*Because the Territory Reservation Fee is credited towards the Initial Franchise Fee if you purchase a Franchise and sign a Franchise Agreement, we have not calculated it as a separate fee from the Initial Franchise Fee.

2. Design Fee. We provide restaurant design preparation services for your Restaurant, Kiosk, or Food Truck. You must pay the Design Fee upon ordering the designs prior to opening your Crepe de licious Business. This fee will vary depending on the size and complexity of the design.

3. Mechanical, Electrical, Plumbing, and Architectural Fees. This estimate covers the mechanical, electrical, plumbing, and architectural costs and fees that you will incur in constructing or remodeling your Restaurant or Kiosk.

4. Real Estate Agent Fees. If you use the services of a real estate agent to purchase or lease real estate, you may be required to pay a fee to your real estate agent based on any agreement you sign with your real estate agent.

5. Rent, Security Deposit, Utility Deposit and Additional Storage. These estimates cover the first three months of rental payments, an initial security deposit, and a utility deposit, and three months of rental payments for additional storage. We estimate that a typical Restaurant will need between 250 square feet and 4,000 square feet of space, a typical Kiosk will need between 200 square feet and 600 square feet, and a Food Truck will need between 12 and 16 feet in length. You may be required to procure storage of between 75 square feet to 300 square feet for your Restaurant, Kiosk, or Food Truck depending on the location layout and size. Storage areas for Restaurants, Kiosks, or Food Truck may be located off-site from your Restaurant, Kiosk, or Food Truck. For example, storage for Restaurants, Kiosks, or Food Truck located within a shopping mall will typically be located in a separate area within the shopping mall and not on-site at your Crepe de licious Business. There are a variety of factors that can affect lease rates, the most prominent being location and market conditions. In addition, some leases are triple net leases which require the tenant to pay rent plus all taxes, insurance, and maintenance expenses, while other leases may charge a variable rent based on a percentage of your income, with no fixed minimum rental charge. This estimate does not account for

triple net expenses or other amounts beyond the base rental rate. You should investigate lease rates in your own area.

6. Leasehold Improvements. The estimate shown does not reflect any landlord contribution or tenant improvement allowance you may negotiate. The estimate involves expenses associated with the design and build-out of the Restaurant or Kiosk, such as plumbing, electrical, and remodeling work, and is based on our experience with existing locations. These costs may vary, depending on the size, condition, and location of the leased premises, supply and demand for materials and labor in your local area, local building and fire code requirements, and requirements of the lease regarding such matters as construction, signage, and inflation. You may also be able to negotiate with your landlord for a significant landlord contribution for these expenses. In a build-to-suit lease, the landlord typically includes some or all of the improvements and fixtures in your lease payments. The costs vary with factors, such as Restaurant or Kiosk size and type, configuration, remodeling needs, and location.

7. Furniture, Fixtures, and Equipment. This estimate involves the furniture, fixtures, and equipment you will need to open a Restaurant, Kiosk, or Food Truck, such as griddles, sandwich presses, chairs, tables, refrigerators, freezers, required signage, and other items. Some of these expenses will depend on whether you operate a Restaurant, a Kiosk, or a Food Truck, the Restaurant, Kiosk, or Food Truck size, shipping distances, supplier, and your credit history.

8. Initial Inventory and Supplies. You must have an opening inventory and supply items on hand when you begin the operation of your Crepe de licious Business.

9. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. We reserve the right to require you to obtain insurance from our approved suppliers. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Crepe de licious Business, your rates may be significantly higher than those estimated above.

10. Business Licenses and Permits. You must obtain the required permits and licenses that are required by your city, county, and state to operate your Crepe de licious Business.

11. Professional Fees. You may incur legal fees, accounting fees, and other professional fees in order to incorporate your business, perform all necessary tax filings, and perform other tasks such as establishing a general ledger, tax reports, and payroll deposits. We strongly recommend that you hire a lawyer, accountant, or other professional to advise you on this Franchise offering. Rates for professionals can vary significantly based on area and experience.

12. Signage. This estimate is for the cost of the interior and/or exterior signs you will need for your Restaurant, Kiosk, or Food Truck.

13. Office Equipment and Supplies. You must purchase our specified computer hardware, including our designated point-of-sale system and other computer hardware, as well as business stationery and certain other related items necessary to operate and manage your Crepe de licious Business in a professional manner according to our System standards. See Item 11 for additional information.

14. Grand Opening Promotion. You must spend at least \$2,500 on a grand opening advertising campaign that meets our standards and specifications. This must be spent before your Restaurant or Kiosk opens and during its first 90 days of operation. The Grand Opening Promotion is not applicable to any Food Truck Franchised Business.

15. Uniforms. The uniforms consist of aprons, hats, chef jackets, and shirts.

16. Initial Training Expenses. We provide training at our training center in Concord, Ontario, Canada or at another location designated by us. You must pay for airfare, meals, transportation costs, lodging, and incidental expenses for all initial training program attendees. Initial training is provided at no charge for up to three people, which must include you and your designated manager, if applicable; if additional initial training is required, or more people must be trained, an additional fee will be assessed.

17. POS Set-Up Fee. You must pay a one-time set-up fee of \$800 per POS system, and you are required to purchase one to two POS systems. The high estimate includes the POS Set-Up Fees for two POS systems.

18. Digital Signage Displays and Set-Up, License and Maintenance Fees. This estimate includes from one to ten televisions for digital signage displays. There is a one time network set-up fee of \$335 to \$650 depending on the number of televisions. This estimate also includes your first annual license fee of \$200 to \$300 per television and your first annual maintenance fee of \$235 to \$400 plus \$25 to \$50 per television. Your investment will depend on how many televisions you purchase. We will determine the number of televisions required based on the locations size and layout.

19. Miscellaneous Opening Expenses. This estimate covers miscellaneous expenses that you may incur before your Crepe de licious Business first opens for business.

20. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your Crepe de licious Business. These figures include three-month estimates of the Technology Fee (currently \$250 per month) and POS software license fee (currently estimated to be between \$100 and \$200 per month per POS system). These figures do not include standard pre-opening expenses, Royalty Fees, or advertising fees payable under the Franchise Agreement or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Crepe de licious Business opens for business. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Crepe de licious Franchises. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Crepe de licious Business. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your Crepe de licious Business. Additional funds for the operation of your Crepe de licious Franchise will be required after the first three months of operation if sales produced by the Crepe de licious Franchise are not sufficient to produce positive cash flow.

21. Figures May Vary. This is an estimate of your initial start-up expenses for one Crepe de licious Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

22. Food Truck. The prices listed in this chart are estimates for a standard 12 to 16 foot long food truck including professional custom wrap. The price may vary depending on the actual size of the truck.

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

### Standards and Specifications

You must operate your Crepe de licious Franchise in strict conformity with the methods, standards, and specifications we list in our proprietary and confidential operating manual (“Operations Manual”), which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components. You must not: (i) deviate from these methods, standards, and specifications without our prior written consent; or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System. If you use any unapproved item or service at your Crepe de licious Franchise, you will be required to pay the Unauthorized Product or Service Fee to Us.

Our Operations Manual states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your Crepe de licious Franchise. We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Operations Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information.

You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Operations Manual or otherwise in writing.

You must use the computer programs and related materials developed for use in the operation of Crepe de licious Franchises. The Software (defined in Item 11) includes the POS system software. You must pay us a technology fee for website hosting and other services. You must pay a separate license fee for the POS software this may be direct to the POS vendor or paid to us, as determined by us. The purchase of the Software license may include technical support. See Item 6 and Item 7 for more information about the technology fee and POS software license. Franchisees are required to purchase computer systems from our designated suppliers. You must use the computer hardware and software, including the point-of-sale system that we periodically designate to operate your Crepe de licious Business. You must obtain the computer system, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may be limited to us and/or our affiliates). Neither we nor our affiliates are currently suppliers of the computer system, except for the services procured for the technology fee described above.

You must use such third party delivery companies as we designate in the Operations Manual or otherwise. We currently contract with some third party delivery, ghost kitchen, and retail supply companies to expand the availability of our products to consumers through delivery, catering, and grocery or other retail stores. These third party delivery, ghost kitchen, and retail supply companies may deliver and service customers within your protected territory, you have no rights to any compensation for any actual or perceived revenue loss due to our contracts with third party delivery, ghost kitchen, or retail supply companies.

You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your Crepe de licious Business is located, and must be approved by us. It must also be rated “A” or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require

different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. We currently require you to maintain the following insurance coverages: (1) commercial general liability insurance with limits of at least \$2 million per occurrence, at least \$4 million aggregate, and at least \$2 million per person, with \$5,000 per person medical benefits, and a maximum deductible of \$2,500; (2) all risks coverage insurance on all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of the Restaurant (including flood and/or earthquake coverage where there are known risks) for full replacement value; (3) workers compensation insurance consistent with applicable law; (4) data theft and cybersecurity; and (5) automobile (covering all vehicles used for Food Trucks and in the delivery of products to and from the Franchised Business including owned, hired, or non-owned vehicles) liability insurance with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate. We reserve the right to require that you obtain some or all of insurance coverage from our approved vendors. Our insurance requirements are subject to change during the term of this Agreement, and you agree to comply with each such change.

### Purchases from Approved Suppliers

We are the supplier of the services for which you pay the technology fee and procure the services on your behalf from third-party vendors. We reserve the right to require you to pay this fee directly to the service provider(s) of these services. We or our affiliate are the only approved suppliers of restaurant design preparation services. You must purchase the POS system, Digital Signage Displays and related licenses and maintenance services from our approved or designated suppliers who meet the specifications set forth in our Operations Manual. You must purchase all Ecolab brand chemicals, dishwasher, floor and surface cleaner, washroom, and hand sanitizer products through our approved or designated distributors who meet the specifications set forth in our Operations Manual. We may designate ourselves and/or any affiliates as an approved supplier, or the only approved supplier, from which you may or must lease or purchase particular products or services in developing and operating your Crepe de licious Business. We and our affiliates may derive revenue from these sales, and may sell these items at prices exceeding our or their costs. We reserve the right to become an approved supplier for other categories of products and supplies offered or used by your Restaurant, Kiosk, Food Truck, or Crepe de licious Business, including any proprietary software that we develop and require you to use. None of our officers own an equity interest in any approved supplier other than us.

During our last fiscal year, ended December 31, 2024, we did derive \$1,405.50 of revenue from the sale or lease of products or services to franchisees. This was >1% of our revenue for fiscal year 2024. Currently we are not a primary supplier to franchisees.

During our last fiscal year, ended December 31, 2024, we did derive revenue from rebates from Approved Suppliers of the sale or lease of products or services to franchisees. We derived a total of \$39,368 from rebates from Approved Suppliers. This was 10% of our revenue for fiscal year 2024.

We estimate that approximately 75% to 80% of purchases required to open your Crepe de licious Franchise, and approximately 65% to 70% of purchases required to operate your Crepe de licious Franchise on an ongoing basis will be from us or from other approved suppliers and under our specifications.

We have negotiated price terms and other purchase arrangements with suppliers for some items, including food and drink products, that we require you to lease or purchase in developing and operating your Crepe de licious Business. In doing this, we seek to promote the overall interests of our Franchise System, network of Crepe de licious Businesses, and our interests as the franchisor. There currently are no purchasing and distribution cooperatives. We do not provide material benefits, such as renewing or granting additional Franchises to franchisees based on their use of designated or approved suppliers. There are no caps or limitations on the maximum rebates we may receive from our suppliers as the result of franchisee purchases.

We and our affiliates may receive rebates or other consideration from suppliers in consideration for products or services that we require or advise you to obtain from approved suppliers, and we reserve the right to do so in the future. Our revenue or other consideration received may include promotional allowances, volume discounts, and other payments. Currently, neither us nor any of our affiliates receive rebates or other consideration from suppliers.

### Approval of New Suppliers

We may update the list of approved suppliers in the Operations Manual. If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit samples of the supplier's products or services to us, along with a written statement describing why such products, services, or suppliers should be approved for use in the System. We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. We will notify you of our approval or disapproval within a reasonable time (usually within 90 days) after we have received all of the relevant information we requested. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the franchise agreement 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 Franchise Agreement	Section in Area Development Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Sections 4.01 and 4.02	3.2, 3.3, and 5.1	Item 6, 7 and 11
b. Pre-opening purchases/leases	Sections 4.04 and 4.05	3.2 and 3.3	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Section 4.03	3	Items 6, 7 and 11
d. Initial and ongoing training	Sections 6.02, 6.03 and 6.04	5.5	Item 11
e. Opening	Section 4.06	1.1, 3.1, 3.2, and Exhibit A	Item 11
f. Fees	Section 8	4 and 7.4	Items 5, 6 and 7
g. Compliance with standards and policies/ Operations Manual	Sections 5.01, 5.02, 5.03, 5.04, 5.05, 5.07 and 9	5	Items 8 and 11
h. Trademarks and proprietary information	Sections 9, 10 and 11	1.4	Items 13 and 14
i. Restrictions on products/services offered	Section 5.10	1	Items 8 and 16

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Item in Disclosure Document
j. Warranty and customer service requirements	Section 5.07	Not Applicable	Item 11
k. Territorial development and sales quotas	Section 2.03 and Attachment A	1, 3.2, and Exhibit A	Items 11 and 12
l. Ongoing product/service purchases	Sections 5.10, 5.11, 5.12 and 5.14	Not Applicable	Items 8 and 16
m. Maintenance, appearance, and remodeling requirements	Sections 5.05, 5.08 and 5.09	Not Applicable	Items 7 and 11
n. Insurance	Sections 14.01 and 14.02	Not Applicable	Items 7 and 8
o. Advertising	Sections 5.13, 5.15 and 5.16	Not Applicable	Items 6 and 11
p. Indemnification	Sections 14.03, 14.04 and 14.05	12.4	Item 6
q. Owner's participation/ management and staffing	Section 6.01	5.2	Items 11 and 15
r. Records and reports	Sections 8.10, 8.11, 8.12, 8.13, 8.14 and 8.15	5.3 and 5.4	Items 6 and 17
s. Inspections and audits	Section 12	5.4	Items 6 and 11
t. Transfer	Section 15	7	Item 17
u. Renewal	Sections 3.02 and 3.03	Not Applicable	Items 6 and 17
v. Post-termination obligations	Section 17	6.6	Item 17
w. Non-competition covenants	Sections 5.21, 5.23, 11.02 and 17.09	8	Items 14, 15 and 17
x. Dispute resolution	Section 18	16	Item 17
y. Liquidated Damages	Section 17.13	6.7	

## **ITEM 10 FINANCING**

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

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

**Except as listed below, CDHU is not required to provide you with any assistance.**

### Pre-opening Obligations

Before you open your Crepe de licious Franchise, we (or our designee(s)) will provide the following assistance and services to you:



1 Provide site selection guidelines and criteria, and provide site selection assistance to determine an acceptable location for your Crepe de licious Franchise (See Franchise Agreement – Section 7.01).

2 Review your lease agreement for the Restaurant or Kiosk to ensure that its terms contain our required provisions and otherwise meets our minimum standards (See Franchise Agreement – Section 7.02).

Review and authorize a final lease for your Restaurant or Kiosk (See Franchise Agreement – Section 4.02).

Provide restaurant design preparation services and specifications for furniture, fixtures, equipment, inventory, and supplies required to operate your Crepe de licious Business. You must submit final construction plans and specifications to us for our approval before you begin construction at the premises, and must construct your Restaurant, Kiosk, or Food Truck in accordance with those approved plans and specifications (See Franchise Agreement – Sections 7.03, 7.05 and 7.06).

3 Counsel you on necessary pre-opening procedures and assist you with inventory ordering of products, equipment, and supplies through our affiliate or other suppliers, as applicable, which are necessary for commencement of operations (See Franchise Agreement – Sections 7.05, 7.06, 7.07 and 7.10).

Loan to you, or make available to you on our website, one copy of the Operations Manual. The Operations Manual contains approximately 197 pages. The table of contents for the Operations Manual is attached to this Franchise Disclosure Document as Exhibit F (See Franchise Agreement - Section 7.04).

4 Provide a list of our approved items, services, and suppliers, and consultation on required purchases as we deem necessary and appropriate (See Franchise Agreement – Sections 7.05 – 7.07).

5 Provide assistance with your grand opening marketing programs (See Franchise Agreement Section 5.13(b) and Section 7.10).

6 Provide an initial training program in Concord, Ontario, Canada or another location designated by us (“Initial Training Program”) to you and your designated manager, if applicable (See Franchise Agreement - Section 7.08).

7 Provide templates for certain promotional and advertising materials, and consultation in connection with the grand opening of your Crepe de licious Business (See Franchise Agreement - Section 7.10).

Under Area Development Agreement: Before you open the Franchised Restaurant:

We will approve or deny your proposed site for each Franchised Restaurant. (Area Development Agreement, Section 3.2)

We will provide you with site selection guidelines, including our minimum standards for store sites, and other site selection counseling and assistance as we deem appropriate. (Area Development Agreement, Section 5.1)

1. If we determine that on-site evaluation is appropriate, we may, at no charge to you, provide you with such on-site evaluations as we consider advisable for each Franchised Restaurant to be developed under the Development Schedule. (Area Development Agreement, Section 5.1)

2. We are not required by the Franchise Agreement or Area Development Agreement to furnish any other service or assistance to you before the opening of your Franchised Restaurant.

### *Site Selection*

You must select the site for your Restaurant or Kiosk, or Territory for your Food Truck subject to our approval. You may not relocate your Restaurant, Kiosk, or Food Truck without our prior written consent. Before leasing or purchasing the site for your Restaurant, Kiosk, or Food Truck, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. There are no deadlines for our approval or disapproval of your proposed site, although we will typically be able to respond within two weeks after you submit to us all of the required information. Once we have approved your location, the Franchise Agreement will automatically be amended to show the specific location as the only location where you are authorized to operate the Restaurant, Kiosk, or Food Truck. If we disapprove of the proposed site, you must select another site, subject to our consent. You must purchase or lease, at your expense, the site for your Restaurant, Kiosk, or Food Truck within twelve months after signing the Franchise Agreement. You also must submit for review and approval any sale or lease contract before you sign it.

The Food Truck must always operate within the Territory. We reserve the right to limit specific Sites for the Food Truck to Operate within the Territory at our sole discretion.

Our site selection criteria and our approval of a site do not constitute a representation or warranty as to the suitability of any particular site for a Restaurant, Kiosk, Food Truck or as to any other purpose. Our approval only indicates that we believe that the site falls within our minimum site selection criteria.

We will consult with you on our current site selection guidelines and provide other site selection counseling, as we deem advisable. The factors we consider in approving sites include location, size, suitability, and other factors that may be relevant to your market. Typically, Crepe de Licious Businesses are located in busy malls and outside the food court in a quieter, more relaxed atmosphere. Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining, and developing the site for your Restaurant, Kiosk, or Food Truck.

#### Under Area Development Agreement:

For each proposed site for a Franchised Restaurant to be developed under the Area Development Agreement, you must also submit to us the required documents as detailed in the Manuals. We will approve or disapprove, in our sole discretion, the location for the Franchised Restaurant. You must, on terms that we deem acceptable, secure a lease or a binding agreement for the purchase of the approved site.

Under the Franchise Agreement and Area Development Agreement, we will be deemed to have disapproved a proposed location unless we have expressly approved it in writing. In approving a location for the Franchised Restaurant, we consider the location, neighborhood, traffic patterns, visibility, parking facilities, size, lease, and zoning. If you do not locate and secure an acceptable site within the required time frames, you will be in default of your agreement with us for which we may terminate your agreement.

Under the Franchise Agreement and Area Development Agreement, our approval (or failure to disapprove) of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Restaurant or for any other purpose, or as to any

expected level of sales, revenues or profits. Approval by us of the site indicates only that the site meets the minimum requirements for a Crepe Delicious Restaurant site.

### *Schedule for Opening*

The typical length of time between signing the Franchise Agreement and opening the Restaurant, Kiosk, or Food Truck can vary from five to 12 months. You must schedule the opening of your Crepe de licious Business within 12 months after signing the Franchise Agreement. If you do not open your Crepe de licious Business within 12 months after you sign the Franchise Agreement, you will be required to pay us an Opening Extension Fee until you open. Some factors which may affect this timing are your ability to acquire a location through lease or purchase negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, your ability to obtain any necessary permits and certifications, the timing of the delivery of equipment, inventory, and supplies; the time to convert, renovate, or build-out your Restaurant or Kiosk; completing our Initial Training Program; and hiring and training a manager and other employees. You must comply with all ordinances, building codes, and permit requirements, and with any lease requirements and restrictions.

You may not open your Crepe de licious Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you have completed the Initial Training Program to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions stated in the Franchise Agreement have been met; (6) you have received all required permits and licenses; and (7) you have ordered, received, and installed your fixtures, equipment, supplies, inventory, and computer system. You must be prepared to begin operating your Crepe de licious Business immediately after we state your Crepe de licious Business is ready for opening.

### Continuing Obligations

During the operation of your Crepe de licious Business, we (or our designee(s)) will provide the following assistance and services to you:

Inform you of mandatory specifications, standards, and procedures for the operation of your Crepe de licious Franchise, as described in Item 8 (See Franchise Agreement – Section 7.12).

1 If we establish an advertising fund, maintain and use this fund to develop promotional and advertising programs for Crepe de licious Businesses (See Franchise Agreement – Section 7.15).

Issue and modify System standards for Crepe de licious Franchises. We may periodically modify System standards, and those modifications may require you to invest additional capital in the Crepe de licious Franchise and/or incur higher income expenses (See Franchise Agreement – Section 9.04).

2 Allow you to continue to use confidential materials, including the Operations Manual and the Marks (See Franchise Agreement – Section 10.03).

3 Maintain and administer one or more websites to advertise, market, and promote Crepe de licious Franchises and the products and services offered (each a “System Website”) (See Franchise Agreement – Section 7.16).

4 Review requests for approval of additional items, services and/or suppliers, and notify you of our decision (See Franchise Agreement – Section 7.17).

A representative of ours may, at our sole discretion, provide additional assistance (See Franchise Agreement – Section 7.12). There may be additional charges for these services. If we provide additional assistance, we must agree in advance on the charges you will pay and the length of the visit (See Item 6).

Provide additional training to you for newly-hired personnel on the Crepe de licious brand and System guidelines, refresher training courses, and additional training or assistance that, in our discretion, you need or request. You may be required to pay additional fees for this training or assistance (See Franchise Agreement – Section 7.09).

5 Provide you with product information and suggested retail prices for approved items or services; however you are not bound by our recommended prices. (See Franchise Agreement - Section 7.11).

### Optional Assistance

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

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new equipment, or new techniques.
2. Make periodic visits to the Restaurant, Kiosk, or Food Truck for the purpose of assisting in all aspects of the operation and management of the Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.
3. Maintain and administer an advertising fund. We may dissolve the advertising fund upon written notice (See Franchise Agreement – Section 7.15).
4. Hold periodic national or regional conferences to discuss business and operational issues affecting Crepe de licious franchisees.

### Advertising

#### *Advertising Fund*

We require you to pay an advertising fee (“Advertising Fee”) in an amount of three percent (3%) of your monthly Gross Revenues for the creation of a national advertising fund (“Advertising Fund”). You must pay the Advertising Fee at the same time that you pay your Royalty Fee, based on the Gross Revenues you generated in the previous reporting period.

Your contribution to the Advertising Fund will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Advertising Fund, but certain franchisees may contribute on a different basis, depending on when they signed their Franchise Agreement. Franchisor-owned outlets may, but are not required to, contribute to the Advertising Fund on the same basis as franchisees.

The Advertising Fund will be administered by us, or one of our affiliates or designees, in our discretion, and one or more franchisees. We may use a professional advertising agency or media buyer to assist us. The Advertising Fund will be in a separate bank account, commercial account, or savings account.

We have complete discretion on how the Advertising Fund will be utilized. We may use the Advertising Fund for local, regional, or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System, and any other purpose to promote the Crepe de licious brand. We may reimburse ourselves, our authorized representatives, or our affiliates from the Advertising Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and all other direct or indirect expenses associated with the programs funded by the Advertising Fund. We do not guarantee that advertising expenditures from the Advertising Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Advertising Fund contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement indicating “Franchises Available” or similar phrasing, or include information regarding acquiring a Franchise on or as a part of materials and items produced by or for the Advertising Fund.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Advertising Fund or to maintain, direct, or administer the Advertising Fund. Any unused funds in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Advertising Fund on any terms we deem reasonable.

The Advertising Fund is not audited. We will provide an annual accounting for the Advertising Fund that shows how the Advertising Fund proceeds have been spent for the previous year upon written request. We collected \$72,857 in Advertising Fund Contributions during our last fiscal year, ended December 31, 2024 and spent a total of \$72,614.50. We allocated this in the following: Administrative and Payroll – 98%, Ad Placements – 1.7%, Ad Marketing and Design – .5%, Other – 0%, Retained for Fund – 0%.

### *Local Advertising*

In addition to the Advertising Fund Contribution, you must spend the greater of \$500 or 1% of your Gross Revenues on local advertising each month (“Local Advertising Requirement”). If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to us, or if established, the Advertising Fund. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other Crepe de licious franchisees under any such program, so long as such compliance does not contravene any applicable law, rule, or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all Crepe de licious Businesses, and you will not issue coupons or discounts of any type except as approved by us.

You are not required to participate in any local or regional advertising cooperative for Crepe de licious Franchises.

### *Grand Opening Marketing*

You must spend at least \$2,500 on local advertising, public relations, promotion, and other marketing activities in connection with your grand opening before your Restaurant, Kiosk, or Food Truck

opens and during its first 90 days of operation. Before you conduct your grand opening marketing campaign, it must be approved by us. You must submit to us proof of your expenditures within 30 days after your Restaurant, Kiosk, or Food Truck first opens for business.

#### *Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing*

You must order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. All advertising, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we may require from time to time. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your Crepe de licious Franchise, those items or services must be included in your Gross Revenues and will be subject to Royalty Fees and Advertising Fees. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to us, or if established, the Advertising Fund.

#### *System Website*

We have established a System website (“System Website”) for Crepe de licious Businesses which includes local pages for each franchisee. Your page will include information relating to your specific business location and select content that we provide from our System Website. Your page will also showcase Crepe de licious products and services. Your monthly technology fee includes website hosting fees. You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet usage rules, policies, and requirements. You may not establish or maintain any other website or engage in any other electronic marketing of products or services without our prior written approval. All such information shall be subject to our approval prior to posting. You may choose, however, to promote your Crepe de licious Business via alternate online strategies consistent with our policies and guidelines as contained in the Manual, which may be changed at our discretion. We have the right to review all online content on social media sites, blogs, in electronic communications, and on other online sites which are related to your Restaurant, Kiosk, or Food Truck or that contain our Marks, in order to protect the reputation and high quality associated with our Marks and brand. We may require you to remove any questionable usage or content involving our Marks. We may also require you to cease using our Marks on all such sites. We intend any franchisee website be accessed only through our home page. We retain the right to approve any linking or other use of our System Website.

#### *Advisory Council*

We currently do not have, but reserve the right to form, one or more franchise advisory councils (“FAC”) to advise us on advertising policies. The FAC would be governed by bylaws. The purpose of the FAC would be to provide input regarding the Advertising Fund and to promote communication between us and all franchisees. Members of the FAC would consist of both franchisees and corporate representatives. Members of the FAC would be selected by way of a voting method specified in the FAC’s bylaws. The FAC would serve in an advisory capacity only. We will have the power to form, change, or dissolve the FAC, in our sole discretion.

## Software and Computer System

You are required to purchase a computer system that complies with our requirements and consists of the following hardware and software: (a) one back office server and desktop computer with printer; one 12 inch monitor; one to two point-of-sale systems (depending on size and location of your Restaurant, Kiosk, or Food Truck) with credit card attachments and cash drawers; one 15" LCD touchscreen; two 16 inch iPads; and two thermal receipt printers and cables; a fax setup (which may be an Internet fax service) and (b) POS software license from our approved supplier ("Computer System"). We currently do not specify a system for accounting/bookkeeping, but reserve the right to do so. We recommend, but do not require, that franchisees use QuickBooks Pro Software for desktops or QuickBooks Online Edition for accounting/bookkeeping. We estimate the cost of purchasing the Computer System will be approximately \$2,550 to \$4,500, depending on the number of point-of-sale systems you purchase. The Computer System will manage the daily workflow of the Crepe de licious Business, coordinate the customer ordering experience, track inventory, labor, and other information. You must record all Gross Revenues on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Revenues of your Crepe de licious Franchise. You must also maintain a high-speed Internet connection at the Crepe de licious Business. In addition to offering and accepting Crepe de licious gift cards and loyalty cards, you must use any credit card vendors and accept all credit cards and debit cards that we determine. The term "credit card vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for the Computer System. You must arrange for installation, maintenance, and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the Computer System. We cannot estimate the cost of maintaining, updating, or upgrading the Computer System or its components because it will depend on your repair history, costs of computer maintenance services in your area, and technological advances, which we cannot predict at this time. We may revise our specifications for the Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation.

You must obtain the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may be limited to us and/or our affiliates). We may periodically modify the specifications for, and components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software, and obtain service and support for the Computer System. The Franchise Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We estimate that the annual cost of required maintenance updates or upgrading or support contracts will be \$500 (however, it may be more or less, depending the update or contract). We have no obligation to reimburse you for any Computer System costs. Within 60 days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.

In addition to the technology fee described in Item 6 above, we may charge you a reasonable fee or require that you hire a third party vendor for: (i) installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we develop and license to you; and (ii) other Computer System-related maintenance and support services that we or our affiliates provide to you. If we require you to utilize the services of a third party vendor, you will be required to pay them directly. If we or our affiliates license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates require.

You will not install or permit the installation of any unauthorized software on your point-of-sale equipment or computer equipment without our prior express written consent. If we determine that unauthorized software or programs have been installed on your systems, you must immediately remove them upon notice from us. You will use your point-of-sale system only in connection with the Restaurant, Kiosk, or Food Truck, and only according to System standards. Unless we agree otherwise, you will use only one computer at your Restaurant, Kiosk, or Food Truck to connect to and communicate with our computer system, and you must maintain all data relating to your Crepe de licious Franchise on this same computer. If you have any other computers at your Restaurant, Kiosk, or Food Truck, you must give us full access to those computers anytime we request (including, if we audit your Crepe de licious Franchise).

You will have sole responsibility for: (1) the operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

We (or our designee(s)) have the right to independently access the electronic information and data relating to your Crepe de licious Franchise, and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Crepe de licious Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Crepe de licious Business, or from other locations.

We, or our affiliate, may establish an intranet system to provide you with access to an electronic version of the Operations Manual, marketing materials, other System materials and support, and for other purposes. If an intranet system like this is established, we or our affiliate will administer and maintain it, and we will provide you and/or your managers with access to this system. Subject to System standards, we will continue to allow you or your managers to access our intranet system during the term of the Franchise Agreement, but we have the right to suspend your access to our intranet system if you are in default of your Franchise Agreement. We may require you to use the intranet system for communications, reports, and other functions.

## Training

### *Initial Training*

Before you open your Crepe de licious Business, we will provide initial training at no charge for up to three people: you, and, if applicable, your designated manager and a third person of your choosing. You, and if applicable, your designated manager, must complete to our satisfaction our Initial Training Program at least two weeks before opening. You must pay our fee for training each additional person, currently \$2,000. We currently do not have a set training schedule, but will conduct training sessions on an as-needed basis. The Initial Training Program is conducted either at our headquarters in Concord, Ontario, Canada, at a Restaurant, Kiosk, or Food Truck operated by a franchisee or our affiliate, or at another location we designate, in our sole discretion.

If you and your designated manager fail(s) to successfully complete the Initial Training Program to our satisfaction, we may require the failing attendee to attend additional training programs that we designate, at your sole expense, or we may require you to appoint another owner, if applicable, and/or designated manager and to send that individual to the next available Initial Training Program, at your sole expense. If the Initial Training Program is not completed to our satisfaction after two attempts, we may

terminate the Franchise Agreement. If, at any time during the term of the Franchise Agreement, you replace your designated manager, that replacement must attend and successfully complete the first available Initial Training Program held by us (which may be conducted at another franchisee’s Restaurant, Kiosk, or Food Truck). You will be charged a training fee for each and every replacement designated manager, and will be responsible for all costs for airfare, ground transportation, lodging, meals, and expenses.

We will provide three to five days of on-site training at no charge prior to the opening of your Crepe de licious Business. In addition, you will also be required to complete a training program with the POS system provider before opening your Restaurant, Kiosk, or Food Truck. As of the Issuance Date, the current POS training is on-line. Ecolab, our supplier of cleaning products and sanitizers, will provide you with on-site or on-line training on the use of their products. This training must also be completed prior to the opening of your Restaurant, Kiosk, or Food Truck. As of the Issuance Date, the vendors do not charge for the POS or Ecolab training. The POS provider and Ecolab will have discretion regarding cost, methods and frequency of training.

We plan to provide the training listed in the table below. We reserve the right to vary the length and content of the Initial Training Program based upon the experience and skill level of the individual attending the Initial Training Program.

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
<b>Day 1</b>			
Head Office meet & great Review Operations Manual Recipes Binder Business Implementation Marketing Meeting Food Safety & Health Certificates Crepe Spinning Training in Office Kitchen	3-6	0	Miami, Florida or another location we designate
<b>Day 2</b>			
<b>Gelato</b> Theory Component How mix gelato How to make gelato How to clean machines How to make gelato popsicles How to make gelato cakes How to clean machines	4-8	0	Miami, Florida or another location we designate
<b>Day 3</b>			

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Customer Service Training Cashier Training (How to Up sell) & Learning the POS machine Learn Menu Items & Products Inventory – How to track & order Maintenance of Equipment How to clean crepe griddles Food preparations How to cut all veggies How to make crepe mix How to store food products How to display gelato How to serve gelato How to keep the store clean Customer Service Training	0	4-10	Miami, Florida or another location we designate
<b>Day 4</b>			
<b>How to Open the Store</b> <b>Crepe Making</b> Sweet Crepes Savoury Crepes Breakfast Crepes How to Serve Crepes  Panini Making Smoothies & Shakes preparations	0	4-10	Miami, Florida or another location we designate
<b>Day 5</b>			
Open Store Daily Morning Prep Store operations training Training serving crepes Training serving gelato	0	4-10	Miami, Florida or another location we designate
<b>Day 6</b>			
<b>Crepe Making</b> Open store alone Preparations Inventory Ordering Serve customers Evening procedures Gelato creating	0	4-10	Miami, Florida or another location we designate
<b>Day 7</b>			

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Full day operations Opening store alone Store prep Serving customers Crepe Making Gelato Serving Closing store alone	0	4-10	Miami, Florida or another location we designate
<b>Total Hours</b>	7-14	20-50	

Notes:

1. The training subjects may vary, and the training may be less than the times indicated above, depending on the number and experience of the attendees. We will use the Operations Manual as the primary instruction materials during the Initial Training Program.
2. Elik Farin, our Secretary and Franchise Director, who has conducted the training program for Holdings since 2012 will supervise the training program. Other individuals may also assist us with certain topics, such as franchise sales compliance and franchise development. Each of these individuals will have at least one year of experience in their respective field. Other instructors will include members of the operations management team, who have conducted the training program for Holdings for the last five years.
3. Our classroom training may be either wholly or in part online.

*Ongoing Training*

From time to time, we may require that you, designated managers, and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new designated manager, that person must attend and successfully complete our Initial Training Program before assuming responsibility for the management of your Crepe de licious Business. If we conduct an inspection of your Restaurant, Kiosk, or Food Truck and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your Crepe de licious Business).

**ITEM 12  
TERRITORY**

You must purchase or lease a retail space for your Restaurant or Kiosk which meets our standards and specifications for a Crepe de licious Restaurant or Kiosk (“Approved Location”). We must approve your Approved Location and lease terms before you sign a lease for a location. The Franchise Agreement for your Crepe de licious Franchise grants you the non-exclusive right to operate one Crepe de licious Restaurant or Kiosk from the Approved Location, or a Food Truck within the Territory. If you have not identified an Approved Location for your Restaurant or Kiosk when you sign the Franchise Agreement, as is typically the case, you and we will agree on the Approved Location in writing and amend the Franchise Agreement after you select and we approve the Approved Location. Although we may assist you in

selecting a location for your Restaurant, Kiosk, or Food Truck, you are solely responsible for selecting the Approved Location and negotiating the lease or purchase term. You are not guaranteed any specific approved location, and you may not be able to obtain your top choice as your Approved Location. The Approved Location for your Restaurant, Kiosk, or Food Truck will be located within a specific area (“Territory”). The Territory is determined based on the geographic area and population properties within that area and other relevant demographic characteristics and will typically be at least a five mile radius around your Restaurant or Kiosk but will be an assigned list of zip codes for a Food Truck. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You may also face competition from third party delivery or ghost kitchens related to or utilized by our franchise system. You may not sell products or services, or advertise products or services, within another franchisee’s Territory. The Approved Location for a food truck will be located within a specific Territory based on zip codes and will vary depending on the specific market. There may be other specific territorial restrictions

After the Approved Location is identified by you and consented to by us, so long as you are not in default under the Franchise Agreement and all other related agreements, and except as provided in the Franchise Agreement and subject to the reservation of rights below, we, our affiliates, subsidiaries, designees, or any other Franchise shall not operate a Crepe de licious Restaurant or Kiosk or grant a Franchise for the operation of a Crepe de licious Restaurant or Kiosk within the Territory. Though we may have contracted with a third party delivery or ghost kitchen that may operate occasionally within your Territory. You will have no rights to be compensated from these third party sales which may occur within your Territory.

The Approved Location for a Food Truck will be based upon the Territory and will not be exclusive. Any Food Truck Territory may be revised solely in our discretion at any time during the Franchise Agreement.

We, and our affiliates, have the right to operate, and to license others to operate, Crepe de licious Restaurants, Kiosks, and Food Trucks at any location outside the Territory, even if doing so will or might affect your operation of your Crepe de licious Restaurant, Kiosk, and Food Truck. We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1 to own, franchise, establish and/or operate, and license others to establish and operate, businesses using the Marks and System outside of the Territory, regardless of the proximity to your Crepe de licious Restaurant, Kiosk, or Food Truck (even if there may be some impact to your Crepe de licious Business);

2 to use the Internet and other means as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce without our prior written approval and subject to the policies and procedures in our Operations Manual;

3 to sell or distribute, at retail or wholesale or otherwise, directly or indirectly, or license others to sell or distribute, any proprietary items (such as crepe ingredients, crepes, crepe-based food items and crepe sandwiches, and gelato) which bear any proprietary marks, including the Marks, through grocery stores, convenience stores, hotel shops and kiosks, theatres, malls, airports, gas stations, college campuses, sports venues, third party delivery companies, ghost kitchens, or other retail locations within or outside of the Territory;

4 to own, acquire, establish and/or operate, and license others to establish and operate, businesses using any proprietary marks or systems (including the Marks and System) at any airport, train

station, other transportation facility, arena, ballpark, stadium, racetrack, other sports facility, theater, auditorium, concert hall, theme park, amusement park, cruise ship, casino, or other entertainment facility, or within any outlet mall or other regional mall, within or outside the Territory;

5 to use and license the use of other proprietary and non-proprietary marks or methods, which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering quick-service restaurants and related products and services, at any location, including within the Territory, which may be similar to or different from the Crepe de licious Restaurant, Kiosk, or Food Truck operated by you;

6 to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Crepe de licious Restaurant, Kiosk, or Food Truck, wherever located;

7 to acquire and convert to the System operated by us, any businesses offering services and products similar to offered by Crepe de licious Restaurants, Kiosks, and Food Trucks, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory, provided that in such situations the newly acquired businesses may not operate under the Marks in the Territory;

to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of the rights specified above within your Territory. The continuation of the Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. We do not pay compensation for soliciting or accepting orders inside your Territory.

If the lease for your Restaurant or Kiosk expires or is terminated without your fault, or if the site for your Restaurant or Kiosk is destroyed, condemned, or otherwise rendered unusable, we will allow you to relocate your Crepe de licious Franchise to a new site acceptable to us, provided you will be required to pay us a relocation fee of \$2,500. Relocation for any other reason will be subject to our approval which may be withheld in our sole discretion. Any relocation will be subject to the site selection and lease provisions stated above. Any relocation will be at your sole expense. Our approval will, among other things, be based on the following factors: where your Restaurant or Kiosk will be located, whether or not such relocation will infringe upon the rights of other franchisees, and the time it will take to relocate your Restaurant or Kiosk. All leases, subleases, or other agreements that you enter into to relocate the Restaurant or Kiosk must conform to the provisions of the Franchise Agreement. You must obtain a lease acceptable to us for your substitute location, build-out the new substitute location in accordance with our standards and specifications, and open for business at the new location within 120 days of closing the Crepe de licious Business at your existing Approved Location. Relocation is not applicable to any Food Truck.

If you wish to purchase an additional Crepe de licious Franchise, you must apply to us, and we may, at If our discretion, offer an additional Franchise to you. We consider a variety of factors when determining whether to grant additional Franchises. Among the factors we consider, in addition to the then-current requirements for new Crepe de licious franchisees, are whether or not the franchisee is in compliance with the requirements under their current franchise agreement. You do not receive the right to acquire additional Crepe de licious Franchises within or outside the Territory. You are not given a right of first refusal on the

sale of existing Crepe de licious Franchises. With our approval, we do allow you to reserve additional territories by paying the Additional Territory Reservation Fee.

You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales. You are not permitted to have an individual franchisee website. You may choose, however, to promote your business via alternate online strategies consistent with our online policy. We have the right to review all online content on social media sites, discount websites, blogs, in electronic communications, and on other online sites on which our trademarks are used to protect the reputation and high quality associated with our trademarks. We may require you to remove or cease using our trademarks and intellectual property if used in a questionable way. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use.

While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements are viewed by prospective customers outside of your Territory (because of the natural circulation of the printed media or reach of television and radio), you may not make any sales or deliver any products to customers located outside of your Territory, unless the customer is located in an area where there is not another Crepe de licious Restaurant, Kiosk, or Food Truck in operation. You may not sell our proprietary products or any other products to any business or other customer at wholesale or for resale.

#### Under the Area Development Agreement

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

If you sign an Area Development Agreement, the Area Development Agreement will specify the Development Area within which you may locate potential sites for Crepe Delicious Restaurants, subject to our approval. The size and scope of the Development Area will be determined on a case-by-case basis, as we mutually agree upon prior to signing the Area Development Agreement and will be specified in the Area Development Agreement. The factors that we consider in determining the size of a Development Area include current and projected market demand, demographics and population, traffic patterns, location of other Crepe Delicious Restaurants, your financial and other capabilities, the number of Restaurants you wish to develop and our development plans. During the term of the Area Development Agreement, if you comply with the obligations under the Area Development Agreement and all of the Franchise Agreements between you (and your affiliates) and us, we will not establish or operate, or license anyone other than you to establish or operate, a Crepe Delicious Restaurant in the Development Area. Except as described below, there are no circumstances under which the Area Development Agreement may be altered prior to expiration or termination of the Area Development Agreement. Your territorial protection is not dependent upon achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Area Development Agreement and Development Schedule.


If you do not comply with a deadline under the Development Schedule (a “Missed Deadline”), you will be in default under the Area Development Agreement. For one Missed Deadline, we will provide you with an opportunity to cure your default and we will determine and notify you of a new deadline for that one Missed Deadline (without changing the remainder of the Development Schedule). If you fail to come into compliance by that new deadline, and/or upon the occurrence of a second Missed Deadline, we may terminate your Area Development Agreement, or we may elect to take one or more of the following actions: (a) eliminate the limited exclusivity or reduce the scope of protections granted to you within the Development Area; (b) reduce the scope of the Development Area; (c) reduce the number of Franchised Restaurants for you to develop, or (d) retain all Area Development Fees paid to us. If we elect to take one or

more of these actions, we will provide written notice of such action, and the Area Development Agreement will be amended to reflect the changes.

### ITEM 13 TRADEMARKS

The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to use the System, which includes the use of the Proprietary Marks. You may also use other future trademarks, service marks, and logos we approve to identify your Crepe de licious Franchise.

The Marks and the System are owned by Holdings, and are licensed exclusively to us. Holdings has granted us an exclusive license (“Trademark License”) to use the Marks to franchise the System in the United States. The Trademark License is for ten years and began on December 23, 2014. It will automatically renew for subsequent ten-year periods provided we are not in default or do not materially breach the Trademark License agreement by engaging in any activity which damages the Marks or the goodwill of the System. If the Trademark License agreement is terminated, Holdings has agreed to license the use of the Marks directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated. Holdings has registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:

Mark	Registration Number/Serial Number	Registration/ Application Date	Status
<b>CREPE DE LICIOUS</b>	4,659,446	December 23, 2014	Registered on the Principal Register
	4,659,447	December 23, 2014	Registered on the Principal Register
Crêpe Delicious Urban Cafê	6129712	August 18, 2020	Registered on the Principal Register
	6135463	August 25, 2020	Registered on the Principal Register

All required affidavits have been filed for the registered Marks. There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. Except for the Trademark License, no agreement significantly limits our right to use or license the Marks in any manner material to the Crepe de licious Business. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks. We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark.

You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your Crepe de licious Business that you are an independently-owned and operated licensed franchisee of Crepe de licious Holding USA, Inc. You may not use the Marks in the sale of unauthorized products or services, or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the Crepe de licious Business, or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us.

You must prominently display the Marks on or with franchise posters and displays, service contracts, stationery, other forms we designate, and in the manner we prescribe; to give any notices of trade and service mark registrations and copyrights that we specify; and to obtain any fictitious or assumed name registrations that may be required under applicable law.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us within three days if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue, or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

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

The information in the Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Operations Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("Copyrighted Works") for the operation of your Crepe de licious Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

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

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for the development of your Crepe de licious Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement that we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Crepe de licious Franchises during the term of the Franchise Agreement.

You must notify us within three days after you learn about another’s use of language, a visual image, or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information, or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information, or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyrighted Works, Confidential Information, or Trade Secrets, or claim by any person of any rights in any Copyrighted Works, Confidential Information, or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information, or Trade Secrets. You may not communicate with anyone except us, our counsel, or our designees regarding any infringement, challenge, or claim. We will take action as we deem appropriate regarding any infringement, challenge, or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge, or claim under any Copyrighted Works, Confidential Information, or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyrighted Works, Confidential Information, or Trade Secrets.

No patents or patents pending are material to us at this time.

We have the right to inspect, copy, and use all records with respect to the customers, suppliers, and other services providers of, and related in any way to, your Crepe de licious Franchise. This includes, without limitation, all databases (whether in print, electronic, or other form), including, among other things, all names, addresses, phone numbers, email addresses, and customer purchase records. We may use or transfer the records in any way we wish, both before and after any termination, expiration, repurchase, transfer, or otherwise. We may contact any or all of your customers, suppliers, and other service providers for quality control, market research, and such other purposes as we deem appropriate, at our sole discretion.

You must disclose to us all ideas, techniques, and products concerning the development and operation of your Crepe de licious Franchise that you or your employees conceive or develop during the term of the Franchise Agreement. You must grant to us, and agree to obtain from your owners or employees, a perpetual, non-exclusive, and worldwide right to use these ideas, techniques, and products concerning the development and operation of your Crepe de licious Franchise that you or your employees conceive or develop during the term of the Franchise Agreement. We will have no obligation to make any lump sum or ongoing payments to you with respect to any idea, concept, method, technique, or product. You must agree that you will not use, nor will you allow any other person or entity to use, any of these ideas, techniques, or products without obtaining our prior written approval.

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

The Crepe de licious Franchise will be managed by you, or if you are an entity, by one of your owners who is a natural person with at least 25% ownership interest and voting power in the entity (“Managing Owner”), unless you are participating in the Management Program. Under certain circumstances, we may allow you to appoint a designated manager (“Designated Manager”) to run the day-to-day operations of your Crepe de licious Franchise. The Designated Manager must successfully complete our training program (See Item 11). We may require that the Designated Manager have an ownership interest in the legal entity of the Franchise owner. If you replace a Designated Manager, the new Designated Manager must satisfactorily complete our training program at your own expense.

Any Designated Manager and, if you are an entity, any officer that does not own equity in the franchisee entity must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document in Exhibit G. All of your employees, independent contractors, agents, or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit G. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owners Agreement guarantying the obligations of the entity in the form of which is attached to the Franchise Agreement as Attachment C. We also require that the spouses of the Franchise owners sign the Owners Agreement.

#### **ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell or offer for sale only those products and services authorized by us, and which meet our standards and specifications. Authorized products or menu offerings may differ among our franchisees, and may vary depending on the operating season, geographic location and/or size of your Restaurant, Kiosk, or Food Truck or other factors. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services, at our discretion, with prior notice to you. There are no limits on our right to make such changes. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any products and services that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions in accordance with the law.

You may not sell products or services, or advertise products or services, within another franchisee’s Territory. We may allow you to market your Crepe de licious Business through social media sites so long as you

follow our online policies and procedures, which are contained in the Operations Manual. Our online policies and procedures may change as technology and the Internet changes. Under our online policies and procedures, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We may require you to allow us access to your social media pages to manage content. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as delivery, ghost kitchens, wholesale, Internet, or mail order sales, unless we authorize you in writing. You may not provide any goods or services related to the operation of your Crepe de licious Business that we have not approved.

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

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

Provision	Section in Franchise Agreement	Summary
a. Length of the term of the Franchise	Section 3.01	Ten years.
b. Renewal or extension of the term	Section 3.02	If you are in good standing and you meet other requirements, you may enter into two consecutive successor terms of five years.
c. Requirements for Franchisee to renew or extend	Section 3.03	Your successor franchise rights, which is a renewal or extension of our franchise relationship, permit you to remain as a Franchisee after the initial term of your Franchise Agreement expires. You must, among other things, provide written notice; be in full compliance; upgrade the Restaurant, Kiosk, or Food Truck; sign our then-current franchise agreement and any ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including, e.g., higher royalty and advertising contributions) from the original Franchise Agreement that covered your initial term.
d. Termination by Franchisee	Section 16.05	You may terminate your Franchise Agreement if you are in compliance with it and we are in material breach and we fail to cure that breach within 30 days of receiving written notice.
e. Termination by franchisor without “cause”	Not applicable	Not applicable.
f. Termination by franchisor with “cause”	Sections 16.01, 16.02 and 16.03	We can terminate upon certain violations of the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined – curable defaults	Sections 16.02 and 16.03	If you fail or refuse to timely pay any amounts owed to us or any of our affiliates, or if you fail to obtain or maintain the required insurance, you will have ten days to cure the default. You have 30 days to cure all other defaults.
h. "Cause" defined - defaults which cannot be cured	Section 16.01	Non-curable defaults: the defaults listed in Section 16.01 of the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	Section 17	Obligations include complete de-identification; cease using System and Marks; payment of amounts due and return of confidential Operations Manual, all Confidential Information, Trade Secrets, and records.
j. Assignment of contract by franchisor	Section 15.01	No restriction on our right to assign.
k. "Transfer" by Franchisee – defined	Section 15.02	Includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in the Franchise Agreement, the Franchise, or interest in the Franchise.
l. Franchisor approval of transfer by Franchisee	Section 15.02	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 15.03	Restaurant, Kiosk, Food Truck must be in operation for at least one year, if we have not exercised right of first refusal; new owner must have sufficient business experience and financial resources to operate the Franchise; you must pay all amounts due; new owner and employees must complete the Initial Training Program; your landlord must consent to transfer of lease; you must pay transfer fee; you must sign a general release in favor of us; new owner must agree to bring the Restaurant, Kiosk, or Food Truck up to current standards; new owner signs a new franchise agreement in the then-current form; you must sign a non-compete agreement not to engage in a competitive business for two years within: (i) a 25-mile radius from your Crepe de licious Business (and including the premises of the Approved Location); and (ii) a 25-mile radius from all other Crepe de licious businesses that are operating or under construction.
n. Franchisor's right of first refusal to acquire Franchisee's business	Section 15.04	We have 30 days to match any offer for your Crepe de licious Business.

Provision	Section in Franchise Agreement	Summary
o. Franchisor's option to purchase Franchisee's business	Section 17.11	We may, but are not required to, purchase your Crepe de licious Franchise, inventory, or equipment at fair market value by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement.
p. Death or disability of Franchisee	Section 15.05	The Franchise Agreement must be transferred or assigned to a qualified party within 180 days of death or disability or the Franchise Agreement may be terminated.
q. Non-competition covenants during the term of the Franchise	Section 5.21	Neither you, your principal owners, nor any immediate family members of you or your principal owners may participate in a diverting business, have no owning interest in, loan money to, or perform services for a competitive business anywhere; you may not interfere with our or our other franchisees' Crepe de licious Franchise(s).
r. Non-competition covenants after the Franchise is terminated or expires	Section 17.09	Owners cannot have an interest in, own, manage, operate, finance, control, or participate in any competitive business within: (i) a 25-mile radius from your Crepe de licious Business or Territory (and including the premises of the Approved Location); and (ii) a 25-mile radius from all other Crepe de licious businesses that are operating or under construction, for two years.
s. Modification of the Franchise Agreement	Sections 19.02 and 9.02	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Operations Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
t. Integration/merger clause	Section 19.06	Only the terms of the Franchise Agreement and other related agreements are binding (subject to applicable state law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 18.01 and 18.02	Except for certain claims, all disputes must be mediated in Toronto, Ontario, Canada and arbitrated in Delaware.
v. Choice of forum	Section 18.05	All disputes must be mediated in Toronto, Ontario, Canada and arbitrated and litigated (if applicable) in Delaware, subject to applicable state law.
w. Choice of law	Section 19.04	Delaware law applies, subject to applicable state law.

Under the Area Development Agreement

Provision	Section(s) in Area Development Agreement	Summary
a Length of the franchise term	Section 2 and Exhibit A	Last date in Development Schedule
a Renewal or extension of the term	None	
b Requirements for area developer to renew or extend	None	
c Termination by area developer	None	
d Termination by franchisor without cause	None	
e Termination by franchisor with cause	Section 6	We can terminate if you default.
f “Cause” defined – curable defaults	Sections 6.3 and 6.4	All other defaults not specified in Sections 6.1 and 6.2 of Area Development Agreement.
g “Cause” defined – non-curable defaults	Sections 6.1 and 6.2	Bankruptcy, termination of any individual Franchise Agreement for a Franchised Store operated by you or a person or entity affiliated with you, conviction of felony, and improper transfer.
h Area developer’s obligations on termination/non-renewal	Section 6.6	Cease establishing or operating Franchised Stores under the System for which Franchise Agreements have not been signed at the time of termination and compliance with covenants.
i Assignment of contract by franchisor	Section 7.1	There are no limits on our right to assign the Area Development Agreement.
j “Transfer” by area developer – defined	Section 7.2	Includes a transfer of an interest in the Area Development Agreement, developer entity, or any material asset of your business.
k Franchisor approval of transfer by area developer	Section 7.2	We have the right to approve transfers.
l Conditions for franchisor’s approval of transfer	Sections 7.2 and 7.3	Any of the conditions for transfer described in the Franchise Agreement executed pursuant to the Area Development Agreement that we deem applicable, and simultaneous transfer of Franchise Agreements executed pursuant to the Area Development Agreement.

Provision	Section(s) in Area Development Agreement	Summary
m Franchisor's right of first refusal to acquire area developer's business	None	
n Franchisor's option to purchase area developer's business	None	
o Death or disability of area developer	None	
p Non-competition covenants during the term of the franchise	Section 8.2	Includes prohibition on engaging in any other business offering similar products, and soliciting or diverting customers to other businesses.
q Non-competition covenants after the franchise is terminated or expires	Section 8.3	Includes a two year prohibition similar to "q" (above), within the Development Area, or within 25 miles of any Crepe Delicious Restaurant then-operating under the System located anywhere.
r Modification of the agreement	Section 15	Must be in writing signed by both parties.
s Integration/merger clause	Section 15	Only the final written terms of the Area Development Agreement are binding.
t Dispute resolution by arbitration or mediation	Section 16.2 and 16.3	Except for certain claims, we and you must first mediate, and if unsuccessful arbitrate, all disputes at a location within 5 miles of our then current principal place of business.
u Choice of forum	Section 16.4	All mediations, arbitrations and litigation proceedings must be conducted in the city of our then current principal place of business. This provision may be subject to applicable state laws.
v Choice of law	Section 16.1	Delaware. This provision may be subject to applicable state laws.

**ITEM 18  
PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing, other than for the information described in this Item or for information which supplements these tables with respect to performance at particular locations or under particular circumstances. If you are purchasing an existing business, however, we may provide you with the actual records of that business. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Oded Yefet at 147 Citation Drive, Unit 29, Concord, Ontario L4K 2P8, (905) 326-2969, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1  
System-wide 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	2022	3	7	+4
	2023	7	9	+2
	2024	9	8	-1
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	4	8	+4
	2023	8	10	+2
	2024	10	9	-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
California	2022	0
	2023	0
	2024	1
Florida	2022	0
	2023	0
	2024	0
Totals	2022	0
	2023	0
	2024	1

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

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

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Michigan	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
New York	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Ohio	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
Texas	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Virginia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Total Outlets	2022	6	1	0	0	0	0	7
	2023	7	2	0	0	0	0	9
	2024	9	3	0	0	0	4	8

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

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Florida	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
	2024	1	0	0	0	0	1
Total Outlets	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, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	1	0
Florida	1	2	1
Georgia	0	1	0
Illinois	0	0	0
Michigan	0	1	0
New York	1	2	0
New Jersey	1	1	0
North Carolina	0	0	0
Ohio	0	0	0
South Carolina	0	0	0
Texas	0	1	0
Totals	3	9	1

There are currently no area developers.

The names, addresses, and telephone numbers of our current franchisees and area developers are attached to this Franchise Disclosure Document as Exhibit D. The name and last known address and telephone number of every current franchisee, area developer, and franchisee who has had a Crepe de licious Franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period ending December 31, 2024, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document is listed in Exhibit D. In some instances, current and former franchisees may sign confidentiality provisions restricting their ability to speak openly about their experiences with the Crepe de licious Franchise System. You may wish to speak with current and former franchisees, but know that not all such franchisees can

communicate with you. During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Crepe de licious Franchise System. If you buy a Crepe de licious Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

## **ITEM 21 FINANCIAL STATEMENTS**

Exhibit A contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements as of December 31, 2024, December 31, 2023, and December 31, 2022. Our fiscal year end is December 31st.

## **ITEM 22 CONTRACTS**

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit B	Franchise Agreement
Exhibit C	Area Developer Agreement
Exhibit F	State Addenda and Agreement Riders
	Contracts for use with the Crepe de licious Franchise

## **ITEM 23 RECEIPTS**

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in duplicate. Please detach, sign, date, and return one copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

**EXHIBIT A**  
**FINANCIAL STATEMENTS**

CONSENT

Brock, Schechter & Polakoff, LLP consents to the use in the Franchise Disclosure Document issued by Crepe Delicious Holding USA, Inc. (“Franchisor”) on March 20, 2025, as it may be amended, of our report dated March 19, 2025, relating to the financial statements of Franchisor for the period ending December 31, 2024 and 2023.

*Brock Schechter & Polakoff, LLP*

Brock, Schechter & Polakoff, LLP



## **Crepe Delicious Holding USA, Inc.**

Financial Statements  
December 31, 2024 and December 31, 2023

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## Independent Auditor's Report

To the Shareholder  
Crepe Delicious Holding USA, Inc.

### Report on the Audits of the Financial Statements

#### *Opinion*

We have audited the financial statements of Crepe Delicious Holding USA, Inc. (a C Corporation), which comprise the balance sheets as of December 31, 2024 and December 31, 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 accompanying financial statements present fairly, in all material respects, the financial position of Crepe Delicious Holding USA, Inc. as of December 31, 2024 and December 31, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Crepe Delicious Holding USA, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

### *Auditor's Responsibilities for the Audits 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

## **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of general and administrative expenses by revenue source are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Brock Schechter & Polakoff, LLP*

**Buffalo, New York**

**March 19, 2025**

**Balance Sheets**

	December 31,	
	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Current assets		
Cash	\$ 177,213	\$ 131,376
Accounts receivable (net of allowance for credit losses of \$-0- and \$10,800 as of 2024 and 2023, respectively)	53,606	73,948
Rebates receivable	26,800	26,499
Inventory	18,158	19,156
Prepaid expenses	4,456	5,906
Total current assets	<u>280,233</u>	<u>256,885</u>
Property and equipment		
Leasehold improvements	118,784	118,784
Furniture and equipment	100,984	98,598
Software	4,427	4,427
	<u>224,195</u>	<u>221,809</u>
Less: accumulated depreciation	140,712	105,943
Property and equipment, net	<u>83,483</u>	<u>115,866</u>
Right-of-use assets		
Operating leases	<u>682,622</u>	<u>920,818</u>
Other assets		
Deferred income tax asset	7,300	2,000
Shareholder receivable	37,405	59,831
Due from related parties	38,443	-
Security deposit	7,000	-
Total other assets	<u>90,148</u>	<u>61,831</u>
	<u>\$ 1,136,486</u>	<u>\$ 1,355,400</u>
<b>Liabilities and Shareholder's Equity</b>		
Current liabilities		
Current portion of operating leases	\$ 234,648	\$ 231,731
Accounts payable	34,213	47,018
Accrued expenses	47,565	51,278
Deferred franchise fees	65,000	25,000
Accrued income taxes	11,500	22,600
Total current liabilities	<u>392,926</u>	<u>377,627</u>
Long-term liabilities		
Operating leases	477,733	712,382
Due to related parties	-	46,376
Total long-term liabilities	<u>477,733</u>	<u>758,758</u>
Shareholder's equity		
Common stock, \$1 par value; 100 shares authorized, issued and outstanding	100	100
Additional paid-in capital	900	900
Retained earnings	264,827	218,015
Total shareholder's equity	<u>265,827</u>	<u>219,015</u>
	<u>\$ 1,136,486</u>	<u>\$ 1,355,400</u>

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

Statements of Income and Retained Earnings

	For the Years Ended December 31,	
	<u>2024</u>	<u>2023</u>
Franchisor		
Revenue		
Franchise fees	\$ 39,167	\$ 76,793
Franchise contributions for advertising and other services	78,726	77,133
Royalties	164,410	147,747
Food sales commissions	13,045	14,175
Rebates	39,366	29,534
	<u>334,714</u>	<u>345,382</u>
Cost of sales	73,797	11,018
Gross profit	<u>260,917</u>	<u>334,364</u>
Operating expenses		
General and administrative expenses	220,959	239,143
Franchisor income from operations	<u>39,958</u>	<u>95,221</u>
Franchisor-owned restaurant		
Dolphin mall revenue	855,487	809,177
Dolphin mall cost of sales	165,826	154,427
Gross profit	<u>689,661</u>	<u>654,750</u>
Operating expenses		
General and administrative expenses	621,747	580,749
Depreciation	37,586	37,574
Franchisor-owned restaurant income from operations	<u>30,328</u>	<u>36,427</u>
Other expense		
Loss on disposal of property and equipment	<u>(1,879)</u>	<u>-</u>
Income before provision for income taxes	<u>68,407</u>	<u>131,648</u>
Provision for (benefit from) income taxes		
Current income taxes	26,895	56,181
Deferred income taxes	(5,300)	(14,600)
Total provision for income taxes	<u>21,595</u>	<u>41,581</u>
Net income	46,812	90,067
Retained earnings - beginning of year	<u>218,015</u>	<u>127,948</u>
Retained earnings - end of year	<u>\$ 264,827</u>	<u>\$ 218,015</u>

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

## Statements of Cash Flows

	For the Years Ended	
	December 31,	
	2024	2023
Cash flows from operating activities		
Net income	\$ 46,812	\$ 90,067
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	37,586	37,574
Credit losses	21	10,800
Loss on disposal of property and equipment	1,879	-
Deferred income taxes	(5,300)	(14,600)
Changes in assets and liabilities		
Accounts receivable	20,321	(41,576)
Rebates receivable	(301)	(21,991)
Inventory	998	(2,270)
Prepaid expenses	1,450	(2,956)
Operating leases	6,464	13,386
Accounts payable	(12,805)	29,032
Accrued expenses	(3,713)	3,620
Deferred franchise fees	40,000	7,667
Accrued income taxes	(11,100)	12,100
Total adjustments	75,500	30,786
Net cash provided by operating activities	122,312	120,853
Cash flows from investing activities		
Advances to shareholder	(7,905)	(25,000)
Repayments from shareholder	30,331	20,419
Advances to related parties	(43,868)	-
Repayments from related parties	5,425	-
Purchase of property and equipment	(7,082)	-
Security deposit	(7,000)	-
Net cash used in investing activities	(30,099)	(4,581)
Cash flows from financing activities		
Advances from related parties	147,895	(165,239)
Repayments from related parties	(194,271)	82,945
Net cash used in financing activities	(46,376)	(82,294)
Net increase in cash	45,837	33,978
Cash - beginning of year	131,376	97,398
Cash - end of year	\$ 177,213	\$ 131,376
Supplemental disclosures of cash flows information		
Income taxes paid	\$ 37,995	\$ 44,081
Supplemental disclosures of non-cash investing activities		
Right-of-use assets and lease liabilities obtained through operating leases	\$ -	\$ 20,901

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

## 1. Summary of Significant Accounting Policies

### Nature of Operations

Crepe Delicious Holding USA, Inc. (the Company) was incorporated under the laws of the State of Delaware on June 17, 2014. The Company sells creperie style restaurant franchises and related food products within the United States of America. The Company is the United States franchisor for the “Crepe Delicious” chain of restaurants. Beginning in January 2021, the Company also directly operates and owns a restaurant, Dolphin Mall (the Restaurant).

### Basis of Accounting

The Company’s policy is to prepare its financial statements on the accrual basis of accounting. An accrual basis financial statement gives effect to all revenue billed but not collected, expenses incurred but not yet paid, and expenses prepaid but not yet incurred.

### Use of Estimates

The preparation of financial statements in conformity with U.S generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Accounts Receivable and Allowance for Credit Losses

Accounts receivable are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis, thus accounts receivable do not bear interest, although a finance charge may be applied to such receivables that are past due.

The Company recognizes an expected allowance for credit losses that is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis by portfolio segment where similar risk characteristics exist. The Company’s primary portfolio segments are franchisee receivables and corporate receivables. Accounts and rebates receivables are evaluated individually when they do not share similar risk characteristics, such as in circumstances where amounts are considered at risk or uncollectible.

The allowance estimate is derived from a review of the Company’s historical losses based on the aging of its accounts and rebates receivables. This estimate is adjusted for management’s assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Company’s portfolio segments have remained consistent. As discussed in Note 3, the Company believes that the 2023 credit loss is unique and does not anticipate it to be reflective of future expected credit losses. Therefore, management believes no allowance for credit losses is necessary as of December 31, 2024. During 2023, the Company had franchisees declare bankruptcy, the Company had anticipated higher than expected credit losses that were incurred in the past. As a result, management has individually assessed these balances for an allowance for credit losses as of December 31, 2023. During 2024, the accounts receivables were written off against the allowance.

The Company will write-off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery.

## 1. Summary of Significant Accounting Policies (Continued)

### Inventory

Inventory consists of food, beverages, paper products, and other minor equipment and is stated at the lower of cost (first-in, first-out basis) or net realizable value.

### Property and Equipment

Property and equipment are recorded at cost and are being depreciated using straight-line methods over the following estimated useful lives:

Furniture, equipment and software	5 years
Leasehold improvements	Lease term

Maintenance and repairs are charged to operations while major renewals and improvements are capitalized. Depreciation expense charged to operations for the years ended December 31, 2024 and December 31, 2023 was \$37,586 and \$37,574, respectively.

### Impairment of Long-Lived Assets

The Company reviews its long-lived assets for potential impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

### Leases

The Company determines if an arrangement is a lease at inception based on the written terms and conditions of the agreement. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. When known, the Company uses rates implicit in the lease in determining the present value of lease payments. However, most operating leases do not provide an implicit rate. In these situations, the Company has elected to use a risk-free rate based on the information available at the lease commencement date in determining the present value of lease payments. The risk-free rate is determined from rates published by the U.S. Department of the Treasury for time periods consistent with the length of the applicable lease. The Company's lease terms may include options to extend or terminate the lease and these terms are only considered in the calculation of the ROU asset and lease liability when it is reasonably certain that the Company will exercise the particular option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has elected to apply the short-term lease exemption to all classes of underlying assets that qualify for the exemption. These leases consist of terms of twelve months or less and do not contain any options to purchase the underlying asset that the lessee is reasonably certain to exercise. In addition, the Company has elected the practical expedient to account for any lease arrangements with parties under common control based on the written terms and conditions of the lease.

For leases that contain both lease and non-lease components, the Company has elected to apply the practical expedient that allows for the components to be combined and accounted for as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components and non-components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of real estate taxes, utilities, property insurance and excess mileage fees are recognized in operating expenses in the period in which the obligation for those payments was incurred.

## 1. Summary of Significant Accounting Policies (Continued)

### Revenue Recognition

The Company has adopted the private company accounting alternative which allows private company franchisors to use a practical expedient when identifying performance obligations in its contracts with customers. The Company has elected to use this accounting alternative in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*.

The Company recognizes revenue to depict the transfer of promised services to the Company's customers in an amount reflecting the consideration to which the Company expects to be entitled in exchange for such services. In order to apply this revenue recognition principle, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when, or as, a performance obligation is satisfied.

### Advertising

Advertising costs are expensed as incurred. Total advertising costs were \$899 and \$175 for the years ended December 31, 2024 and December 31, 2023, respectively.

### Income Taxes

Current - The Company follows the practice of providing for income taxes based on amounts reportable for income tax purposes.

Deferred - The recognition of income and expenses in different periods for financial accounting and income tax purposes gives rise to timing difference that result in deferred income taxes.

### Reclassifications

Certain reclassifications have been made to the 2023 comparative totals to conform to the 2024 presentation.

### Subsequent Events

The Company has evaluated for subsequent events through March 19, 2025, which is the date the financial statements were made available to be issued.

## 2. Revenue Recognition

### Services Provided to Customers

The Company's revenues consist of fees from franchised creperies operated by franchisees and from sales of creperie products to customers. A majority of the revenue includes franchise fees and royalties. The Company accounts for its contracts when it has obtained the approval and commitment from both parties, the rights of the parties are identified, the payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The Company's customers are located in various locations across the United States and are franchisees, corporate suppliers and restaurants. The Company's major service line is creperie franchise sales and the contracts are typically for a ten-year period.

## 2. Revenue Recognition (Continued)

### Services Provided to Customers (Continued)

The Restaurant primarily earns its revenue through sales of crepes and beverages to consumers. The Restaurant accounts for its contracts when it has obtained the approval and commitment from both parties, the rights of the parties are identified, the payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Restaurant's customer base is typically residents of the Miami, Florida area where the restaurant is located. The Restaurant's major product lines are crepes and beverages. The Company's contracts with its customers are short-term in nature and end upon the delivery of the ordered food.

### Performance Obligations

When determining whether the customer has obtained control of the goods or services, the Company considers all future performance obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. All of the Company's contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. Revenue on the Company's contracts is recognized when obligations under the terms of the contract are satisfied.

The following performance obligations have been identified for which revenue is recognized at the point services or products are provided to satisfy the respective performance obligations:

- Franchise Fees - For performance obligations related to franchise fees from franchisees, the Company has elected to adopt Financial Accounting Standards Board Accounting Standards Update 2021-02 which allows them to recognize the initial franchise fees in the year the store opens. The sales are made to franchisees. The Company receives a contractually obligated fee from the franchisee based on the restaurant. Payment for the initial franchise fees are due at the time the agreement is signed. Revenue from franchise fees are recognized at a point in time.
- Commissions for Sale of Food Products – As an agent for a third-party food distributor, the Company's performance obligation is to procure food ingredients for the third-party. As consideration for this service, the Company receives a commission from the third-party upon delivery of the product. This commission is recognized at a point in time when the product is delivered to the customer.
- Sales & Usage Based Royalties - Franchise rights are considered symbolic intellectual property. For sales-based and usage-based services, a franchisor recognizes revenue at the later of: (1) when the subsequent sales occurs; or (2) on the satisfaction or partial satisfaction of the performance obligation to which the royalty relates. Sales-based and usage-based royalties are recognized as earned. Royalties are billed for in the first week of each month and the franchisees have thirty days to pay.

## 2. Revenue Recognition (Continued)

### Performance Obligations (Continued)

- Rebates - As agent for the franchisees, the Company's performance obligation is to negotiate pricing with large vendors and approved suppliers of food supplies on a system-wide basis for the franchisees. As consideration for the price negotiation services provided, the Company receives volume-based rebate revenue from these third-party vendors. These volume rebates are associated with the quantity of franchisee purchases of materials and supplies under the negotiated pricing levels. Revenue from these rebates is recognized at a point in time as the rebates are earned from the vendors based on purchases made by franchisees. The rebates are received from the vendors quarterly. The Company does not have any significant financing components in its contracts with customers as payment is received shortly after the rebate is earned.
- Advertising Fees - The Company maintains and administers an advertising fund (the "Advertising Fund"). The advertising contributions may be commingled in the general funds, but administratively segregated to form the Advertising Fund. All franchisees must contribute to the fund at the same rate of 3 percent of their respective gross revenues. The Advertising Fund may be used by the Company, in its sole discretion, to meet any and all costs of advertising for the franchise's concept as a whole. The Company has determined the advertising services provided to franchisees are highly interrelated with the franchise right and therefore not distinct. As a result, revenues for advertising services are recognized when the related revenue occurs. Revenues for these services are typically billed in the first week of the month and paid within thirty days. These revenues are presented as franchise contributions for advertising and other services. Expenses incurred to provide these services are presented as Franchise advertising expense and other services.
- Restaurant Food and Beverage Sales - For performance obligations related to the sale of food and beverage, control transfers at a point in time. The Restaurant transfers control and records revenue for product sales upon delivery to the customer. The customer accepts ownership at this time.

The Company does not have any significant financing components in its contracts with customers as payment is received at or shortly after the point of sale.

The Company excludes from the transaction price amounts collected on behalf of third parties. Revenue is presented net of any sales, use and excise taxes collected from its customers.

### Contract Assets and Liabilities

Contract liabilities include deposits received for initial franchise fees. The Company does not have any contract assets as of December 31, 2024, 2023 and 2022. The Company anticipates that substantially all contract liabilities will be satisfied in the subsequent year.

## 2. Revenue Recognition (Continued)

### Contract Assets and Liabilities (Continued)

The balances of accounts receivable and contract liabilities are as follows:

	2024	December 31, 2023	2022
Accounts receivable			
Accounts receivable	\$ 53,606	\$ 73,948	\$ 43,172
Rebates receivable	26,800	26,499	4,508
Total accounts receivable	<u>\$ 80,406</u>	<u>\$ 100,447</u>	<u>\$ 47,680</u>
Contract liabilities			
Deferred franchise fees	<u>\$ 65,000</u>	<u>\$ 25,000</u>	<u>\$ 17,333</u>

## 3. Allowance for Credit Losses

The allowance for credit losses for accounts receivable by portfolio segment and the related activity are as follows:

	Individually Evaluated	Corporate Receivables	Franchisee Receivables	Total
Balance - December 31, 2022	\$ -	\$ -	\$ -	\$ -
Write-offs charged against the allowance	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Current provision for credit losses	<u>9,800</u>	<u>-</u>	<u>1,000</u>	<u>10,800</u>
Balance - December 31, 2023	9,800	-	1,000	10,800
Write-offs charged against the allowance	(9,821)	-	(1,000)	(10,821)
Recoveries of amounts previously written off	-	-	-	-
Current provision for credit losses	<u>21</u>	<u>-</u>	<u>-</u>	<u>21</u>
Balance - December 31, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

In 2023, there was a significant change in the amount of the provision for credit losses due to two franchises declaring bankruptcy. The Company believes this to be a one-time event and does not anticipate this situation to occur in future years.

## 4. Related Party Transactions

During 2024 and 2023, some of the Company's expenses were paid by Crepe Delicious Holdings Corporation Canada, a related party. The expenses totaled \$147,895 and \$82,134 for the years ended December 31, 2024 and December 31, 2023, respectively. At December 31, 2024, the amount due from the related company was \$26,443. At December 31, 2023, the amount payable to the related company was \$46,376.

#### 4. Related Party Transactions (Continued)

The Company has an amount due from a related party, YF Realty, that is under common control. The amount due from the related party is \$12,000 and \$-0- at December 31, 2024 and December 31, 2023, respectively.

The Company has an amount due from its sole shareholder. This amount does not have a stated interest rate, is unsecured and has no set repayment terms. The amount receivable from the shareholder at December 31, 2024 and December 31, 2023 was \$37,405 and \$59,831, respectively.

#### 5. Leases

The Company leases retail space and two vehicles under operating lease arrangements through 2028, 2026 and 2025, respectively. In addition, the Company leases office space under a short-term lease arrangement. Also, in addition to a fixed base rental amount, most of the leases require additional variable payments for non-lease components and non-components such as real estate taxes, utilities, property insurance and excess mileage fees.

The Company's retail space lease agreement includes variable lease payments calculated using eight percent of retail sales over the minimum gross sales of \$824,000. This variable lease payment is payable in monthly increments after the minimum gross sales amount is reached. Lease liabilities are not remeasured as a result of changes in the sales volume, instead, changes in the amount of sales volume are treated as variable lease payments and are excluded from the measurement of the ROU asset and lease liability.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of lease expense for the Company is as follows:

	For the Years Ended December 31,	
	<u>2024</u>	<u>2023</u>
Short-term lease costs	<u>\$ 28,000</u>	<u>\$ -</u>
Operating lease costs	<u>\$ 252,391</u>	<u>\$ 246,163</u>
Variable lease costs	<u>\$ 5,678</u>	<u>\$ 16,531</u>

## 5. Leases (Continued)

Other information related to leases is as follows:

	For the Years Ended December 31,	
	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 245,927	\$ 232,777
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	\$ -	\$ 20,901
Weighted average remaining lease term		
Operating leases	2.96 years	3.93 years
Weighted average discount rate		
Operating leases	1.66%	1.78%

Future minimum lease payments under non-cancelable operating leases as of December 31, 2024 is as follows:

Years Ending December 31,	
2025	\$ 244,092
2026	245,737
2027	<u>239,118</u>
Total future minimum lease payments	728,947
Less: amount representing interest	<u>(16,566)</u>
	<u>\$ 712,381</u>

## 6. Income Taxes

Temporary differences that give rise to the net deferred income tax asset/liability consist primarily of credit loss expense, depreciation and lease expense, all of which are recognized differently for financial reporting and income tax purposes.

## 6. Income Taxes (Continued)

Amounts for deferred tax assets and liabilities are as follows:

	December 31,	
	2024	2023
Deferred income tax asset	\$ 7,800	\$ 9,300
Deferred income tax liability	<u>(500)</u>	<u>(7,300)</u>
Total net deferred income tax asset	<u>\$ 7,300</u>	<u>\$ 2,000</u>

## 7. Retirement Plan

During 2024, the Company has established a defined contribution retirement plan in accordance with Internal Revenue Code Section 401 (k) for all eligible employees as defined by the plan. The Company contribution matches 100 percent of the first 4 percent of the participating employees' voluntary contributions. The Company's actual plan contributions amounted to \$2,312 and \$-0- during the years ended December 31, 2024 and December 31, 2023, respectively.

## 8. Concentrations of Risk

For the year ended December 31, 2024, the Company had three franchisees whose accounts receivable was in excess of 10 percent of the Company's total accounts receivable. Accounts receivable from these franchisees amounted to \$33,275 at December 31, 2024.

For the year ended December 31, 2023, the Company had two franchisees whose accounts receivable was in excess of 10 percent of the Company's total accounts receivable. Accounts receivable from these franchisees amounted to \$39,593 at December 31, 2023.

The Company maintains a cash balance in a commercial bank. The total cash balance with the bank is insured up to the limits established by the Federal Deposit Insurance Corporation (FDIC).

## **Supplementary Information**

Schedules of General and Administrative Expenses by Revenue Source

	For the Year Ended December 31, 2024		
	Franchisor	Restaurant	Total
Advertising	\$ 474	\$ 425	\$ 899
Credit loss expense	21	-	21
Bank and credit card charges	3,090	20,315	23,405
Insurance	10,757	27,962	38,719
Licenses and permits	208	867	1,075
Lease expense	40,972	245,097	286,069
Meals and entertainment	-	590	590
Miscellaneous	2,790	-	2,790
Payroll	70,800	241,691	312,491
Payroll fees and taxes	-	52,985	52,985
Retirement benefits	-	2,312	2,312
Professional fees	50,414	1,623	52,037
Repairs and maintenance	3,191	18,676	21,867
Staff accommodations	12,870	6,000	18,870
Supplies	1,716	1,610	3,326
Travel expense	16,497	124	16,621
Utilities	7,159	1,470	8,629
	<u>\$ 220,959</u>	<u>\$ 621,747</u>	<u>\$ 842,706</u>

	For the Year Ended December 31, 2023		
	Franchisor	Restaurant	Total
Advertising	\$ 99	\$ 76	\$ 175
Credit loss expense	10,800	-	10,800
Bank and credit card charges	2,730	17,491	20,221
Insurance	4,062	29,814	33,876
Licenses and permits	-	2,101	2,101
Lease expense	13,083	249,611	262,694
Meals and entertainment	-	801	801
Miscellaneous	51	-	51
Payroll	129,000	210,861	339,861
Payroll fees and taxes	-	38,755	38,755
Professional fees	41,669	115	41,784
Repairs and maintenance	599	17,953	18,552
Staff accommodations	10,355	4,500	14,855
Supplies	1,649	4,254	5,903
Travel expense	20,767	1,942	22,709
Utilities	4,279	2,475	6,754
	<u>\$ 239,143</u>	<u>\$ 580,749</u>	<u>\$ 819,892</u>



## **Crepe Delicious Holding USA, Inc.**

Financial Statements  
December 31, 2023 and December 31, 2022

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## Independent Auditor's Report

To the Shareholder  
Crepe Delicious Holding USA, Inc.

### Report on the Audits of the Financial Statements

#### *Opinion*

We have audited the financial statements of Crepe Delicious Holding USA, Inc. (a C Corporation), which comprise the balance sheets as of December 31, 2023 and December 31, 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 accompanying financial statements present fairly, in all material respects, the financial position of Crepe Delicious Holding USA, Inc. as of December 31, 2023 and December 31, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Crepe Delicious Holding USA, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, in 2023, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification 326, *Financial Instruments – Credit Losses*. Our opinion is not modified with respect to this matter.

#### *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 Crepe Delicious Holding USA, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audits 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of general and administrative expenses by revenue source are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Brock Schechter & Polakoff, LLP*

**Buffalo, New York**

**April 1, 2024**

## Balance Sheets

	December 31,	
	2023	2022
<b>Assets</b>		
Current assets		
Cash	\$ 131,376	\$ 97,398
Accounts receivable (net of allowance for credit losses of \$10,800 and \$-0- as of 2023 and 2022, respectively)	73,948	43,172
Rebate receivable	26,499	4,508
Inventory	19,156	16,886
Prepaid expenses	5,906	2,950
Total current assets	256,885	164,914
Property and equipment		
Leasehold improvements	118,784	118,784
Furniture and equipment	98,598	98,598
Software	4,427	4,427
	221,809	221,809
Less: accumulated depreciation	105,943	68,369
Property and equipment, net	115,866	153,440
Right-of-use assets		
Operating leases	920,818	1,128,080
Other assets		
Deferred income tax asset	2,000	-
Shareholder receivable	59,831	55,250
Total other assets	61,831	55,250
	\$ 1,355,400	\$ 1,501,684
<b>Liabilities and Shareholder's Equity</b>		
Current liabilities		
Current portion of operating leases	\$ 231,731	\$ 213,690
Accounts payable	47,018	17,986
Accrued expenses	39,178	35,558
Deferred franchise fees	25,000	17,333
Accrued income taxes	34,700	22,600
Total current liabilities	377,627	307,167
Long-term liabilities		
Operating leases	712,382	924,299
Due to related parties	46,376	128,670
Deferred income tax liability	-	12,600
Total long-term liabilities	758,758	1,065,569
Shareholder's equity		
Common stock, \$1 par value; 100 shares authorized, issued and outstanding	100	100
Additional paid-in capital	900	900
Retained earnings	218,015	127,948
Total shareholder's equity	219,015	128,948
	\$ 1,355,400	\$ 1,501,684

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

Statements of Income and Retained Earnings

	For the Years Ended December 31,	
	2023	2022
Franchisor		
Revenue		
Franchise fees	\$ 76,793	\$ 52,500
Franchise contributions for advertising and other services	77,133	48,640
Royalties	147,747	88,598
Food sales commissions	14,175	9,473
Rebates	29,534	19,564
	<u>345,382</u>	<u>218,775</u>
Cost of sales	11,018	6,780
Gross profit	<u>334,364</u>	<u>211,995</u>
Operating expenses		
General and administrative expenses	239,143	143,697
Franchisor income from operations	<u>95,221</u>	<u>68,298</u>
Franchisor-owned restaurant		
Dolphin mall revenue	809,177	854,943
Dolphin mall cost of sales	154,427	166,282
Gross profit	<u>654,750</u>	<u>688,661</u>
Operating expenses		
General and administrative expenses	580,749	632,164
Depreciation	37,574	35,040
Franchisor-owned restaurant income from operations	<u>36,427</u>	<u>21,457</u>
Income before provision for income taxes	<u>131,648</u>	<u>89,755</u>
Provision for (benefit from) income taxes		
Current income taxes	56,181	22,583
Deferred income taxes	(14,600)	(2,300)
Total provision for income taxes	<u>41,581</u>	<u>20,283</u>
Net income	90,067	69,472
Retained earnings - beginning of year	<u>127,948</u>	<u>58,476</u>
Retained earnings - end of year	<u>\$ 218,015</u>	<u>\$ 127,948</u>

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

Statements of Cash Flows

	For the Years Ended December 31,	
	2023	2022
Cash flows from operating activities		
Net income	\$ 90,067	\$ 69,472
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	37,574	35,040
Change in allowance for credit losses	10,800	-
Deferred income taxes	(14,600)	(2,300)
Changes in assets and liabilities		
Accounts receivable	(41,576)	(29,748)
Rebates receivable	(21,991)	(1,393)
Inventory	(2,270)	(1,167)
Prepaid expenses	(2,956)	6,427
Deposits	-	5,600
Operating leases	13,386	9,909
Accounts payable	29,032	(7,120)
Due to related parties	(82,294)	(99,277)
Accrued expenses	3,620	9,775
Deferred franchise fees	7,667	(32,667)
Accrued income taxes	12,100	18,921
Total adjustments	(51,508)	(88,000)
Net cash provided by (used in) operating activities	38,559	(18,528)
Cash flows from investing activities		
Advances to shareholder	(25,000)	(55,250)
Repayments from shareholder	20,419	-
Purchase of property and equipment	-	(17,209)
Net cash used in investing activities	(4,581)	(72,459)
Net increase (decrease) in cash	33,978	(90,987)
Cash - beginning of year	97,398	188,385
Cash - end of year	\$ 131,376	\$ 97,398
Supplemental disclosures of cash flows information		
Income taxes paid	\$ 44,081	\$ 3,662
Supplemental disclosures of non-cash investing activities		
Right-of-use assets and lease liabilities obtained through operating leases	\$ 20,901	\$ 1,346,206

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

## 1. Summary of Significant Accounting Policies

### **Nature of Operations**

Crepe Delicious Holding USA, Inc. (the Company) was incorporated under the laws of the State of Delaware on June 17, 2014. The Company sells creperie style restaurant franchises and related food products within the United States of America. The Company has twelve restaurants owned and operated by independent franchisees. Beginning in January 2021, the Company also directly operates and owns a restaurant, Dolphin Mall (the Restaurant).

### **Basis of Accounting**

The Company's policy is to prepare its financial statements on the accrual basis of accounting. An accrual basis financial statement gives effect to all revenue billed but not collected, expenses incurred but not yet paid, and expenses prepaid but not yet incurred.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis, thus accounts receivable do not bear interest, although a finance charge may be applied to such receivables that are past due.

The Company recognizes an expected allowance for credit losses that is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis by portfolio segment where similar risk characteristics exist. The Company's primary portfolio segments are franchisee receivables and corporate receivables. Accounts receivable are evaluated individually when they do not share similar risk characteristics, such as in circumstances where amounts are considered at risk or uncollectible.

The allowance estimate is derived from a review of the Company's historical losses based on the aging of its accounts receivable. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Company's portfolio segments have remained consistent. However, due to franchisee bankruptcy, the Company is anticipating higher than expected credit losses than have been incurred in the past. As a result, management has individually assessed these balances for an allowance for credit losses.

The Company will write-off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery.

### **Inventory**

Inventory consists of food, beverages, paper products, and other minor equipment and is stated at the lower of cost (first-in, first-out basis) or net realizable value.

## 1. Summary of Significant Accounting Policies (Continued)

### Property and Equipment

Property and equipment are recorded at cost and are being depreciated using straight-line methods over the following estimated useful lives:

Furniture, equipment and software	5 years
Leasehold improvements	Lease term

Maintenance and repairs are charged to operations while major renewals and improvements are capitalized. Depreciation expense charged to operations for the years ended December 31, 2023 and December 31, 2022 was \$37,574 and \$35,040, respectively.

### Impairment of Long-Lived Assets

The Company reviews its long-lived assets for potential impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

### Leases

The Company determines if an arrangement is a lease at inception based on the written terms and conditions of the agreement. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. When known, the Company uses rates implicit in the lease in determining the present value of lease payments. However, most operating leases do not provide an implicit rate. In these situations, the Company has elected to use a risk-free rate based on the information available at the lease commencement date in determining the present value of lease payments. The risk-free rate is determined from rates published by the U.S. Department of the Treasury for time periods consistent with the length of the applicable lease. The Company's lease terms may include options to extend or terminate the lease and these terms are only considered in the calculation of the ROU asset and lease liability when it is reasonably certain that the Company will exercise the particular option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has elected to apply the short-term lease exemption to all classes of underlying assets that qualify for the exemption. These leases consist of terms of twelve months or less and do not contain any options to purchase the underlying asset that the lessee is reasonably certain to exercise. In addition, the Company has elected the practical expedient to account for any lease arrangements with parties under common control based on the written terms and conditions of the lease.

For leases that contain both lease and non-lease components, the Company has elected to apply the practical expedient that allows for the components to be combined and accounted for as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components and non-components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of real estate taxes, utilities, property insurance and excess mileage fees are recognized in operating expenses in the period in which the obligation for those payments was incurred.

## 1. Summary of Significant Accounting Policies (Continued)

### Revenue Recognition

In January 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*. This revenue recognition guidance allows private company franchisors to use a practical expedient when identifying performance obligations in its contracts with customers. The Company adopted ASU 2021-02 in 2020.

The Company recognizes revenue to depict the transfer of promised services to the Company's customers in an amount reflecting the consideration to which the Company expects to be entitled in exchange for such services. In order to apply this revenue recognition principle, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when, or as, a performance obligation is satisfied.

### Advertising

Advertising costs are expensed as incurred. Total advertising costs were \$175 and \$4,052 for the years ended December 31, 2023 and December 31, 2022, respectively.

### Income Taxes

Current - The Company follows the practice of providing for income taxes based on amounts reportable for income tax purposes.

Deferred - The recognition of income and expenses in different periods for financial accounting and income tax purposes gives rise to timing difference that result in deferred income taxes.

### Change in Accounting Principle – Allowance for Credit Losses

In June 2016, the FASB issued guidance (FASB ASC 326) which changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model.

Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The Company adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted only in enhanced disclosures.

### Reclassifications

Certain reclassifications have been made to the 2022 comparative totals to conform to the 2023 presentation.

### Subsequent Events

The Company has evaluated for subsequent events through April 1, 2024, which is the date the financial statements were made available to be issued.

## 2. Revenue Recognition

### Services Provided to Customers

The Company's revenues consist of fees from franchised creperies operated by franchisees and from sales of creperie products to customers. A majority of the revenue includes franchise fees and royalties. The Company accounts for its contracts when it has obtained the approval and commitment from both parties, the rights of the parties are identified, the payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The Company's customers are located in various locations across the United States and are franchisees, corporate suppliers and restaurants. The Company's major service line is creperie franchise sales and the contracts are typically for a ten-year period.

The Restaurant primarily earns its revenue through sales of crepes and drink to consumers. The Restaurant accounts for its contracts when it has obtained the approval and commitment from both parties, the rights of the parties are identified, the payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Restaurant's customer base is typically residents of the Miami, Florida area where the restaurant is located. The Restaurant's major product lines are crepes and beverages. The Company's contracts with its customers are short-term in nature and end upon the delivery of the ordered food.

### Performance Obligations

When determining whether the customer has obtained control of the goods or services, the Company considers all future performance obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. All of the Company's contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. Revenue on the Company's contracts is recognized when obligations under the terms of the contract are satisfied.

The following performance obligations have been identified for which revenue is recognized at the point services or products are provided to satisfy the respective performance obligations:

- Franchise Fees - For performance obligations related to franchise fees from franchisees, the Company has elected to adopt Financial Accounting Standards Board Accounting Standards Update 2021-02 which allows them to recognize the initial franchise fees in the year the store opens. The sales are made to franchisees. The Company receives a contractually obligated fee from the franchisee based on the restaurant. Payment for the initial franchise fees are due at the time the agreement is signed. Revenue from franchise fees are recognized at a point in time.
- Commissions for Sale of Food Products – As an agent for a third-party food distributor, the Company's performance obligation is to procure food ingredients for the third-party. As consideration for this service, the Company receives a commission from the third-party upon delivery of the product. This commission is recognized at a point in time when the product is delivered to the customer.

## 2. Revenue Recognition (Continued)

### Performance Obligations (Continued)

- Sales & Usage Based Royalties - Franchise rights are considered symbolic intellectual property. For sales-based and usage-based services, a franchisor recognizes revenue at the later of: (1) when the subsequent sales occurs; or (2) on the satisfaction or partial satisfaction of the performance obligation to which the royalty relates. Sales-based and usage-based royalties are recognized as earned. Royalties are billed for in the first week of each month and the franchisees have thirty days to pay.
- Rebates - As agent for the franchisees, the Company's performance obligation is to negotiate pricing with large vendors and approved suppliers of food supplies on a system-wide basis for the franchisees. As consideration for the price negotiation services provided, the Company receives volume-based rebate revenue from these third-party vendors. These volume rebates are associated with the quantity of franchisee purchases of materials and supplies under the negotiated pricing levels. Revenue from these rebates is recognized at a point in time as the rebates are earned from the vendors based on purchases made by franchisees. The rebates are received from the vendors quarterly. The Company does not have any significant financing components in its contracts with customers as payment is received shortly after the rebate is earned.
- Advertising Fees - The Company maintains and administers an advertising fund (the "Advertising Fund"). The advertising contributions may be commingled in the general funds, but administratively segregated to form the Advertising Fund. All franchisees must contribute to the fund at the same rate of 3 percent of their respective gross revenues. The Advertising Fund may be used by the Company, in its sole discretion, to meet any and all costs of advertising for the franchise's concept as a whole. The Company has determined the advertising services provided to franchisees are highly interrelated with the franchise right and therefore not distinct. As a result, revenues for advertising services are recognized when the related revenue occurs. Revenues for these services are typically billed in the first week of the month and paid within thirty days. These revenues are presented as franchise contributions for advertising and other services. Expenses incurred to provide these services are presented as Franchise advertising expense and other services.
- Restaurant Food and Beverage Sales - For performance obligations related to the sale of food and beverage, control transfers at a point in time. The Restaurant transfers control and records revenue for product sales upon delivery to the customer. The customer accepts ownership at this time.

The Company does not have any significant financing components in its contracts with customers as payment is received at or shortly after the point of sale.

The Company excludes from the transaction price amounts collected on behalf of third parties. Revenue is presented net of any sales, use and excise taxes collected from its customers.

### Contract Assets and Liabilities

Contract liabilities include deposits received for initial franchise fees. The Company does not have any contract assets as of December 31, 2023, 2022 and 2021. The Company anticipates that substantially all contract liabilities will be satisfied in the subsequent year.

## 2. Revenue Recognition (Continued)

### Contract Assets and Liabilities (Continued)

The balances of accounts receivable and contract liabilities are as follows:

	<u>2023</u>	<u>December 31, 2022</u>	<u>2021</u>
Accounts receivable			
Accounts receivable	\$ 73,948	\$ 43,172	\$ 13,424
Rebates receivable	<u>26,499</u>	<u>4,508</u>	<u>3,115</u>
Total accounts receivable	<u>\$ 100,447</u>	<u>\$ 47,680</u>	<u>\$ 16,539</u>
Contract liabilities			
Deferred franchise fees	<u>\$ 25,000</u>	<u>\$ 17,333</u>	<u>\$ 50,000</u>

## 3. Allowance for Credit Losses

The allowance for credit losses for accounts receivable by portfolio segment and the related activity are as follows:

	<u>December 31, 2023</u>			
	<u>Individually Evaluated</u>	<u>Corporate Receivables</u>	<u>Franchisee Receivables</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -
Write-offs charged against the allowance	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Current provision for credit losses	<u>9,800</u>	<u>-</u>	<u>1,000</u>	<u>10,800</u>
Balance, end of year	<u>\$ 9,800</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 10,800</u>

In 2023, there was a significant change in the amount of the provision for credit losses due to two franchises declaring bankruptcy.

## 4. Related Party Transactions

During 2023 and 2022, some of the Company's expenses were paid by Crepe Delicious Holdings Corporation Canada, a related party. The expenses totaled \$82,134 and \$80,073 for the years ended December 31, 2023 and December 31, 2022, respectively. At December 31, 2023 and December 31, 2022, the amount payable to the related company was \$46,376 and \$128,670, respectively. The related party has waived their right to demand payment of the amount owed during the year ending December 31, 2024.

The Company has an amount due from its sole shareholder. This amount does not have a stated interest rate, is unsecured and has no set repayment terms. The amount receivable from the shareholder at December 31, 2023 and December 31, 2022 was \$59,831 and \$55,250, respectively.

## 5. Leases

The Company leases retail space and two vehicles under operating lease arrangements through 2028, 2026 and 2025, respectively. Also, in addition to a fixed base rental amount, most of the leases require additional variable payments for non-lease components and non-components such as real estate taxes, utilities, property insurance and excess mileage fees.

The Company's retail space lease agreement includes variable lease payments calculated using eight percent of retail sales over the minimum gross sales of \$824,000. This variable lease payment is payable in monthly increments after the minimum gross sales amount is reached. Lease liabilities are not remeasured as a result of changes in the sales volume, instead, changes in the amount of sales volume are treated as variable lease payments and are excluded from the measurement of the ROU asset and lease liability.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of lease expense for the Company is as follows:

	For the Years Ended December 31,	
	2023	2022
Operating lease costs	<u>\$ 246,163</u>	<u>\$ 250,214</u>
Variable lease costs	<u>\$ 16,531</u>	<u>\$ 9,065</u>

Other information related to leases is as follows:

	For the Years Ended December 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 232,777	\$ 228,850
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	\$ 20,901	\$ 1,346,206
Weighted average remaining lease term		
Operating leases	3.93 years	4.94 years
Weighted average discount rate		
Operating leases	1.78%	1.78%

## 5. Leases (Continued)

Future minimum lease payments under non-cancelable operating leases as of December 31, 2023 is as follows:

Years Ending December 31,	
2024	\$ 245,927
2025	244,092
2026	245,737
2027	<u>239,118</u>
Total future minimum lease payments	974,874
Less: amount representing interest	<u>(30,761)</u>
	<u>\$ 944,113</u>

## 6. Income Taxes

The difference in the amount of income tax expense based on pre-tax income reported on the financial statements as compared to the actual taxable income based on statutory rates consisted primarily to the underestimation of income taxes owed as of December 31, 2022. Temporary differences that give rise to the net deferred income tax asset/liability consist primarily of credit loss expense, depreciation and lease expense, all of which are recognized differently for financial reporting and income tax purposes.

Amounts for deferred tax assets and liabilities are as follows:

	December 31,	
	2023	2022
Deferred income tax asset	\$ 9,300	\$ 200
Deferred income tax liability	<u>(7,300)</u>	<u>(12,800)</u>
Total net deferred income tax asset (liability)	<u>\$ 2,000</u>	<u>\$ (12,600)</u>

## 7. Concentrations of Risk

For the year ended December 31, 2023, the Company purchased substantially all of its restaurant food and paper products from two vendors. One vendor is the Company's related party and the amount due to the related party at December 31, 2023 was \$46,376. Accounts payable to the other vendor at December 31, 2023 was \$10,133.

For the year ended December 31, 2022, the Company purchased substantially all of its restaurant food and paper products from three vendors. One vendor is the Company's related party and the amount due to the related party at December 31, 2022 was \$128,670. Accounts payable to the other vendors at December 31, 2022 was \$11,811.

**7. Concentrations of Risk (Continued)**

For the year ended December 31, 2023, the Company had two franchisees whose accounts receivable was in excess of 10 percent of the Company's total accounts receivable. Accounts receivable from these franchisees amounted to \$39,593 at December 31, 2023.

For the year ended December 31, 2022, the Company had five franchisees whose accounts receivable was in excess of 10 percent of the Company's total accounts receivable. Accounts receivable from these franchisees amounted to \$20,980 at December 31, 2022.

The Company maintains a cash balance in a commercial bank. The total cash balance with the bank is insured up to the limits established by the Federal Deposit Insurance Corporation (FDIC).

## **Supplementary Information**

Schedules of General and Administrative Expenses by Revenue Source

	For the Year Ended December 31, 2023		
	Franchisor	Restaurant	Total
Advertising	\$ 99	\$ 76	\$ 175
Credit loss expense	10,800	-	10,800
Bank service charges	2,730	17,491	20,221
Insurance	4,062	29,814	33,876
Licenses and permits	-	2,101	2,101
Lease expense	13,083	249,611	262,694
Meals and entertainment	-	801	801
Miscellaneous	51	-	51
Payroll	129,000	210,861	339,861
Payroll fees and taxes	-	38,755	38,755
Professional fees	41,669	115	41,784
Repairs and maintenance	599	17,953	18,552
Staff accommodations	10,355	4,500	14,855
Supplies	1,649	4,254	5,903
Travel expense	20,767	1,942	22,709
Utilities	4,279	2,475	6,754
	<u>\$ 239,143</u>	<u>\$ 580,749</u>	<u>\$ 819,892</u>

	For the Year Ended December 31, 2022		
	<u>Franchisor</u>	<u>Restaurant</u>	<u>Total</u>
Bank service charges	\$ 1,237	\$ 18,716	\$ 19,953
Franchise advertising and other services	3,180	872	4,052
Insurance	2,772	36,421	39,193
Licenses and permits	-	1,511	1,511
Lease expense	-	259,279	259,279
Meals and entertainment	-	4,115	4,115
Payroll	90,000	203,655	293,655
Payroll fees and taxes	-	37,251	37,251
Professional fees	29,053	-	29,053
Repairs and maintenance	-	11,700	11,700
Staff accommodations	-	48,669	48,669
Supplies	199	1,350	1,549
Travel expenses	15,744	1,955	17,699
Utilities	1,512	6,670	8,182
	<u>\$ 143,697</u>	<u>\$ 632,164</u>	<u>\$ 775,861</u>

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**EXHIBIT B**



**CREPE DELICIOUS HOLDING USA, INC.**

**FRANCHISE AGREEMENT**

**Franchise #:** \_\_\_\_\_

**Franchisee:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Territory:** \_\_\_\_\_

\_\_\_\_\_

**CREPE DE LICIOUS  
Franchise Agreement**

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**ATTACHMENTS:**

- Attachment A    Approved Location and Territory
- Attachment B    Ownership Interests In Franchise Owner
- Attachment C    Owners Agreement



## **CREPE DE LICIOUS FRANCHISE AGREEMENT**

This Franchise Agreement (“**Agreement**”) is made by and between Crepe Delicious Holding USA, Inc., a Delaware corporation headquartered at 147 Citation Drive, Unit 29, Concord, Ontario, Canada L4K 2P8 (“**we**” or “**us**”), and the franchisee identified on the signature page of this Agreement (“**you**”) as of the date specified as the “Effective Date” on the signature page. In consideration of the following mutual promises, the parties agree as follows:

### **1. RECITALS**

**1.01 System and Marks.** We have the right to use and to license to our franchisees a proprietary and distinctive system (“**System**”) relating to the establishment and operation of Crepe de licious restaurants and kiosks which make and sell some or all of the following: crepe-based dishes and other specialty food items, gelato, beverage items and other items. We also have the right to use and to license to our franchisees certain service marks, trademarks, trade names, trade dress, logos, slogans and commercial symbols used to identify the restaurant or kiosk or particular items and services offered (collectively, the “**Marks**”).

**1.02 Desire to Franchise.** You desire, upon the terms and conditions set forth in this Agreement, to obtain a license to use the System and Marks in the establishment and operation of a Crepe de licious unit (“**Restaurant, Kiosk, or Food Truck**”) to engage in the business of making and selling some or all of the following: crepe-based dishes and other specialty food items, gelato, beverage items and other items (“**Franchised Business**”). We are willing, upon the terms and conditions set forth herein, to license you to establish and operate the Franchised Business using the Marks and the System in a Restaurant, Kiosk, or Food Truck at an approved location. Unless the context indicates otherwise, capitalized terms have the meaning ascribed to them in this Agreement.

### **2. GRANT AND LIMITATIONS**

**2.01 Grant of Franchise.** Subject to all of the terms and conditions in this Agreement, we grant to you, and you accept, the license (“**Franchise**”) to use the System and the Marks in connection with the establishment and operation of a Franchised Business at a Restaurant, Kiosk, or Food Truck situated at the specific location (“**Approved Location**”) set forth in Attachment A to this Agreement.

#### **2.02 Limitations on Grant.**

(a) System Standards. The Franchise granted by this Agreement is limited to the operation of a Restaurant, Kiosk, or Food Truck in strict accordance with the provisions of this Agreement and the standards we specify in writing, as periodically amended, modified, supplemented or deleted, which we impose on our franchisees in connection with participation in the System, including all mandatory and suggested specifications, policies, rules, techniques and procedures we promulgate about System operation usage (collectively, the “**System Standards**”). You have no rights under this Agreement to use, and you will not use, the System, Marks or Restaurant, Kiosk, or Food Truck premises in connection with any other business, activities, or unapproved items or services.

(b) Trade Name. The Franchise granted by this Agreement is limited to establishment and operation of the Franchised Business only under the trade name “Crepe de licious” or other trade name that we expressly authorize or require in writing. You will not adopt alternative, additional or secondary trade names unless you have our prior express written consent.

(c) Location Approval by Us and Local Municipality. The Franchise granted by this Agreement is limited to a single Restaurant, Kiosk, or Food Truck at the Approved Location. The Restaurant or Kiosk must be located at the Approved Location. The Food Truck must always be located within the Territory. If a particular site has not been selected and approved at the time this Agreement is signed, Attachment A will describe the Approved Location in general terms. In that case, after we have approved a location for your Restaurant, Kiosk, or Food Truck, we will unilaterally modify Attachment A and the specific address of that location will automatically become the Approved Location as if originally set forth in Attachment A instead of the general description. You have no rights under this Agreement to use, and you will not use, the System or Marks at any other location, without our prior express written consent. You will not relocate the Restaurant, Kiosk, or Food Truck without our prior express written consent. You acknowledge that you are not guaranteed any certain Restaurant, Kiosk, Food Truck sites or other location for the operation of the Restaurant, Kiosk, Food Truck. You acknowledge that our approval of a location for the Restaurant or Kiosk is not a representation or warranty that the Restaurant, Kiosk, or Food Truck will be successful. Any Approved Location or Territory for a Food Truck will be non-exclusive and subject to our unilateral revision at anytime during the Franchise Agreement at our sole discretion.

(d) No Sub-Franchising. You have no rights under this Agreement to grant, and you will not grant, any sub-franchise or sub-license of all or part of the System or Marks.

**2.03 Non-Exclusive License.** During the term of this Agreement, neither we nor any of our affiliates will establish or operate, or franchise any entity to establish or operate, a Restaurant, Kiosk, or Food Truck using the Marks and System at any location within the market area described in Attachment A (“**Territory**”), subject to our rights set forth below in this Section. The Franchise is non-exclusive. You may not sell products or services, or advertise products or services, within another franchisee’s Territory. Other than the limited rights expressly granted to you under this Agreement, we (on behalf of ourselves and our affiliates) reserve all rights to use the Marks and System, including the following rights, in any manner and on any terms and conditions we deem advisable, and without granting you any rights, accommodation or compensation:

(a) to own, franchise, establish and/or operate, and license others to establish and operate, businesses using the Marks and System outside the Territory regardless of the proximity to your Crepe de licious Business (even if there may be some impact to your Crepe de licious Business);

(b) to contract and utilize third party delivery and ghost kitchen companies that may operate within or adjacent to your Territory regardless of the proximity to your Crepe de licious Business (even if there may be some impact to your Crepe de licious Business; you will have no right to be compensated from these third party sales which may occur within your Territory;

(c) to use and license the use of other proprietary and non-proprietary marks or methods, which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering quick-service restaurants and related products and services, at any location, including within the Territory, which may be similar to or different from the Crepe de licious Business operated by you;

(d) to sell or distribute, at retail or wholesale or otherwise, directly or indirectly, or license others to sell or distribute, any proprietary items (such as crepe ingredients, crepes, crepe-based food items and crepe sandwiches, and gelato) which bear any proprietary marks, including the Marks, through grocery stores, convenience stores, hotel shops and kiosks, theaters, malls, airports, gas stations, college campuses, sports venues, third party delivery companies, ghost kitchens, or other retail locations within or outside the Territory;

(e) to own, acquire, establish and/or operate, and license others to establish and operate, businesses using any proprietary marks or systems (including the Marks and System) at any airport, train station, other transportation facility, arena, ballpark, stadium, racetrack, other sports facility, theater, auditorium, concert hall, theme park, amusement park, cruise ship, casino, or other entertainment facility, or within any outlet mall or other regional mall, within or outside the Territory;

(f) to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Crepe de licious Business, wherever located;

(g) to acquire and convert to the System operated by us, any businesses offering services and products similar to offered by Crepe de licious Restaurants, Kiosks, and Food Trucks, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory, provided that in such situations the newly acquired businesses may not operate under the Marks in the Territory;

(h) to implement multi-area marketing programs which may allow us or others to solicit or sell, to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs; and

(i) to use the Internet and other means as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce without our prior written approval and subject to the policies and procedures in our Operations Manual.

We are not required to pay you if we exercise any of the rights specified above within your Territory. We do not pay compensation for soliciting or accepting orders inside your Territory.

**2.04 Owners Agreement.** To induce us to enter into this Agreement, all persons with a direct or indirect ownership interest in the Franchised Business, and their spouses, must sign and deliver to us the Owners Agreement in the form attached to this Agreement as Attachment C. If you are an entity, each individual owner (i.e., each natural person holding a direct or indirect ownership interest in you) and their spouses must sign the Owners Agreement in the form attached to this Agreement as Attachment C. Any future persons and their spouses must sign and deliver revised versions of Attachment C as a condition of, and in order to reflect any permitted changes in ownership in connection with any permitted transfer of ownership under this Agreement.

### **3. TERM AND EXTENSION**

**3.01 Term.** The term of this Agreement begins on the Effective Date and will continue for the term of the lease at the Approved Location up to a maximum of 10 years, unless terminated sooner by either party. You have no rights under this Agreement to use, and you will not use, the System or Marks after expiration or termination of this Agreement. Some of your duties and obligations under this Agreement will survive after expiration or termination of this Agreement as provided herein.

**3.02 Successor Franchise Rights.** If you meet all of the conditions specified in Section 3.03, we will offer you up to two (2) successor franchise agreements, each with a term of five (5) years to become effective following the expiration of this Agreement.

**3.03 Conditions to Successor Franchise.** To qualify for an offer of a successor franchise agreement, you must timely satisfy all of the following conditions:

(a) At least six (6) months (but no more than nine (9) months) before the end of the term of this Agreement, you must give us written notice of your request for an extension of franchise rights, and you must pay us a renewal fee equal to twenty percent (20%) of our then-current franchise fee.

(b) At least two (2) months (but no more than six (6) months) before the end of the term of this Agreement, you must, at your sole cost and expense, reimagine, renovate, refurbish and modernize your Restaurant, Kiosk, or Food Truck, within the time frame required by the us, to make it consistent with the then-current System Standards for new Restaurants, Kiosks, or Food Truck.

(c) At the time that you give notice of your request for an extension and at the end of the initial term, you must not be in default under this Agreement or any other agreement with us or any of our affiliates, and you must have substantially complied with all the provisions of this Agreement and of any other agreements with us or any affiliate during their respective terms.

(d) At least one (1) month before the end of the term of this Agreement, you must sign the then-current version of our standard franchise agreement for similar units, to become effective upon the expiration of this Agreement. You acknowledge that the terms and conditions of that agreement may be materially different from this Agreement, and they might not be as favorable to you. However, you will not be required to pay the then-current initial franchise fee. You will have one (1) additional option to extend the Franchise under the same terms and conditions set forth herein; and the Territory will be the same as under this Agreement.

(e) At the end of the term, you (and/or your Designated Manager, if we require) must satisfy our then-current qualification and training requirements.

(f) At least one (1) month before the end of the initial term, you (and your owners, if we require) must sign and deliver to us a general release, in a form we will provide, of all claims you or your owners may have against us and any of our affiliates (and our and their respective officers, directors, partners, owners, agents, and employees).

#### **4. YOUR DEVELOPMENT OBLIGATIONS**

**4.01 Site Selection.** You will be solely responsible for locating and obtaining a suitable site for your Restaurant, Kiosk, or Food Truck, which we have the right to approve. Depending on your Restaurant, Kiosk, or Food Truck location, layout, and size, you may also be required to lease additional storage space that may be located off-site from your Restaurant, Kiosk, or Food Truck. If you do procure off-site storage, such storage area will be considered part of the site or premises of your Restaurant, Kiosk, or Food Truck for purposes of your obligations and our rights under this Agreement. Before entering into a lease agreement or other binding agreement to acquire the proposed site, you must: submit to us a written description of the proposed site for our approval; provide us with other information regarding the proposed site according to the System Standards or as we reasonably request; and verify to us in writing that the proposed site meets our site selection criteria. We will then approve or disapprove the proposed site. If we disapprove of the proposed site, you must select an alternate site and repeat the site approval process until we have approved a proposed site for your Restaurant, Kiosk, or Food Truck. You acknowledge and agree that our approval of a site does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the site for a Restaurant, Kiosk, or Food Truck or for any other purpose. Different jurisdictions have specific requirements that must be met before you can open a Restaurant, Kiosk, or Food Truck at a given location. It is your responsibility, prior to signing a lease, to make sure the location and the ability to operate a Restaurant, Kiosk, or Food Truck as a franchisee at that location is approved by the governing jurisdiction. Our approval of the site indicates

only that we believe that a site falls within the acceptable site selection criteria as of that time. If you and we are not able to reach agreement on an Approved Location within twelve (12) months after the Effective Date, we have the option to terminate this Agreement without providing you a refund of any fees you paid to us. The Food Truck must always operate within the Territory detailed in Attachment A, we reserve the right to limit specific Sites for the Food Truck to operate within the Territory at our sole discretion.

**4.02 Lease Provisions.** After we have approved a proposed site, you must then lease or purchase the approved site. If you will lease the site, your lease must include certain provisions for our protection. You must provide us with a copy of your proposed lease agreement for our review and approval before you sign it. You must not sign the proposed lease agreement until after you have our express written approval. Your landlord may require you and, if you are an entity, your owners, and spouses to sign a personal guaranty. Any lease relating to the Restaurant's, Kiosk's, or Food Truck's premises must contain the following provisions in contractual language acceptable to us:

(a) The use of the leased premises will be restricted solely to the operation of a Restaurant, Kiosk, or Food Truck.

(b) The landlord, upon termination or expiration of the lease, consents to the tenant's removal (at the tenant's expense) of the exterior and interior signs and trade fixtures, so long as the tenant makes repairs caused by the removal of these items.

(c) The landlord will provide to us (at the same time they are sent to the tenant) a copy of all lease amendments and assignments, and a copy of all letters and notices sent to the tenant relating to the lease or the leased premises.

(d) We will have the right to enter the leased premises to make any modifications or alterations, at our own cost, necessary (in our opinion) to protect the System and the Marks and to cure, within the time periods provided by the lease, any default under the lease, all without being guilty of trespass or other tort.

(e) The tenant may assign the lease to us (or our designee) with the landlord's consent (which consent will not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rent. The tenant will remain solely responsible for all obligations, debts and payments under the lease accruing before the effective date of any assignment to us (or our designee).

(f) The landlord will not amend or otherwise modify the lease in any manner that would affect any of the foregoing requirements without our prior written consent (which will not be unreasonably withheld).

(g) The total possible term of the lease (including the initial term and all renewal terms that are at the tenant's option) must be for at least five (5) years.

(h) Upon expiration or termination of this Agreement, we (or our designee) will have the right to an assignment of the lease with the landlord's consent (which consent will not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rent. The tenant will remain solely responsible for all obligations, debts and payments under the lease accruing before the effective date of any assignment to us (or our designee).

**4.03 Construction, Remodeling and Build-out.** Promptly after obtaining possession of the approved site for the Restaurant, Kiosk, Food Truck, you will: (a) have prepared and submit to us for

approval plans for the construction, build-out or remodeling of the site consistent with the System Standards and applicable law, if you are unable to use our standard plans; provided, that any altered plans must be submitted to us and receive our approval before such plans can be used. You may be required to pay to us our then-current fee for restaurant, kiosk, or food truck design preparation services (“**Design Fee**”), at our discretion which will vary based on the size and complexity of the design. You acknowledge that our review of your amended plans is not meant to assess any compliance with applicable laws, regulations and/or building codes, all of which is your responsibility; (b) obtain all required permits, licenses, and zoning variances; (c) complete the construction, build-out, and/or remodeling of the Restaurant, Kiosk, or Food Truck premises consistent with the approved plans, the System Standards, and applicable law; (d) purchase or lease and install all required equipment, furnishings, fixtures, signs and décor as required by this Agreement and the System Standards; (e) obtain all customary contractors sworn statement and waivers of liens; and (f) otherwise prepare the Restaurant, Kiosk, Food Truck for opening for business as required by this Agreement and the System Standards.

**4.04 Furnishings, Fixtures, Equipment and Signs.** You must purchase, lease or otherwise use and install (at your own cost and expense) in the establishment and operation of the Restaurant, Kiosk, or Food Truck all of the furnishings, fixtures, equipment, supplies and signs that are in conformance with the Operations Manual as meeting our specifications and standards for quality, design, appearance, function and performance, and only these items. You must purchase or lease approved brands, types or models of furnishings, fixtures, equipment, and signs only from suppliers designated or approved by us and according to System Standards. You agree to place or display at the Restaurant, Kiosk, and Food Truck only the signs, logos and display materials that we have approved. After your Restaurant, Kiosk, or Food Truck has been built out, equipped and decorated according to System Standards, you will not make any material alteration to the Restaurant’s, Kiosk’s, or Food Truck’s premises, furnishings, fixtures, equipment or signs without our prior express written approval.

**4.05 Inventory and Supplies.** You must purchase and stock in the Restaurant, Kiosk, or Food Truck all of the required inventory and supply items, in an adequate mix and quantity of each, all according to the System Standards. Such inventory and items shall be purchased from the suppliers we designate or approve, which may include or be limited to us or our affiliates.

**4.06 Commencement of Business.** Unless we agree in writing to a later opening date, you must open the Restaurant, Kiosk, or Food Truck and begin business within 12 months after the Effective Date of this Agreement. Before opening the Restaurant, Kiosk, or Food Truck, you must comply with all of your applicable development and operating obligations under this Agreement, including: (a) obtain all required permits and licenses; (b) properly complete all construction, remodeling and build-out of the Restaurant, Kiosk, or Food Truck; (c) properly complete installation of all furnishings, fixtures, equipment and signs; (d) properly display and stock all required inventory and supplies; (e) successfully complete the initial training program; (f) provide to us proper evidence of required insurance coverage; and (g) provide to us any other information or documents relating to the Restaurant’s, Kiosk’s, or Food Truck’s readiness for opening or your compliance with applicable System Standards. You must obtain our written approval before opening the Restaurant, Kiosk, or Food Truck, and you must schedule the opening on a mutually convenient date. If you do not open your Restaurant, Kiosk, or Food Truck within 12 months after the execution of this Agreement, you will be required to pay an opening extension fee of \$250 per week until such time as the Restaurant, Kiosk, or Food Truck is open or this Agreement is terminated.

**4.07 Relocation.** If your Restaurant’s, Kiosk’s, or Food Truck’s lease expires or terminates without your fault or if the site is condemned, destroyed or otherwise rendered unusable, you must seek our approval to relocate the Restaurant, Kiosk, or Food Truck to a new location that meets our then-current site selection criteria, subject to the territorial rights of other Restaurants, Kiosks, or Food Truck

operated by franchisees or our affiliates. You must pay to us our relocation fee of \$2,500, must open for business within 120 days of the date your Restaurant, Kiosk, or Food Truck closes and you must comply with all of the requirements of this Section 4 with regard to any relocation.

## 5. YOUR OPERATING OBLIGATIONS

**5.01 Compliance with System Standards.** You will maintain high standards of quality, appearance and operation for the Restaurant, Kiosk, Food Truck. For the purpose of enhancing the public image and reputation of the businesses operating under the System and for the purpose of increasing the demand for items and services associated with the Marks, you will comply in good faith with all System Standards, including those contained in the Operations Manual. You will operate and maintain the Restaurant, Kiosk, or Food Truck solely in the manner and pursuant to the standards prescribed herein, in the Operations Manual and in other materials we provide to you. Any required standards exist to protect our interests in the System and the Marks 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 Operations Manual or other written materials. The Operations 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 Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

**5.02 Compliance with Sound Business Practices.** You will at all times operate the Restaurant, Kiosk, or Food Truck diligently and in a manner which is consistent with sound business practices. You will at all times maintain working capital and a net worth which is sufficient, in our opinion, to enable you to fulfill properly all of your responsibilities under this Agreement. You will pay all of your debts and obligations incurred in the operation of the Restaurant, Kiosk, or Food Truck as these debts and obligations become due. You will, in all dealings with us and our affiliates, your suppliers and customers, and public officials, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You will refrain from any business practice which may harm our business, System or Marks, or other franchisees' businesses. You will cause your affiliates, employees, owners, representatives and agents to strictly comply with the provisions of this Agreement.

**5.03 Lease Compliance.** You will comply with all of the terms of your lease, sublease, and other agreements authorizing use of the Restaurant, Kiosk, or Food Truck premises, and will refrain from any activity which may jeopardize your right to remain in possession of, or to renew the lease or sublease for, the Restaurant, Kiosk, or Food Truck premises. You will not amend or otherwise modify your lease without our express written consent.

**5.04 Compliance with Laws.** You will obtain and maintain in force, as and when needed, all governmental permits, licenses and approvals required by applicable law to establish and operate the Restaurant, Kiosk, or Food Truck at the Approved Location. You will pay when due (or properly and timely contest) all federal, state and local payroll, withholding, unemployment, permit, license, property, ad valorem, use, sales, gross receipts, income, property and other taxes, assessments, fees, charges, penalties and interest, which may be charged or levied against us as a result of your business operations, and will file when due all required governmental returns, notices and other filings. You will conduct your business operations under this Agreement in full compliance with all applicable laws, ordinances, regulations, rules, administrative orders, decrees and policies of any local, state, or federal government, governmental agency or department. You will notify us promptly if you obtain any information that any aspect of the System does not comply with any applicable law, rule or regulation.

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

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

**5.05 Restaurant, Kiosk, or Food Truck Image.** You will at all times maintain your Restaurant, Kiosk, or Food Truck according to the System Standards, including those standards prescribed in the Operations Manual, such as standards and specifications relating to the safety, maintenance, cleanliness, sanitation, function and appearance of the Restaurant, Kiosk, or Food Truck and your equipment and signs, as well as the requirement that the employees of the Restaurant, Kiosk, or Food Truck will be required to wear uniforms and to maintain a standard of appearance while employed at the Restaurant, Kiosk, or Food Truck. You will maintain and operate the Restaurant, Kiosk, or Food Truck in a good, clean, wholesome manner.

**5.06 Goodwill.** You will use reasonable efforts to protect, maintain and promote the trade name “Crepe de licious” (or other trade name we approve) and our distinguishing characteristics, the other Marks and the System. You will not permit or allow your officers, directors, owners, Designated Managers, employees, representatives or agents to engage in conduct which is unlawful or damaging to the goodwill or public image of the Marks or System. You will participate in all quality assurance, customer service and customer satisfaction programs we require in good faith. You will follow System Standards for identification of your operations and for you to avoid confusion on the part of customers, creditors, lenders, investors and the public as to the ownership and operation of the Franchised Business.

**5.07 Quality and Customer Service Standards.** All items and services you provide under this Franchise will be of high quality, and will conform to the quality and customer service standards we may establish from time to time.

**5.08 Maintenance of Restaurant, Kiosk, or Food Truck.** You will install and maintain at the Restaurant, Kiosk, or Food Truck, at your expense, all furnishings, fixtures, equipment, and signs as required by the System Standards. You will not install or permit to be installed on or about the

Restaurant, Kiosk, or Food Truck premises any furnishings, fixtures, equipment, signs, décor, vending machines, video games, or the like that we have not previously approved. You will maintain the Restaurant, Kiosk, or Food Truck premises, and all furnishings, fixtures, equipment and signs in a clean, attractive condition, and in good working order and repair. If we notify you of any deficiency as to the general state of repair or appearance of the Restaurant's, Kiosk's, or Food Truck's premises, furnishings, fixtures, equipment, signs or décor, you must undertake the action we reasonably specify to correct the deficiency within the time period we specify.

**5.09 Refurbishing the Restaurant, Kiosk, or Food Truck.** Within six (6) months after our request, you will: (a) remodel, redecorate, and refurbish the Restaurant, Kiosk, or Food Truck at your expense, to conform to the décor, color schemes, and presentation of trademarks and service marks consistent with our then-current image; and (b) upgrade, modify and/or replace furnishings, fixtures and equipment to conform to our then-current System Standards. You will not be required to make significant capital expenditures in this regard during the first three (3) years of the term of this Agreement, but you may be required to purchase equipment necessary to offer and sell new items or services.

**5.10 Approved Items and Services.** You will offer all approved items and services pursuant to the System Standards at the Restaurant, Kiosk, or Food Truck, and no other items or services. You will prepare and offer for sale all required menu items using the recipes, ingredients, serving sizes, decorations, nomenclature and presentation exactly in accordance with the System Standards. Depending on the size of your Restaurant, Kiosk, or Food Truck, we will require a full or limited menu offering. If you desire to offer any unapproved items or services, you must first obtain our prior express written consent. You will be required to submit to us any information, specifications and samples of the unapproved items or services. We will notify you in writing within 60 days after receiving all requested information and materials whether or not you are authorized to use or sell the authorized product or service or to purchase or lease the product or service from that supplier or provider. You will refrain from deviating from System Standards by the offer, sale or use of any non-conforming items or services, without our prior express written consent. You will not sell any items offered by the Franchised Business outside of the Restaurant, Kiosk, or Food Truck including, as an example, by food truck or catering services, without our express written consent.

**5.11 Purchasing.** You will purchase or procure certain designated items (including furnishings, fixtures, equipment, signs, inventory and supplies) and services in compliance with any minimum standards or specifications we may periodically establish, and from only the suppliers that we approve which may include or be limited to us or our affiliates. You may purchase or procure any other approved items or services for the Franchised Business from any competent source, so long as the items and services meet or exceed the System Standards. You will maintain at the Restaurant, Kiosk, or Food Truck, at your expense, the mix and quantity of inventory and supplies as required by the System Standards.

**5.12 Computer and Communications System.** You will, at your expense, purchase and maintain any point-of-sale system, cash register, computer hardware and software, communication equipment, communication services, Internet services (including the requirement to maintain a high speed internet connection), dedicated telephone and power lines, modems, printers, and other related accessories or peripheral equipment that we may specify for use in the Franchised Business. You will provide any assistance we require to connect your point-of-sale system or computer system with our computer system. We will have the right at any time to retrieve data and other information from your point-of-sale system or computer system as we, in our sole discretion, deem necessary or desirable. You shall ensure that we have access at all times to your point-of-sale system, at your cost. You will strictly comply with System Standards for all items associated with your point-of-sale system, computer system and communication equipment and services. You will keep the point-of-sale system, computer system and communication

equipment in good maintenance and repair, and you will promptly install, at your expense, any additions, changes, modifications or substitutions to your point-of-sale system, computer hardware, software, communication equipment, telephone and power lines, and other related accessories or peripheral equipment, as we may specify periodically. We may require that you license from us proprietary software for use in the Franchised Business, and, if so, you will sign the software license agreement we specify, and you will comply with all of its terms and conditions. You will utilize the point-of-sale system, computer system and communication equipment and services in connection with the Franchised Business pursuant to the System Standards, including procuring all set-up services software licenses. You are required to pay our then-current monthly technology fee (“**Technology Fee**”) for use of our online systems, email, data sharing and other internet related functions. This Technology Fee will be collected by the 5<sup>th</sup> day of each month. We reserve the right to increase this fee in the event we offer updated or additional software or technology, but we will not increase this fee by a total of more than five percent (5%) in any calendar year. You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to comply with those reasonable new standards that we establish as if we periodically revised this Section for that purpose. We reserve the right to require you to pay the Technology Fee directly to the service provider(s) of these services, in which case the amount will be set by the provider.

### 5.13 Marketing.

(a) Marketing Programs. You will participate in all advertising, public relations, promotion, market research, and other marketing activities we may implement for the System (“**Marketing Programs**”).

(b) Grand Opening Marketing. You must spend at least \$2,500 on local advertising, public relations, promotion, and other marketing activities in connection with your grand opening. Such amount shall be spent before your Restaurant or Kiosk opens and during its first 90 days of operation. Your grand opening marketing campaign must be approved by us before it can be conducted. You must submit to us proof of these expenditures within 30 days after your Restaurant or Kiosk first opens for business. The Grand Opening Marketing expenses are not applicable to any Food Truck Franchised Business.

(c) Local Marketing. In addition to the Advertising Fund Contribution (defined in Section 8.03), you must spend the greater of \$500 or one percent (1%) of your monthly Gross Revenues on local advertising each month (“**Local Advertising Requirement**”). If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to us or, if established, the Advertising Fund. Your marketing materials must use the Marks correctly, comply with System Standards and applicable law, and be expressly approved by us in writing before use. If you use advertising that has not been approved by us, you will be required to pay us \$500 per incident, which will be either paid to us or deposited into the Advertising Fund, once established. Upon our request, you will immediately stop using any marketing materials or programs that we, in our sole opinion, deem to be outdated, false, misleading, illegal, in violation of this Agreement, inconsistent with the System Standards, harmful to the System or Marks, or potentially harmful to the goodwill, reputation or customer relations of us or our franchisees or affiliates. At our request, all marketing and promotional materials used by you shall include specific language, such as “Franchises Available” and our website address and telephone number.

(d) Press Releases. You will not issue any press release or other public statements without our prior express written approval.

(e) **Contributions and Donations.** You will not make any contributions or donations of items, services or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization) in the name of the Franchised Business or otherwise associate with any Mark, without our prior express written consent.

(f) **Marketing Approval.** We may negotiate marketing programs with suppliers and obtain advertising allowances for doing so. We will review and approve advertising and your other approval requests under this Agreement and will not unreasonably delay our approvals or disapprovals allowed or required by this Agreement. If you violate any provision of this Section, in addition to all other remedies available to us, you will pay an unauthorized advertising fee of \$500 per occurrence to the Advertising Fund to offset the damage caused by your breach.

**5.14 Telephone.** You will obtain a telephone number for exclusive use in connection with the Franchised Business, and this telephone number will be deemed to be our property.

**5.15 Directory Listings.** You will obtain and maintain at your expense white pages and yellow pages listings for the Restaurant, Kiosk, or Food Truck, as required by System Standards, and in the form provided by or expressly approved by us, in the principal telephone directory serving your Approved Location. If other Crepe de licious franchisees are served by the same directory, we may require a group listing of all franchised businesses in the area, and, in that case, the costs of the listing will be reasonably allocated among these franchised businesses. You will timely pay your share of these costs.

**5.16 Internet Listing.** You will not, directly or indirectly, create or maintain an Internet web page, website address or Internet directory listing relating in any way to your Restaurant, Kiosk, or Food Truck, or which uses any Marks. You are prohibited from conducting any aspect of the Franchised Business through the Internet (except email communications). You are strictly prohibited from promoting your Restaurant, Kiosk, or Food Truck and using the Marks in any manner on social media, networking, discount, blogs or other network communications or other online sites, including, but not limited to, Facebook, LinkedIn and Twitter, without our prior written consent. We have the right to review all content on any such online site.

**5.17 Digital Signage Displays.** You are required to purchase and maintain televisions for digital signage displays as set forth in our Operations Manual and pay all related network set-up fees, annual license fees and annual maintenance fees.

**5.18 Hours of Operation.** You will keep the Restaurant, Kiosk, or Food Truck open and in normal operation for the minimum hours and/or days as required by the System Standards, to the extent consistent with local law and your lease.

**5.19 Conferences.** You or your owner or Designated Manager will attend each conference and pay the applicable conference fee, if and when we sponsor a conference. Mandatory training for franchisees or their Designated Managers may be held at a conference. The conference fee will be the same for all of our franchisees, but may be based on the number of Restaurants, Kiosks, or Food Trucks each franchisee has or the number of attendees each franchisee sends to the conference. You will receive reasonable notice of each conference. You will be responsible for all travel, transportation, lodging, meals, and incidental expenses and compensation of the people you send to any conference.

**5.20 Notification of Legal Proceedings.** You will notify us in writing within five (5) business days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, of which you become aware and which may adversely affect the operation or financial condition of the Restaurant, Kiosk, or Food Truck.

Upon the occurrence of a Crisis Management Event, you shall without delay inform us by telephone and email. "Crisis Management Event" means any event that occurs at or about the Franchised Business that has or may cause harm or injury to customers or employees. Examples include, but are not limited to, food contamination, food spoilage/poisoning, food tampering, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, Marks, or image or reputation of the Restaurant, Kiosk, or Food Truck, Franchise System or us. You will cooperate fully with us with respect to our response to the Crisis Management Event. You shall cooperate fully with us with respect to our response to the Crisis Management Event. In the event of the occurrence of a Crisis Management Event, we may also establish emergency procedures which may require you to temporarily close the Restaurant, Kiosk, or Food Truck to the public, in which event we shall not be liable to you for any loss or costs, including consequential damages or loss profits occasioned thereby.

**5.20 Customer List.** You will protect the privacy of your customers by keeping their personal information confidential. You will not disclose customer information to anyone other than your employees and us without our prior written consent.

**5.21 Non-Competition.** You (and, if you are an entity, your owners, officers and directors), your Designated Managers, your immediate family members (defined as your spouse, domestic partner and children, if any) and the immediate family members of your principal owners will not engage in, assist, acquire, advise, consult with, be employed by, own, or become associated in any way with any business whose methods of operation, trade dress or business concept is the same as or similar to that of the System or the Marks, or which offers crepe-based food items or gelato, other than the Franchised Business, without our prior express written consent.

**5.22 Uniforms.** You will require your Designated Managers and other employees to wear uniforms as required by our System Standards.

**5.23 Confidentiality and System Protection Agreements.** Your Designated Managers must sign confidentiality and system protection agreements stating that they will maintain the confidentiality of information they receive in connection with their employment and not compete with any of our franchisees following the end of their employment with you. We may require that these contracts be in a form satisfactory to us, including specific identification of us as a third party beneficiary of the contracts, with the independent right to enforce them. We may require your other employees to sign similar agreements. Our form of Confidentiality Agreement and System Protection Agreement are attached to the Franchise Disclosure Document Exhibit G.

**5.24 Customer Satisfaction.** You will use your best efforts to ensure customer satisfaction; use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; respond to customer complaints in a courteous, prompt and professional manner; use its best efforts to promptly and fairly resolve customer disputes in a mutually agreeable manner; and take such actions as we deem necessary or appropriate to resolve customer disputes. We may remedy any issues with your customers in our sole discretion including reimbursement of any fees paid to you. You are responsible to reimburse us for any such costs.

**5.25 Staffing.** You must hire and supervise efficient, competent, and courteous persons as your employees for the operation of your Franchised Business. You must require all your employees to work in clean uniforms approved by us, but furnished at your cost or the employees' cost as you may determine. You understand and acknowledge it is your responsibility to hire and supervise a satisfactory number of employees in order to efficiently operate the Unit and meet your obligations under this Agreement. You alone are responsible for all employment decisions and functions of your Franchised Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, safety, work conditions, assignments, taxes, schedules, personnel policies, benefits, recordkeeping, supervision, discipline of employees and compliance with all workplace laws, regardless of whether you have received advice from us on these subjects or not. We will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, safety, work conditions, assignments, taxes, schedules, personnel policies, benefits, recordkeeping, supervision, discipline of employees and compliance with all workplace laws, and you agree to indemnify us for any such liabilities we incur. You agree to inform each of your employees that you alone are their employer, and that we are not. You agree to explain to your employees and contractors the respective roles of a franchisor and franchisee and our relationship with you, and you will request that your employees and contractors sign any acknowledgment or disclosure explaining the differences between us and you, their employer or contractor. At no time will you or your employees be deemed to be employees of us or our affiliates and we are not a joint employer of those persons. We will have no obligation to direct your employees or to operate the business. Upon our request, you and each employee will sign an employment relationship acknowledgment form within seven (7) days stating that you alone are the employer and operate your Franchised Business. You will use your legal name on all documents for use with employees and contractors, including but not limited to, employment applications, time cards, pay checks and employment and independent contractor agreements and will not use the Marks on these documents. You will also post a conspicuous notice to employees to explain that you are a franchisee and that your employees are employed by you and not by us.

**5.26 Privacy.** You agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information (“**Privacy Laws**”). You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

**5.27 Methods of Payment and Data Security.** You agree to maintain, at all times, credit card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, “**Credit Card Vendors**”) that we may periodically designate as mandatory. The term “Credit Card Vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”). You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see

www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

**5.28 Advisory Council.** We currently do not have, but reserve the right to form, one or more franchise advisory councils (“**FAC(s)**”) to advise us on advertising policies. The FAC would be governed by bylaws. The purpose of the FAC would be to provide input regarding the Advertising Fund and to promote communication between us and all franchisees. Members of the FAC would consist of both franchisees and corporate representatives. Members of the FAC would be selected by way of a voting method specified in the FAC’s bylaws. The FAC would serve in an advisory capacity only. We will have the power to form, change, or dissolve the FAC, in our sole discretion.

## **6. UNIT MANAGEMENT**

**6.01 Management.** At all times during the term of this Agreement, you will designate a manager who meets our educational, managerial and business experience standards, and who will devote full time, energy, attention and best efforts to the management and operation of the Restaurant, Kiosk, or Food Truck (“**Designated Manager**”). If you are an individual, you may serve as the Designated Manager. If you are an entity, an owner, officer or other qualified employee may serve as the Designated Manager. You will designate to us in writing the identity of your initial Designated Manager as soon as possible after the Effective Date of this Agreement. You will designate to us in writing the identity of each successor Designated Manager immediately after the prior Designated Manager ceases to serve as Designated Manager.

**6.02 Manager Training.** You and your initial Designated Manager must, at least two weeks before the opening of the Restaurant, Kiosk, or Food Truck, attend and complete to our satisfaction the initial training program required for Designated Managers. You must adequately train any successor Designated Manager you later employ. We will notify you if we determine that the training you provided is inadequate. In that case, your successor Designated Manager must satisfactorily complete the initial training program we require promptly after we notify you. We will provide instructors, facilities and training materials for the training of you, your initial Designated Manager and one other person (a maximum of three trainees and provided that all of your trainees attend the same initial training program). All other expenses incurred in connect with attendance of training, including the cost of travel, transportation, meals, lodging and any wages will be your responsibility. You will pay to us the then-current tuition (or then-current per diem fee) and expenses we incur for the initial training we may require for any successor Designated Manager you later employ, including the reasonable travel, transportation, meals and lodging expenses we incur if we elect to provide this training at your Restaurant, Kiosk, or Food Truck. If any Designated Manager fails to successfully complete the initial training program to our satisfaction, we may require your Designated Manager to attend additional training programs (at your cost) or we may require you to appoint a new Designated Manager and to send that new Designated Manager to the initial training program (at your cost). If, after this corrective action, your Designated Manager fails to successfully complete the initial training program to our satisfaction, we may terminate this Agreement.

**6.03 Other Training.** You and your Designated Manager must attend any additional or refresher training programs that we designate as mandatory for franchisees and managers, respectively, unless your absence is excused by us. You will be responsible for all travel, transportation, lodging, meals and incidental expenses and compensation of the people you send for additional or refresher training programs, and you will pay us the cost of providing training materials (if any), and any tuition we may impose under Section 7.09. All training materials are confidential, and will remain our property.

You will also be required to complete a training program with our current point-of-sale system provider and our supplier of cleaning products and sanitizers before opening your Restaurant, Kiosk, or Food Truck. These providers will have discretion regarding cost, methods and frequency of training.

**6.04 Employee Training.** You will maintain competent and conscientious personnel to operate the Restaurant, Kiosk, or Food Truck in accordance with this Agreement and the Operations Manual. You will train or cause the training of all of your personnel as and when required by prudent business practices, System Standards, or this Agreement. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control. You alone are solely responsible for all hiring and employment decisions and functions relating to the Restaurant, Kiosk, or Food Truck, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law.

## 7. ASSISTANCE BY US

**7.01 Restaurant, Kiosk, or Food Truck Location.** We will provide you with our standard site selection criteria and standard Restaurant, Kiosk, or Food Truck layout plans and specifications. We will also provide you with the assistance and consultation we deem advisable regarding site selection and/or the layout of the Restaurant, Kiosk, or Food Truck at the Approved Location. You acknowledge that we will have no obligation to select or acquire a site on your behalf. We disclaim all liability for the consequences of approving a particular site. Our site selection assistance does not constitute any warranty or guaranty that the Franchised Business will be profitable or otherwise successful at the Approved Location.

**7.02 Lease Review.** We will review the proposed lease for the Restaurant, Kiosk, or Food Truck site after you submit the proposed lease to us. If the proposed lease complies with the requirements in Section 4.02 of this Agreement and is otherwise acceptable to us, we will approve it. We will promptly advise you of our decision regarding the proposed lease. The final decision whether to acquire a particular approved site or whether to sign a particular approved lease rests solely with you. You acknowledge that any lease review by us shall not be an endorsement or comment on the suitability of the lease for your specific purpose or for legal purposes. Our review of any lease is only for compliance with our required lease terms as detailed in Section 4.02.

**7.03 Restaurant, Kiosk, or Food Truck Construction, Remodeling and Build-Out.** We will provide you with the consultation and restaurant or kiosk design preparation services we deem advisable regarding constructing, remodeling or build-out of the Restaurant, Kiosk, or Food Truck.

**7.04 Loan of Operations Manual.** Within 15 days after we sign this Agreement, we will provide you with access to a copy of our current operations manual for the term of this Agreement, and we will later provide you with all periodic modifications thereto and any other manual we may develop specifying the System Standards (collectively, the “Operations Manual”). If the copy of the Operations Manual loaned to you is lost, stolen or destroyed before you return it to us, you must pay us our then-current replacement fee. We reserve the right to provide the Operations Manual electronically, such as by CD-ROM, intranet or password-protected website. You acknowledge that your compliance with the Operations Manual is vitally importance to us and other System franchisees and is necessary to protect

our reputation and the goodwill of the Marks and to maintain the uniform quality of operation throughout the System. However, while the Operations Manual is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the Franchised Business.

**7.05 Furnishings, Fixture, Equipment and Signs.** We will provide you with standard lists and/or specifications for approved furnishings, fixtures, equipment and signs. We will provide you with standard lists of any authorized suppliers of any of these items. We will provide you with the assistance and consultation we deem advisable regarding required furnishings, fixtures, equipment and signs.

**7.06 Inventory and Supplies.** We will provide you with standard lists and/or specifications for approved inventory and supplies. We will provide you with standard lists of any authorized suppliers of any of these items. We will provide you with the assistance and consultation we deem advisable regarding required inventory and supplies.

**7.07 Purchasing Assistance.** Although you are responsible for purchasing or leasing items and services for use in connection with the Franchised Business, we and/or our affiliates may offer optional assistance to you with purchasing or leasing items or services. We may require minimum standards or specifications for items and services, specify approved items and services, and restrict the suppliers authorized to sell or provide certain items and services in order to control quality, provide for consistent service or obtain volume discounts. We will provide you with System Standards for items and services, our list of approved items and services, and our list of approved suppliers. You acknowledge that we and/or our affiliates may be the sole approved suppliers for certain approved items and services, and that we and our affiliates may derive revenues as a result of your purchase of approved items and services either from us or from rebates from suppliers.

**7.08 Initial Training.** We will provide initial training to you, your initial Manager and one other person on mutually convenient dates. All initial training we provide will be offered, in our sole discretion, at a Restaurant, Kiosk, or Food Truck operated by a franchisee or an affiliate, at our training facility, or at some other location in the United States we select, and will be subject to the provisions of Section 6.02. If you would like additional people to attend the initial training program and we have additional capacity, you will be charged an additional fee of \$2,000 per person. You will also need to pay for the cost of travel, room and board, and other personal expenses for each person attending.

**7.09 Other Training.** We may in the future offer or require additional or refresher training for you or your Designated Manager. Additional and refresher training will be held at one (1) or more locations in the United States we select, and may be held in conjunction with a franchisee conference. We may charge you for the cost of providing you the training materials (if any), and a tuition for any additional or refresher training program if training occurs outside of our corporate headquarters plus expenses. All additional and refresher training we provide will be subject to the provisions of Section 6.03.

**7.10 Pre-Opening and Opening Assistance.** We will provide three to five days of on-site training at no charge prior to the opening of your Crepe de licious Business. We or a third party may provide you with other pre-opening assistance and consultation as we deem advisable. We or a third party will provide templates for certain promotional and advertising materials and consultation in connection with the grand opening marketing for the Restaurant, Kiosk, or Food Truck, which promotion and marketing will be conducted at your expense.

**7.11 Suggested Retail Prices.** We will provide you with product information and suggested retail prices for approved items or services; however, you are not bound by our recommended prices. In determining prices, you must consider the general image of the Restaurant, Kiosk, or Food Truck and the

System. If you choose to offer any items at any price we recommend, you understand and acknowledge that we do not represent, warranty or guarantee that you will earn any level of sales or profitability.

**7.12 Continuing Consultations.** We will assist you to understand your obligations under the System Standards and this Agreement, provide you with other continuing consultation, and may provide you with new proprietary methods and procedures relating to approved items or services, or to operation of the Restaurant, Kiosk, or Food Truck, all on the terms as we deem appropriate. To the extent possible, this consultation will be provided during inspections and audits, through the System Standards, at training sessions (if any), and during franchisee conferences (if any). If you request additional operating assistance or services, we may require that you pay our then-current hourly fee and the expenses we incur in providing additional assistance to you.

**7.13 Conferences.** We may sponsor periodic conferences for our franchisees, at which seminars, workshops and other training may be conducted. We may require you or your Designated Manager to attend each conference and we may charge you for these programs. You shall pay us a convention fee for each year that an annual convention is held ("**Convention Fee**") for purposes of defraying Franchisee's cost of attending such annual conferences regardless of whether or not you attend the annual convention. If you fail to attend an annual conference for any reason, we shall be entitled to use the Convention Fee paid by you for any purpose in our sole discretion. Once paid, the Convention Fee is non-refundable for any reason. We may preclude you from attending an annual convention/national conference if you are in default of this Agreement at the time of the annual convention/national conference or if you have had two notices of default within 12 months prior to any annual convention/national conference. We may also preclude you from participating in system calls, meetings or webinars while you are in default of this Agreement.

**7.14 Marketing Programs.** We will implement one or more Marketing Programs, and we (or our designee or affiliate) will administer the Marketing Programs. We will determine in our sole discretion: the nature and type of program; the nature and type of media placement; the allocation (if any) among national, regional and local markets; the nature and type of advertising copy and other marketing materials; and all other aspects of the Marketing Programs. We do not promise that you will benefit directly or proportionately from any Marketing Programs. On occasion, we may make available to you, local advertising materials and programs, at your cost. We will use the Advertising Fund Contributions we collect from franchisees to pay for the Marketing Programs and to reimburse our reasonable direct and indirect costs, overhead and other expenses (and those of our designee or affiliates) of providing services and materials relating to the Marketing Programs. We and our affiliates are not obligated to contribute money to the Marketing Programs or otherwise supplement the Advertising Fund Contributions; however, Restaurants, Kiosks, or Food Trucks owned and operated by us or our affiliates may voluntarily contribute to the Marketing Programs on the same basis as our franchisees. We have the right to terminate any Marketing Program, at our discretion. However, any termination of all Marketing Programs will not be effective until all Advertising Fund Contributions we have collected for the Marketing Program have been expended. If we terminate any Marketing Program, we may reinstate such Marketing Program at any time and such reinstated Marketing Program shall be administered as described herein.

**7.15 Advertising Fund.** We have established an advertising and marketing fund for Franchises ("**Advertising Fund**"). We require you to pay an advertising fee in an amount of three percent (3%) of your Gross Revenues, which you must contribute to the Advertising Fund. Your Advertising Fund Contribution will be due at the same time and in the same manner as the Royalty Fee. Franchises owned by us or our affiliates are not obligated to contribute to the Advertising Fund but may do so on a voluntary basis. We have complete discretion on how the Advertising Fund will be utilized. The Advertising Fund may allocate resources to advertise locally, regionally, and/or nationally, in printed

materials, on radio, on television, and/or on the Internet, in our sole discretion. We may reimburse ourselves, or authorized representatives or our affiliates from the Advertising Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Advertising Fund. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Advertising Fund for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating “Franchises Available” or similar phrasing. We may at any time defer or reduce a Franchisee’s Advertising Fund Contributions and, upon 30 days’ prior written notice to you, reduce or suspend Advertising Fund Contributions and operations for one (1) or more periods of any length and terminate and/or reinstate the Advertising Fund. If we terminate the Advertising Fund, we will distribute all unused contributions to contributing Franchisees, and to us or our affiliates, in proportion to respective contributions during the preceding 24-month period.

**7.16 Internet Site.** We or an affiliate will sponsor and maintain the official Crepe de licious website on the Internet. So long as you are not in default under this Agreement, we will cause your Restaurant, Kiosk, or Food Truck to be listed on this official website and/or provide you with a web page specific to your Restaurant, Kiosk, or Food Truck on this website.

**7.17 Additional Items, Services and Suppliers.** If you desire to offer additional items or services that we have not approved, or desire to purchase approved items and services from any supplier who we have not approved, we will consider any written request by you for approval of additional items, services or suppliers (although we are not obligated to approve any). You will be required to pay us for our costs incurred in any inspection or testing of any samples or any proposed new product, service or supplier nominated by you. We will notify you of our approval or disapproval of any new item, service or supplier requested by you within a reasonable time (usually within 90 days) after we have received all of the relevant information we requested. We may withhold approval of any item, service or supplier, as we determine in our discretion. We can revoke approval of an approved supplier at any time in our sole discretion, and we will notify you of any revocation of supplier approval.

**7.18 Intranet System.** We or our affiliate may establish an intranet system to assist you with your Franchised Business. If an intranet system like this is established, we or our affiliate will administer and maintain it, and we will provide you and/or your Designated Manager with access to this system. Subject to the System Standards, we will continue to allow you and/or your Designated Manager to access our intranet system during the term of this Agreement, so long as you are not in default under this Agreement. We may require you to use the intranet system for communications, reports, and other functions, and you will comply with our requirements.

## **8. PAYMENTS AND REPORTS**

**8.01 Initial Franchise Fee.** When you sign this Agreement, you will pay us the initial franchise fee (“**Initial Franchise Fee**”) in the amount of \$35,000. The Initial Franchise Fee is in consideration of the administrative and other expenses we incurred in entering into this Agreement, and for our lost or deferred opportunity to enter into a similar arrangement with others. The Initial Franchise Fee is non-refundable, and is fully earned when we sign this Agreement. Notwithstanding the foregoing, the Initial Franchise Fee is not payable hereunder if you sign an area development agreement governing the Territory (unless such area developer agreement requires you to pay an Initial Franchise Fee hereunder) and shall be reduced by any Territory Reservation Fee you previously paid to us towards this Agreement.

**8.02 Royalty Fee.** During the term of this Agreement, and for as long as you are using the System or Marks, you will pay us a continuing Royalty Fee equal to six percent (6%) of all revenues you receive from the sale of any items and services, and all other income or consideration of every kind and nature related to the Franchised Business or Restaurant, Kiosk, or Food Truck operations sold at, from, or through the Franchised Business, whether or not sold or performed at the Restaurant, Kiosk, or Food Truck and whether for cash or credit, and regardless of collection in the case of credit, including all proceeds from any business interruption insurance and the full redemption value of any gift certificate or coupon sold for use at the Restaurant, Kiosk, or Food Truck (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation) but not including: (a) any sales taxes or other taxes you collect for transmittal to the appropriate taxing authority; or (b) any bona fide refunds you make to customers (collectively, “**Gross Revenues**”). Gross Revenues are deemed received by you at the time the products or services or products from which they were derived are delivered or rendered, or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on an account receivable) actually has been received by you.

**8.03 Advertising Fund Contribution.** During the term of this Agreement, we require you to pay us a continuing Advertising Fund Contribution equal to three percent (3%) of your Gross Revenues (“**Advertising Fund Contribution**”).

**8.04 Place and Method of Payment.** You will pay us, without billing or demand, all Royalty Fees and Advertising Fund Contributions required by this Agreement are payable by the fifth day of each month. All fees and other payments due to us under this Agreement will be made to us at our headquarters in Ontario, Canada or as we otherwise specify in writing. We have the right to require you to transmit fees and other payments to us by means of electronic fund transfers, sweep accounts, Internet payment methods, or other methods in accordance with procedures that we may establish in the Operations Manual or otherwise specify in writing. If we require special means of payment, you will establish any required accounts and sign all documents reasonably required, and will otherwise cooperate with us, to effectuate these means (See Exhibit G of the Franchise Disclosure Document). If any payment is made to us by credit card for any fee required, we may charge a service charge of up to four percent (4%) of the total charge.

**8.05 Late Fee and NSF Fee.** If we do not timely receive any fee or any other amount due to us under this Agreement on or before the applicable due date, you will pay us a late fee equal to \$100, plus the lesser of the daily equivalent of fifteen percent (15%) per year simple interest or the highest amount allowed under law, on any overdue amount for each day any amount is past due, accruing until the past due amount is paid in full. This provision does not permit or excuse late payments. If any check, electronic payment or other payment due under this Agreement is not honored for any reason, you will pay us an additional fee of \$100 to help offset bank charges and administrative expenses.

**8.06 Taxes.** If any federal, state, or local tax (other than an income tax) is imposed upon any fees you paid us under this Agreement, then you agree to compensate us in the manner we prescribe so that the net amount or net rate we receive is no less than as established by this Agreement.

**8.07 Territory Reservation Fee.** If we approve, you may also reserve additional territories by paying us a territory reservation fee of \$10,000 per territory (“**Territory Reservation Fee**”) and signing our then-current “Territory Reservation Agreement and Receipt” the current form of which is attached to the Franchise Disclosure Document as Exhibit G-6. The Territory Reservation Fee will be applied to the initial franchise fee if you execute a new franchise agreement for an additional Franchise within the time period set forth in the Territory Reservation Agreement and Receipt. The Territory Reservation Fee is non-refundable under any circumstances, even if you do not open the additional Franchise.

**8.08 Allocation of Payments.** Unless we otherwise agree in writing, all payments you make to us under this Agreement will be applied in the order we may decide in our sole discretion. We will not be bound by any instructions for allocation you specify.

**8.09 Right of Offset.** We will have the right, at any time before or after termination of this Agreement, without notice to you, to offset any amounts or liabilities that you may owe to us against any amounts or liabilities that we may owe you under this Agreement or any other agreement, loan, transaction or relationship between the parties.

**8.10 Books and Records.** You will maintain complete and accurate accounting books and records relating to the Franchised Business in accordance with generally-accepted accounting principles and standards, subject to this Agreement and other reasonable accounting standards we may specify periodically.

**8.11 Reports.** You will prepare written periodic reports, in the forms required by the System Standards, containing the information we require about your operations during each reporting period. You will submit all required weekly reports by Tuesday each week for the preceding business week (Monday through Sunday). We may reasonably request in writing to modify the deadline days and times for submission of all reports. You will submit all required semi-monthly reports to us within 15 days after the semi-monthly period to which they relate. You will submit all required monthly reports to us within 15 days after the month to which they relate, and all other reports within the time period required by the System Standards. If you do not submit the monthly reports to us within five days of the request, you will be required to pay a late fee of \$100 per occurrence and \$100 per week until you submit the required report. These fees will be deposited into the Advertising Fund. You will prepare and submit other reports and information about your operations as we may reasonably request in writing or as required by the System Standards. We may require, at our option, that certain reports you are required to submit be certified as accurate and complete by you, your owners or your chief financial officer, and that certain reports be submitted using the formats and communication media that we specify. If requested by us, your profit and loss statements and balance sheets must be certified by a certified public accountant at your expense and you will cause your certified public accountant, if any, to consult with us concerning such statements and balance sheets at your cost.

**8.12 Financial Statements.** You will deliver to us, no later than 60 days from the end of each of your fiscal quarters, a profit and loss statement covering the Franchised Business for the relevant quarter and a balance sheet of the Franchised Business as of the end of that quarter, all of which you must certify as complete and accurate. You must prepare all financial statements in any format we may require. In addition, you must, within 30 days after we request, deliver to us a financial statement, certified as accurate and complete, in a form which is satisfactory to us and which fairly represents your total assets and liabilities.

**8.13 Tax Returns.** Promptly upon our request, you will furnish us with a copy of each of your reports and returns of sales, use and gross receipt taxes and complete copies of any state or federal income tax returns covering the operation of the Franchised Business.

**8.14 Ownership Information.** Promptly upon our request, you will furnish to us a list of all holders of legal and beneficial interests in your business entity, together with description and percentage of ownership amount, addresses and telephone numbers, certified in writing as being accurate and complete. If any of your general partners, officers, directors or limited liability company managers cease to serve in that capacity, or if any individual is elected or appointed as a new general partner, officer,

director or limited liability company manager, you will notify us within 10 days after the change. Any of your new owners must sign an owner's agreement with us.

**8.15 Record Retention.** You will retain copies of all reports, and originals or copies of all other information, books, records, and other materials relating to operation of the Franchised Business for a period of five (5) years following their respective dates, or any longer period required by applicable law.

## **9. SYSTEM STANDARDS AND MANUAL**

**9.01 System Standards.** The System includes, without limitation: (a) our trade secrets and other intellectual property, including Confidential Information (as defined in Section 11.01), the Operations Manual and know-how; (b) marketing, advertising, publicity, public relations and other promotional materials and programs; (c) System Standards; (d) training programs and materials; and (e) service quality and customer satisfaction standards and programs. You acknowledge and agree that every detail of the System is important to us and all of our franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for the items and services marketed by all franchisees, and to protect our reputation and goodwill. You will maintain the high System Standards with respect to your Restaurant, Kiosk, or Food Truck premises, facilities, furnishings, fixtures, equipment, signs, services, items, and operations. You will strictly comply with all of the mandatory System Standards in the Operations Manual or that we otherwise provide to you in writing.

**9.02 Modification of the Operations Manual.** We may, in our sole discretion, change, delete from or add to the System, including any of the System Standards, by providing you with written notice thereof, or by modification of the Operations Manual; however, no modification will alter your fundamental rights or status under this Agreement. You will implement all mandatory modifications promptly after written notice from us. If there is a dispute as to the contents or meaning of any part of the Operations Manual, the version we maintain at our principal office will be controlling. The Operations Manual is confidential and will remain our property.

**9.03 Ownership of the System.** We own all rights, title and interest in and to the System. You will not acquire any proprietary interest in the System. Your right to use the System is a non-exclusive license, derived solely under this Agreement. Unauthorized use of the System by you will constitute a material breach of this Agreement.

**9.04 System Improvements.** During the term of this agreement or any interim period, any improvements or additions to the System, patents, copyrighted materials, recipes, website or any other documents or information pertaining to or relating to the System or the Restaurant, Kiosk, or Food Truck, or any new trade names, trade and service marks, logos, or commercial symbols related to the Restaurant, Kiosk, or Food Truck or any advertising and promotional ideas or inventions related to the Restaurant, Kiosk or Food Truck (collectively, the "**Improvements**") that you conceive or develop shall become our property. You agree to assign and do hereby assign to us, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. You shall fully disclose the Improvements to us, without disclosure of the Improvements to others, and shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by us and all other Crepe de licious franchisees without any obligation to you for royalties or other fees. We may, at our discretion, apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and you shall cooperate with us in securing such rights. We may also consider such Improvements as our property and trade secrets. In return, we shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by you or any other person or entity retained or employed by you are our property, and we shall be entitled to use and license others to use such Improvements

unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act and, to the extent the copyrighted materials are not works made for hire or rights in the copyrighted materials do not automatically accrue to us, you irrevocably assign and agree to assign to us, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such copyrighted materials, which you and the author of such copyrighted materials warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements as required in this Section. During the term of this agreement or any interim period, we may periodically modify System standards, and those modifications may require you to invest additional capital in the Franchise and/or incur higher income expenses.

**9.05 Variations.** You acknowledge that it may not be possible or practical for us to require complete and detailed uniformity under the various types of conditions different franchisees may face, and under changing customer needs and market conditions. Accordingly, we reserve the right to vary standards for any franchisee based upon the particular situation involved, local conditions, existing business practices, or any other factor that we consider important to the successful operation of the particular franchisee's business. You will have no rights or claims against us for any variation from standard specifications and practices granted to any other franchisee, and you are not entitled to the same or similar variation.

## **10. MARKS**

**10.01 Ownership of the Marks.** You acknowledge that we or our affiliates own all rights, title and interest in and to the Marks. You will not acquire any proprietary interest in the Marks, and you will not challenge ownership of the Marks or our right to use the Marks. Except as expressly provided in this Agreement, you will not acquire any rights to the Marks. Your right to use the Marks is merely a non-exclusive license, derived solely under this Agreement.

**10.02 Registration.** We or our affiliates have taken and will take all steps reasonably necessary, in our and their sole opinion, to preserve and protect ownership of, and the validity of, the Marks. You will not apply for governmental registration of the Marks, or contest the registration status of the Marks. You will display the Marks, and give notice of trademark registration and claims in the following manner: "CREPE DE LICIOUS" (or as otherwise required in the Operations Manual). You will cooperate fully and in good faith with us and our affiliates for the purpose of maintaining registrations and prosecuting applications for the Marks, and otherwise securing and preserving their rights in and to the Marks.

**10.03 Use of the Marks.** You will not use the Marks unless you have our prior express written consent. Before each intended use of any material of any nature which bears any of the Marks, you will submit to us samples of the materials. We will review samples of all marketing materials and other materials bearing our Marks you submit to us for approval, and we will notify you of our decision. You will use the Marks only as expressly authorized by this Agreement, the Operations Manual or as we otherwise provide in writing. Unauthorized use of the Marks by you will constitute a breach of this Agreement, and an infringement of our rights in and to the Marks. You will take all steps necessary or appropriate to preserve the goodwill and prestige of the Marks. You will use the Marks only in connection with the Franchised Business. You will not use any Mark in your corporate name or legal name, but you may use a Mark in an assumed business or trade name if you first obtain our prior express written consent. You will not use any Mark with any prefix, suffix or other modifying trademarks, logos,

words, terms, designs or symbols or in any modified form. You will not use any Mark in connection with any unauthorized item or service, or in any manner not expressly authorized under this Agreement.

**10.04 Benefits of Usage.** All usage of the Marks and any goodwill associated with the Marks will exclusively benefit us and our affiliates. All present and future service marks, trademarks, copyrights, service mark registration and trademark registration used or to be used as part of the System, and the associated goodwill, will be the property of us or our affiliates, and will inure solely to our and their benefit. Upon the expiration or termination of this Agreement for any reason, no monetary amount will be assigned as attributable to any goodwill associated with your use of the Marks.

**10.05 Infringement and Litigation.** You will promptly notify us in writing of (a) any adverse or infringing uses of the Marks (or names or symbols confusingly similar), Confidential Information (as defined in Section 11.01) or other System intellectual property, and (b) any threatened or pending litigation related to the Marks or System against (or naming as a party) you or us, of which you become aware. We or our affiliates will handle disputes with third parties concerning use of all or any part of the Marks or System in any manner we or they deem appropriate, in our or their sole discretion. You will cooperate fully and in good faith with our or their efforts to resolve these disputes. We or our affiliates may bring suit in your name or join you as a party to the relevant proceedings. We or our affiliates may resolve any dispute by obtaining a license of the property for you at no expense to you, or by requiring that you discontinue using the infringing property or modify use to avoid infringing the rights of others. We need not initiate suit against imitators or infringers who do not, in our sole opinion, have a material adverse impact on the Franchised Business, and we need not initiate any other suit or proceeding to enforce or protect the Marks or System in a matter that we do not believe, in our sole opinion, to be material. We will defend you against any third party claim, suit, or demand arising out of your use of the Marks. If we determine in our sole discretion that you have used the Marks in accordance with this Agreement, we will bear the cost of your defense, including the cost of any judgment or settlement. If we determine in our sole discretion that you have not used the Marks in accordance with this Agreement, you must bear the cost of your defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you will sign all documents and do all acts as may be necessary in our opinion to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that any litigation results from your use of the Marks in a manner inconsistent with the terms of this Agreement, we will reimburse you for your out-of-pocket litigation costs in cooperating with us in the litigation.

**10.06 Substitution of Marks.** We reserve the right to substitute different proprietary marks for use in identifying the System, the businesses operating under the System, and/or the items or services offered, if the Marks no longer can be used, or if we, in our discretion, determine that substitution of different proprietary marks will be beneficial to the System. In these circumstances, the use of the substituted proprietary marks will be governed by the terms of this Agreement, and we will not compensate you for the costs of any substitution. You will promptly implement any substitution, at your own expense.

**10.07 Photo/Video Release.** You acknowledge and authorize us to use your likeness in a photograph in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish or distribute any photograph of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph of you. You agree to hold harmless and forever discharge us from all claims, demands, and causes of action which you may have in connection with this authorization.

## 11. CONFIDENTIAL INFORMATION

**11.01 Confidential Information.** We possess certain non-public trade secrets, proprietary information, technical data, or know-how which relate to our business, System, services or items, or to a Franchised Business, including the Operations Manual, System Standards, quality-control systems, training materials, and information regarding salary, research, recipes, proprietary items and services, developments, inventions, processes, techniques, designs, marketing, finances, and operations (collectively, “**Confidential Information**”) that we will provide to you. You will also obtain other Confidential Information during the term of this Agreement. You acknowledge that your entire knowledge of the operation of a crepe-based restaurant, kiosk, or Food Truck, including the method of establishing this type of unit, preparing crepe-based dishes, gelato, and related items, and marketing this type of unit, and the related specifications, standards, and procedures involved in the operation of a Restaurant, Kiosk, or Food Truck are derived solely from Confidential Information we disclosed (or will disclose) to you.

**11.02 Protection of Confidential Information and Data.** You will use the Confidential Information only in the operation of the Franchised Business, and you will not disclose Confidential Information to others, except as expressly authorized by this Agreement. You will take all appropriate actions to preserve the confidentiality of all Confidential Information, including keeping the Operations Manual in a locked location. Access to Confidential Information must be limited to only your employees who need the Confidential Information to perform their jobs and who are subject to your general policy on maintaining confidentiality as a condition of employment or who have first signed our Confidentiality and Non-Competition Agreement. You will not copy or permit copying of Confidential Information. Your obligations under this section begin when you sign this Agreement and continue for trade secrets as long as they remain secret, and, for other Confidential Information, for as long as we continue to use the information in confidence (even if edited or revised) plus three (3) years. We will respond promptly and in good faith to any inquiry by you about continued protection of any Confidential Information.

All data that you collect, create, provide or otherwise develop (including, but not limited to customer information) is (and will be) owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and solely for your use in connection with the business franchised under this Agreement. You agree to provide us with the information that we reasonably require with respect to data and cybersecurity requirements. You agree to indemnify us for any loss of data including, but not limited to customer information, resulting from a breach of such data caused, in whole or in part, by you.

**11.03 Disclosure of Confidential Information.** Notwithstanding anything to the contrary in this Section 11, you may disclose Confidential Information if you are required by law to disclose it, provided that you give us at least 10 days’ notice, if feasible, of your intent to disclose. You may also disclose Confidential Information to your attorneys, accountants, financial and investment advisors, bankers or lending institutions, and other advisors and consultants of a similar nature, provided that any disclosure is only to the extent necessary for your advisors to perform their services for you, and provided that these persons have the obligation to, or otherwise agree, to keep the Confidential Information confidential. At our request, you will require that your officers and other employees sign covenants to maintain the confidentiality of any Confidential Information, and these covenants will be in a form acceptable to us and will identify us as a third party beneficiary with the independent right to enforce them. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or

investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed except pursuant to court order.

## **12. INSPECTIONS AND AUDITS**

**12.01 Inspections and Audits.** You hereby grant to us and our employees, representatives and agents the right to enter the Restaurant, Kiosk, or Food Truck during regular business hours. You will permit our employees, representatives and agents access to your offices, Restaurant, Kiosk, or Food Truck premises, storage areas, and other places of business, to perform inspections of your operations (including Restaurant, Kiosk, or Food Truck premises, furnishings, fixtures, equipment, signs, inventory and supplies), files, documents, records, items and Mark usage, and to audit your financial and operating books and records (including tax returns) relating to the Franchised Business, with or without prior notice of the inspection or audit. The inspections and audits will occur during normal business hours, although we may observe your operations and accounting activity at any time. You, and your owners, officers, Designated Managers, employees, agents and representatives will cooperate with our inspectors and auditors in the performance of their duties. You will permit our inspectors and auditors to, among other things: take photographs, movies, videotapes or sound recordings; interview your Designated Managers, employees, agents, and representatives; interview your customers; make copies of your books, records and other documents relating to the Franchised Business; and take samples of food, beverages, ingredients, documents, inventory, supplies, items and other materials from your Restaurant, Kiosk, or Food Truck premises, storage areas, and other facilities used in connection with the Franchised Business.

**12.02 Unapproved Items and Services.** You acknowledge that the offer or sale of any unapproved items or services at the Restaurant, Kiosk, or Food Truck constitutes a material breach of this Agreement and good cause for termination of this Agreement. You authorize us to cure any default under this Section 12.02 on your behalf by removing and disposing of any unapproved items and unapproved equipment and other materials from the Restaurant, Kiosk, or Food Truck. Any dispute between you and us as to whether any item, service or equipment is approved will be governed by the official lists we maintain at our principal place of business. You hereby grant us all of your right, title and interests in and to any unapproved items and equipment at the Restaurant, Kiosk, or Food Truck, and waive any claims you may have against us arising from the removal and disposal of any unapproved items and unapproved equipment and other materials. You acknowledge that we have the right to physically remove any unapproved items and equipment from the Restaurant, Kiosk, or Food Truck, and to dispose of them in any way we desire, without any compensation to you. If you use any unapproved product or service that has not been approved by us, you will be required to pay us \$500 per day of use of any unauthorized product or service (the "Unapproved Product or Service Fee"), which will be paid to us. Upon our request, you will immediately stop using any unapproved product or service that we, in our sole opinion, deem to be in violation of this Agreement, inconsistent with the System Standards, harmful to the System or Marks, or potentially harmful to the goodwill, reputation or customer relations of us or our franchisees or affiliates.

**12.03 Other Corrective Action.** If we notify you of any deficiencies in the operation of the Restaurant, Kiosk, or Food Truck pursuant to this Agreement which are detected during an inspection or which otherwise become known to us, you will take the steps that we may require to correct all deficiencies within the time period we specify.

**12.04 Payments.** You will pay us any underpayment of, and we will pay to you or credit your account for any overpayment of, royalty fees discovered by an audit.

**12.05 Audit and Inspection Costs.** You will pay us for the reasonable travel, lodging and meal expenses, and other audit and inspection costs we incur if you or your owners, officers, Designated Managers, employees, agents or representatives fail to fully cooperate with our auditors or inspectors, fail to submit required reports, or if the audit reveals that you paid us less than ninety-eight percent (98%) of the correct amount of fees for any week. You shall also pay any understated amount owed to us with applicable late fees and interest of one and one-half percent (1.5%) per month on understatement. We may publish or disclose the results of our inspections and audits. Our rights under this Section 12.05 survive for two (2) years after expiration or termination of this Agreement, or any Transfer.

**12.06 Mystery Shopper.** To ensure uniformity and compliance with the System Standards, we may send a mystery shopper or similar third party to your Restaurant, Kiosk, or Food Truck. We may, but are not obligated to, share the results of the mystery shopper with you.

### **13. RELATIONSHIP OF THE PARTIES**

**13.01 Independence.** You are an independent contractor. You are not our legal representative or agent, or employee and you have no power to obligate us for any purpose whatsoever. We and you have a business relationship based entirely on and circumscribed by this Agreement. No partnership, joint venture, agency, fiduciary or employment relationship is intended or created by reason of this Agreement. You will exercise full and complete control over, and have full responsibility for, all of your contracts, daily operations, labor relations, employment practices and policies, including the recruitment, selection, hiring, disciplining, firing, training, compensation, work rules, and schedules of your employees. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. At all times, including in connection with all uses of any of the Marks, in connection with the operation of the Franchised Business, and in connection with all dealings with customers, suppliers, public officials, the general public, and others, you will conspicuously indicate your status as an independent contractor, including in all contracts, advertising, publicity, promotional and other marketing materials, and on any signage and uniforms, and in the manner specified in the Operations Manual or as we otherwise may require. You will not make any express or implied agreements, guarantees or representations, or incur any debt in our name or on our behalf. You will not represent that the relationship between you and us is anything other than a franchise relationship. We will not be obligated by or have any liability under any agreements or representations made by you, and we will not be obligated for any damages to any person or property directly or indirectly arising out of your operation of the Franchised Business or the Restaurant, Kiosk, or Food Truck.

**13.02 Joint Status.** If you comprise of two (2) or more persons or entities (notwithstanding any agreement, arrangement or understanding between or among these persons or entities), the rights, privileges and benefits of this Agreement may only be exercised and enjoyed jointly. The liabilities and responsibilities under this Agreement will be the joint and several obligations of all these persons or entities.

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

## **14. INSURANCE AND INDEMNIFICATION**

**14.01 Insurance Coverage.** Before your Restaurant, Kiosk, or Food Truck first opens for business, you will obtain insurance in the types and amounts specified herein. Your insurance policies (except for employment liability insurance policies) must designate us, our directors, officers, employees, agents and other designees as additional named insureds, and your policies must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days' prior written notice. You will maintain all required insurance in force during the term of this Agreement, and you will obtain and maintain any additional or substituted insurance coverage, limits and amounts as we may periodically require. All insurance coverage will be underwritten by a company acceptable to us, with a Best's Rating of no less than "A+." If you fail to purchase required insurance conforming to our standards, we may obtain insurance for you, and you will pay us the cost of insurance plus a twenty percent (20%) administrative surcharge. Your compliance with these insurance provisions does not relieve you of any liability under any indemnity provisions of this Agreement.

We currently require you to maintain the following insurance coverages: (1) commercial general liability insurance with limits of at least \$2 million per occurrence, at least \$4 million aggregate, and at least \$2 million per person, with \$5,000 per person medical benefits, and a maximum deductible of \$2,500; (2) all risks coverage insurance on all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of the Restaurant, Kiosk, or Food Truck (including flood and/or earthquake coverage where there are known risks) for full replacement value; (3) workers compensation insurance consistent with applicable law; (4) data theft and cybersecurity; and (5) automobile (covering all vehicles used for Food Trucks and in the delivery of products to and from the Franchised Business including owned, hired, or non-owned vehicles) liability insurance with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate. We reserve the right to require that you obtain some or all of insurance coverage from our approved vendors. Our insurance requirements are subject to change during the term of this Agreement, and you agree to comply with each such change.

**14.02 Proof of Insurance.** Before your Restaurant, Kiosk, or Food Truck first opens for business, you will provide us with a copy of each certificate of all required insurance policies. You will promptly provide us with copies of each certificate for all renewal or replacement insurance policies. Within 10 days after we request, you will provide us with a complete copy of any of your insurance policies we request.

**14.03 Your Indemnification of Us.** Independent of your obligation to procure and maintain insurance, you will indemnify, defend and hold us and our affiliates, the respective officers, directors, partners, shareholders, employees, agents and contractors of these entities, and the successors, assigns, personal representatives, heirs and legatees of all of these persons or entities (collectively, the "**Indemnities**") harmless, to the fullest extent permitted by law, from and against all expenses, losses, payments or obligations to make payments either (a) to or for third party claimants by any and all Indemnitees, including refunds, or (b) incurred by any and all Indemnitees to investigate, take action, respond to or defend a matter, including investigation and trial charges, costs and expenses, fees, fees paid to professionals, attorney fees, experts' fees, court costs, settlement amounts, judgments and costs of collection (collectively, "**Losses and Expenses**"), incurred by any Indemnitee for any investigation, claim, action, suit, demand, administrative or alternative dispute resolution proceeding, actually or

allegedly, directly or indirectly, relating to, arising out of, or resulting from or in connection with: any transaction, occurrence or service involving the Franchised Business, the Restaurant, Kiosk, or Food Truck or this Agreement; your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees; your marketing, selling, or providing of items and services; any breach or violation of any agreement (including this Agreement), or any law, regulation or ruling by, or any act, error or omission (active or passive) of, you, any party associated or affiliated with you or any of the owners, officers, directors, Designated Managers, employees, and agents of you or your affiliates, including when the active or passive negligence of any Indemnitee is alleged or proven; and any fees, costs, or liabilities incurred by us on your behalf, including fees and costs incurred by us to recover amounts due to you on your behalf. .

**14.04 Your Indemnification Duties.** You will respond promptly to any matter described in Section 14.03, and defend the Indemnitee. You will reimburse the Indemnitee for all costs of defending the matter, including attorney fees, incurred by the Indemnitee if you or your insurer does not assume defense of the Indemnitee promptly when requested. We have the right to approve any resolution or course of action in a matter that could directly or indirectly have any adverse effect on us, the Marks or the System, or could serve as a precedent for other matters.

**14.05 Our Indemnification of You.** We will indemnify, defend and hold you harmless from and against all investigation and trial charges, costs and expenses, attorney fees, experts' fees, court costs, settlement amounts, judgments and costs of collection incurred by you in any action or claim, actually or allegedly, arising out of or resulting from or in connection with the gross negligence or intentional misconduct of us or any of our employees while acting within the course and scope of their employment.

## **15. TRANSFERS**

**15.01 Transfer by Us.** We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright 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 be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "Crepe Delicious Holding USA, Inc." as the franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

**15.02 Transfer by You.** You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted these rights in reliance on your business experience, skill, financial resources and personal character (and that of your owners, officers, directors, Designated Managers and guarantors, if any). Accordingly, neither you, nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in you will sell, encumber, assign,

transfer, convey, pledge, merge or give away any direct or indirect interest in this Agreement, or in you, or in all or substantially all of the assets of the Franchised Business (collectively, a “**Transfer**”), unless we consent and all of the requirements of Section 15.03 and Section 15.04 are satisfied. Any transaction requiring our consent under this Section 15.02 for which our express written consent is not first obtained will be null and void, and shall be a material default of this Agreement. In that event: we may terminate this Agreement under Section 16.01; you will remain responsible for performing the post-termination obligations in Section 17; and the purported transferee may not operate the Franchised Business under the Marks or the System.

**15.03 Transfer Conditions.** We may, to the extent permitted by applicable law, condition and withhold our consent to a Transfer, when required under Section 15.02 until the transferee and you meet certain conditions. If a Transfer is to occur: (a) the proposed transferee must apply for a Crepe de licious franchise and must meet all of our then-current standards and requirements for becoming a Crepe de licious franchisee, in our sole discretion; (b) you or the proposed transferee must provide to us in writing the circumstances of the proposed Transfer; (c) the proposed transferee must provide to us the same supporting documents as a new franchise applicant; (d) you or the proposed transferee must pay us a transfer fee of \$10,000 (\$5,000 if the proposed transferee is an existing Crepe de licious franchisee), including a non-refundable \$1,000 deposit that is due upon the request for approval of a Transfer (e) the proposed transferee must sign the form of franchise agreement and related documents we then offer to prospective franchisees, which agreement will provide for a new initial term of five (5) years, and the transferee’s owners will sign the form of owners agreement or guaranty we then require of franchisees’ owners; (f) the proposed transferee and its designated manager must complete to our satisfaction the initial training then required for new franchisees and their designated managers; (g) you or the proposed transferee must refurbish the Restaurant, Kiosk, or Food Truck to conform to our then-current standards and specifications; (h) we must receive general releases from you and each of your owners, and payment of all amounts then owed to us and our affiliates by you and your owners and affiliates, and the transferee and its owners and affiliates, under this Agreement or otherwise; (i) you must not be in default under this Agreement or any other agreement with us or any of our affiliates; (j) you must give us at least 30 days’ prior written notice of any proposed Transfer; (k) you must reimburse us upon receipt of our invoice for any broker or other placement fees we incur as a result of the transfer; (l) the Restaurant, Kiosk, or Food Truck must be in operation for at least one (1) year, if we have not exercised right of first refusal; (m) the proposed transferee must have sufficient business experience and financial resources to operate the Franchise; (n) your landlord must consent to transfer the lease to the proposed transferee; (o) you must sign a non-compete agreement not to engage in a competitive business for two (2) years within: (i) a 25-mile radius from your Franchised Business (and including the premises of the Approved Location), and (ii) a 25-mile radius from all other Crepe de licious businesses that are operating or under construction (as provided in Section 17.09 hereof); and (p) you or the transferee must provide us with any additional information that we may reasonably request. We may withhold consent to the proposed transfer until all of these conditions are completely satisfied.

**15.04 Right of First Refusal.** Any individual or entity holding any direct or indirect interest in this Agreement or in a substantial portion of the assets of the Restaurant, Kiosk, or Food Truck or in you (if you are an entity) and who desires to accept any bona fide offer from a third party to purchase the relevant interest or assets must notify us in writing of each offer, and must provide the information and documentation relating to the offer as we may require. We have the right and option, exercisable within 30 days after receipt of this written notification, to send written notice to the seller that we or our designee intend to purchase the seller’s interest on the same terms and conditions offered by the third party. If we or our designee elect to purchase the seller’s interest, closing of the purchase will occur within 60 days from the date of notice to the seller of the election to purchase by us or our designee. If we decline to purchase the seller’s interest, the seller will have 90 days from the date it gives written notice to us of its purchase offer to sell its interest on the same terms and conditions and to the same transferee as described

to us in the written notice. Any material change thereafter in the terms of the offer from a third party will constitute a new offer which will be subject to our right of first refusal under this Agreement. Our failure to exercise the option afforded by this Section 15.04 will not constitute a waiver of any other provision of this Agreement, including all of the other requirements of Section 15.03 with respect to the proposed Transfer. If the consideration, terms or conditions offered by a third party are of the type that we or our designee may not reasonably be able to furnish the same consideration, terms or conditions, then we or our designee may purchase the relevant interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration terms or conditions offered by the third party, then each party will select an independent appraiser. The two appraisers will then have up to 15 business days to agree on a reasonable equivalent in cash. If they cannot agree during that period, then the reasonable equivalent in cash will be the average of the two (2) appraisals. Our right of first refusal is fully assignable by us. If we fail or refuse to exercise our option and the Restaurant, Kiosk, or Food Truck is not subsequently sold to the proposed purchaser for any reason, we shall continue to have, upon the same conditions, a first option to purchase the Restaurant, Kiosk, or Food Truck upon the terms and conditions of any subsequent offer.

**15.05 Death, Divorce or Incapacity.** Upon the death, divorce or incapacity of you (if you are an individual) or in your majority owner of you (if you are an entity), we will have the right to take over your lease and to purchase some or all of the assets of the Franchised Business under Section 17.11. If we exercise this right, you and your majority owner (in the event of divorce), or the executor, administrator, personal representative, trustee or heirs of such person (in the event of death or incapacity) must fully cooperate with us in an orderly transfer and also pay us a Management Fee of \$500 per day plus expenses for as long as we continue to manage the Franchised Business. If we do not elect to exercise this right, you, your majority owner, or the executor, administrator, personal representative, trustee or heirs of such person must transfer the relevant interest to a third party approved by us as soon as practically possible, and in no event more than within 180 days of such after the relevant death, divorce or incapacity. This transfer, including any transfer by devise or inheritance, will be subject to the same conditions as other Transfers under this Agreement. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable or unwilling to meet the conditions in Section 15.03, the executor, administrator, trustee or personal representative of the deceased person will have a reasonable time (but no longer than 180 days) to dispose of the interest in the Franchised Business, which will be subject to all the terms and conditions for Transfers contained in this Agreement. If the interest is not disposed of within 180 days following the relevant death or incapacity, we may terminate this Agreement under Section 16.01.

**15.06 No Waiver.** Our consent to a Transfer hereunder will not constitute a waiver of any claims we may have against you or the transferring party or our right to demand exact compliance with any provision of this Agreement.

## **16. DEFAULT AND TERMINATION**

**16.01 Termination by Us without Right to Cure.** You will be deemed to be in material incurable default under this Agreement, and we may terminate this Agreement for good cause effective immediately upon delivery of notice of termination to you, for any of the following grounds: (a) you (or any of your owners) are judged a bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay your debts as they become due, a petition under any bankruptcy law is filed against you, or a receiver or other custodian is appointed for a substantial part of the assets of the Restaurant, Kiosk, or Food Truck; (b) you or any of your owners are convicted of a felony or other crime which substantially impairs the goodwill associated with the Marks; (c) you or your owners made any material misrepresentation or omission in the application for the Franchise; (d) you make an unauthorized Transfer; (e) the interest of a deceased, divorced or incapacitated person is not timely Transferred in

accordance with the terms of this Agreement; (f) you intentionally understate the Restaurant's, Kiosk's, or Food Truck's revenues in any report or financial statement; (g) you commit any two (2) or more defaults under this Agreement within any 12-month period, regardless of whether any default is cured; (h) you fail to operate or keep the Franchised Business open for more than five (5) consecutive business days without our express written approval; (i) you default under any loan, lending agreement, mortgage, deed of trust or lease with any party covering the Restaurant's, Kiosk's, or Food Truck's premises, and the other party treats the relevant act or omission as a default, and you fail to timely cure the default; (j) you fail to begin operation of the Restaurant, Kiosk, or Food Truck within 12 months from the Effective Date of this Agreement or your Designated Manager fails to complete our training program to our satisfaction, after giving you the opportunity to designate a successor Designated Manager; (k) you sell, offer for sale, or give away at the Restaurant, Kiosk, or Food Truck any items or services which have not been previously approved by us in writing, or which have been subsequently disapproved, and you fail to cease these sales or gifts within 24 hours after receipt of notice by us; (l) you suffer termination of any other agreement with us or any of our affiliates; (m) you fail to comply with all applicable laws and ordinances relating to the Franchised Business, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; (n) you duplicate all or any portion of our System or make or cause a disclosure of the System; (o) you fail to follow any laws or regulations for products or prepare products which are not in accordance with the methods set forth by us; or (q) you fail or refuse to sell products designated by us.

**16.02 Termination by Us with 10-Day Cure Period.** If you fail or refuse to timely pay any amounts owed to us or any of our affiliates, or if you fail to obtain or maintain insurance as required by this Agreement, we may, at our option, terminate this Agreement by giving you 10 days' written notice of default. If you do not cure the default within this 10-day period, we may terminate this Agreement for good cause effective upon delivery of notice of termination to you.

**16.03 Other Termination by Us.** Except as provided in Sections 16.01 and 16.02, if you are in any other default under the terms of this Agreement, we, at our option, may terminate this Agreement by giving you 30 days' written notice of default. If you do not cure any the default within this 30-day period, we may terminate this Agreement for good cause effective upon delivery of notice of termination to you.

**16.04 Additional Remedies.** We may deny you the benefits of the System for any default under this Agreement and discontinue System benefits to you for the duration of the default, including, but not limited to, suspension of your access to any intranet we may develop and/or suspension of any listing or web page for your Restaurant, Kiosk, or Food Truck on our website. We may institute proceedings to collect amounts due under this Agreement without first issuing a default or termination notice. Our consent or approval as may be required under this Agreement or the System Standards may be withheld while you are in default under this Agreement or may be conditioned on the cure of all of your defaults. Our termination of this Agreement pursuant to this Section 16 will be in addition to all other remedies, in law or in equity, available to us. Additionally, you must reimburse us for us for any legal or accounting fees that we incur as a result of any breach or termination of the Agreement or that we incur in enforcing the Agreement.

**16.05 Termination by Franchisee.** If you and your owners are in full compliance with this Agreement, and we materially fail to comply with this Agreement and we do not correct the failure within thirty (30) days after you deliver notice of the material failure to us or, if we cannot correct the failure within thirty (30) days, give you, within thirty (30) days after your notice, reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate this Agreement effective an additional thirty (30) days after you deliver to us written notice of termination. Your termination of this

Agreement other than according to this Section 16.05 will be deemed a termination without cause and a breach of this Agreement.

**16.06 Governing State Law.** If a longer notice or cure period or a different good cause standard is prescribed by applicable law, this law will apply to any termination of this Agreement.

## **17. POST-TERMINATION RIGHTS AND OBLIGATIONS**

**17.01 Cease Use of System and Marks.** Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately cease to be a franchisee of ours and you will cease to operate the Restaurant, Kiosk, or Food Truck under the System or Marks. You will also immediately cease to use, in any manner whatsoever, any methods, procedures, or techniques associated with the System and cease to use the Marks. Unless otherwise approved in writing by us, you will return to us all copies of materials bearing the Marks. You will not, directly or indirectly, represent to the public that the former Franchised Business is or was operated or in any way connected with the System or hold yourself out as a present or former franchisee of ours.

**17.02 Payment of Amounts Owed.** Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately pay all sums you owe us and our affiliates. Upon termination for any default by you, the sums you owe will include actual and consequential damages, costs, and expenses we incurred as a result of your default.

**17.03 Return Operations Manual and Other Materials.** Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately return to us the Operations Manual, any training materials, other proprietary information, all trade secrets and confidential materials owned or licensed by us, and all copies thereof. If you fail to return the Operations Manual to us within five (5) days after any expiration or termination of this Agreement, you must pay the manual replacement fee specified in Section 7.04.

**17.04 Change of Identification.** Upon the expiration or termination of this Agreement by any means or for any reason, you will, upon our request, immediately remove or obliterate the Marks from all marketing materials, supplies, signage and other items bearing any Marks. You will follow the other steps we may require in the Operations Manuals or otherwise in writing for changing the identification of your premises and/or operations. You will promptly paint over or remove the distinctive System trade dress, color schemes, signage and other physical features. You will not use any reproduction, counterfeit copy, or colorable imitation of the Marks either in connection with any business or the promotion thereof, which is likely to cause confusion, mistake, or deception or which is likely to dilute our exclusive rights in and to the Marks, and you will not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition. You will make modifications or alterations to the Restaurant, Kiosk, or Food Truck premises immediately upon expiration or termination of this Agreement as may be necessary to prevent any association between us or the System and any business later operated by you or others, and will make specific additional changes thereto as we may reasonably request for that purpose. If you fail or refuse to comply with the requirements of this Section 17.04, we will have the right to enter upon the Restaurant, Kiosk, or Food Truck premises, without liability for trespass or any other tort, to make or cause to be made any changes as may be required at your expense, which expense you agree to pay us upon demand. We will exercise reasonable care in making these changes, but we will have no obligation or liability to restore your premises to its condition before making these changes. We will have the right to remove or obliterate the Mark-bearing portion of your supplies and equipment, and you will promptly pay or reimburse us for our costs of doing so.

**17.05 Identifiers.** You acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses and email addresses (collectively “**Identifiers**”) used in the operation of your Restaurant, Kiosk, or Food Truck constitute our assets, and upon termination or expiration of this Agreement, you will take such action within five (5) days to cancel or assign to us or our designee as determined by us, all of our right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of your right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at our direction. You agree to take all action required cancel all assumed name or equivalent registrations related to your use of the Marks. You acknowledge that, we have the sole rights to, and interest in, all Identifiers used by Franchisee to promote the Restaurant, Kiosk, or Food Truck and/or associated with the Marks. You hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, Internet service provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer.

**17.06 Cancel Assumed Name.** You will take whatever action is necessary to cancel any assumed name or equivalent registration which contains the Marks, and you will furnish us with evidence satisfactory to us of compliance with this obligation within 10 days after termination or expiration of this Agreement.

**17.07 Customer Lists.** Upon the expiration or termination of this Agreement by any means or for any reason, you must immediately provide to us all customer lists and contact information in your possession or control.

**17.08 Assignment of Lease.** If we request, you will assign to us your lease for the Approved Location.

**17.09 Non-Competition.** You will not, directly or indirectly, for a period of two (2) years after the expiration or termination of this Agreement or any Transfer:

(a) engage in or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend your name or any similar name to, or render services or advice to any business that offers or sells any crepe-based food items or gelato within a 25-mile radius of your Restaurant’s, Kiosk’s, or Food Truck’s location; or

(b) engage in or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend your name or any similar name to, or render services or advice to any business that offers or sells any crepe-based food items or gelato within a 25-mile radius of any Restaurant, Kiosk, or Food Truck owned or operated by us or any of our affiliates or franchisees; or

(c) interfere with the Restaurant’s, Kiosk’s, or Food Truck’s and/or our relationship with any person, including any person who at any time during the term of this Agreement was an employee, contractor, supplier, or customer.

The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17.09 is held unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant imposing the maximum duty permitted by law that is subsumed within the terms of the covenant, as if the resulting covenant were separately stated in and made a part of this Section 17.09. You further agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to the enforcement by us of the covenants in this Section 17.09. You understand and acknowledge that we will have the right, in our sole discretion, to unilaterally reduce the scope of any covenant set forth in this Section 17.09 or any portion hereof, without your consent, effective immediately upon receipt by you of written notice thereof; and you agree that you will comply immediately with any covenant as so modified.

**17.10 Other Post-Termination Obligations.** Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately and strictly comply with all other provisions of this Agreement pertaining to post-termination obligations. You must follow any procedures established by us to ensure the expiration or termination of this Agreement (or any successor term thereof) creates the least disruption possible to the System, including those procedures set forth in the Operations Manual.

**17.11 Right to Purchase.** Upon the expiration or termination of this Agreement by any means or for any reason, we will have the right, but not the obligation, to purchase some or all of the assets of the Franchised Business, including any furnishings, fixtures, equipment, signs, items, inventory, supplies and marketing materials, as well as all items bearing any Mark, at the lesser of your cost or fair market value. Before exercising any rights under this Section 17.11, we will have the right to enter the Restaurant, Kiosk, or Food Truck during reasonable hours to inspect the assets. If we elect to exercise our purchase rights, we will give you written notice of intent to do so within 30 days after termination or expiration of this Agreement. In the event of such a purchase, there shall be no payment by us for any intangible assets of the Franchised Business. If the parties cannot agree on fair market value within 15 days after we provide notice of intent to purchase, then each party will select an independent appraiser. The two (2) appraisers will then have up to 15 business days to agree on a fair market value for the relevant assets. If they cannot agree during that period, then the final fair market value will be determined by averaging the amounts determined by the two (2) appraisers. If we elect to exercise our purchase rights, closing will take place within 45 days after we provide notice of intent to purchase, to the extent reasonably possible. We will have the right to offset all amounts you owe to us or our affiliates against any payment due to you under this Section 17.11. This provision will also apply in the event of death, divorce or incapacity under Section 15.05.

**17.12 Survival of Certain Provisions.** Certain rights and obligations in Sections 8, 11, 12, 14, 17, 18, and 19 survive termination or expiration of this Agreement (regardless of whether termination is wrongful) or a Transfer by you. You will continue to comply with your obligations under these sections following termination or expiration of this Agreement or a Transfer until the obligations, by their nature or by the relevant express provisions, expire.

**17.13 Liquidated Damages.** Upon termination of this Agreement by us for any reason other than the expiration of the contract term, you agree to pay to us within 15 days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the combined average monthly Royalty Fees and Advertisement Fund Contributions payable by you (without regard to any fee waivers or other reductions) from the date you open your Restaurant, Kiosk, or Food Truck through the date of early termination multiplied by the lesser of (a) thirty-six (36) or (b) the number

of months remaining in the term of the Agreement had it not been terminated, except that liquidated damages will not under any circumstances be less than \$30,000.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees and Advertisement Fund Contributions due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees and Advertisement Fund Contributions would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees and Advertisement Fund fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee and Advertisement Fund sections. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee and Advertisement sections.

## **18. DISPUTE RESOLUTION**

**18.01 Mediation.** Except as set forth in Section 18.03 below, all claims or disputes between you and us or our affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, shall be submitted first to mediation prior to a hearing in binding arbitration or a trial court proceeding. Such mediation shall take place in Toronto, Ontario, Canada (or our then-current headquarters) under the auspices of the ADR Institute of Canada ("ADR"), in accordance with ADR's Commercial Mediation Rules then in effect. You may not commence any action against us or our affiliates with respect to any such claim or dispute in any court unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by ADR and the mediator's fees. We reserve the right to specifically enforce our right to mediation. Prior to mediation, and before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies in detail, the precise nature and grounds of such claim or dispute. We shall not be required to first attempt to mediate or arbitrate a controversy, dispute or claim against you through mediation or arbitration as set forth in Section 18 if such controversy, dispute or claim concerns an allegation by us that you have violated (or threaten to violate, or pose an imminent risk of violating): (a) any of our federally protected intellectual property rights in the Marks, the System, or in any of our trade secrets or confidential information; (b) any claims pertaining to or arising out of any warranty issued; or (c) any of the restrictive covenants contained in this Agreement. We and you (and your owners) agree that the mediation provision shall apply during the term of this Agreement and following the termination, expiration or non-renewal of this Agreement.

**18.02 Binding Arbitration.** Without limiting our rights and remedies under Section 16, the parties hereto acknowledge and agree that any dispute or controversy arising out of or relating to this Agreement not settled by informal negotiations will, at the request of either party, be settled by final and binding arbitration conducted in the State of Delaware (or the state in which we then have our then-current principal place of business) by the ADR in accordance with the then-current National Arbitration Rules of the ADR and otherwise as set forth below on an individual basis (not a class action):

(a) Notice of Arbitration. Either party may initiate the arbitration proceeding by making a written demand to the other party, and both parties will then be obligated to engage in arbitration. The demand for arbitration must be served on the other party within the period provided by the applicable statute of limitations, and must contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. A demand for arbitration will not operate to stay, postpone or rescind the effectiveness of any termination of this Agreement. Arbitration will not proceed until any protest of arbitrability is resolved by the arbitrator or by an appropriate court, if necessary.

(b) Selection of Arbitrator. Arbitration will be conducted before a single arbitrator who is familiar with legal disputes of the type at issue and who has at least 10 years' experience as a lawyer or in the franchise business. The parties will mutually agree on the selection of the arbitrator; however, if the parties have not agreed on the selection of an arbitrator within 30 days after the arbitration demand, either party may request the ADR or successor organization, to appoint a qualified arbitrator.

(c) Preliminary Conference. Within 10 days after appointment of the arbitrator, the parties will meet with the arbitrator, in person or by telephone, for a preliminary conference. At the preliminary conference, the parties will establish the extent of and schedule for discovery, including the production of relevant documents, identification of witnesses, depositions, and the stipulation of uncontested facts. At this preliminary conference, the date for the hearing will be set which will not, unless both parties agree, be more than 60 days after the date of the preliminary conference. At the preliminary conference, the arbitrator will set forth the procedures to be followed at the hearing.

(d) Discovery. Should a dispute arise over the extent of or propriety of any discovery request, the arbitrator will make a final determination after hearing each party's position. All discovery must be completed within 45 days after the preliminary conference, unless otherwise agreed by the parties.

(e) Statement of Case. At least 5 days before the scheduled hearing, each party must deliver to the arbitrator and to the other party a written summary of its position on the issues in dispute.

(f) Hearing. Unless otherwise mutually agreed by the parties, all arbitration proceedings will be held in the city in which we then have our principal place of business.

(g) Arbitrator's Decision. The arbitrator will issue a written decision within 10 days after conclusion of the hearing, explaining the basis for the decision. Judgment upon the decision rendered by the arbitrator may be entered in any court having jurisdiction. This decision will be binding upon both parties. The arbitrator will have authority to assess actual damages sustained by reason of any breach or wrongful termination of this Agreement, but will not have any authority to amend or modify the terms of this Agreement or to assess punitive damages. Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement including, but not limited to any claim that all or any part of this Agreement is void or voidable.

(h) Time Schedule. The parties will use due diligence to meet the foregoing time schedule, and the arbitrator will have the right to impose appropriate sanctions against any party who fails to comply with the agreed-upon time schedule. The arbitrator will use his best efforts to comply with the foregoing time schedule, but may unilaterally modify it if, in his opinion, modification is necessary for a proper and just resolution of the dispute. The parties may jointly modify the agreed-upon time schedule, subject to the arbitrator's approval.

(i) Arbitration Expenses. The fees of, and authorized costs incurred by, the arbitrator will be shared equally by the parties, and each party will bear all of its own costs of arbitration; provided, however, that the arbitration decision will provide that the substantially prevailing party will recover from the other party its actual costs and expenses (including arbitrator's fees and expenses, and attorney fees and expenses) incurred in connection with the dispute.

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

(k) Survival. We and you (and your owners) agree that the arbitration provisions of this Section 18.02 shall apply during the term of this Agreement and following the termination, expiration or non-renewal of this Agreement.

**18.03 Provisional Remedies.** Despite the provisions of Sections 18.01 or 18.02, each party will have the right to seek from an appropriate court any provisional remedies, including declaratory relief, specific enforcement, temporary restraining orders or preliminary injunctions, before, during or after informal dispute resolution or arbitration. Neither party is required to await the outcome of any informal dispute resolution or arbitration before seeking provisional remedies. The seeking of provisional remedies will not be deemed to be a waiver of either party's right to compel informal dispute resolution or arbitration. You acknowledge that any failure to fully and strictly comply with Section 17 will result in irreparable injury to us for which there is no adequate remedy at law, and you agree that, in the event of any noncompliance with any of Section 17, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. An action seeking provisional remedies will be brought in any state or federal court within the jurisdiction in which we then have our principal place of business, or in any other state court or federal district court with proper jurisdiction. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Section 18.03, and the parties waive any objections that they would otherwise have in this regard.

**18.04 Costs of Enforcement.** If we secure any provisional remedy pursuant to Section 18.03 of this Agreement, or if any provision of this Agreement is otherwise enforced at any time by us, or if any amounts due from you to us are collected by or through an attorney at law or collection agency, you will be liable to us for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorney fees and expenses incurred by us (including the fair market value of any time expended by in-house legal counsel).

**18.05 Jurisdiction.** The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, except for those claims set forth in Section 18.03, the parties consent to the exclusive jurisdiction of the United States District Court for the District of Delaware or the Delaware Court of Chancery in the State of Delaware or the federal or state court for the jurisdiction in which we then have our principal place of business for any litigation relating to this Agreement or the operation of the Franchised Business hereunder; provided that we have the option to bring suit against any you in any state or federal court within the jurisdiction where your Restaurant, Kiosk, or Food Truck is or was located or where any of your owners lives. The parties

consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Agreement, and the parties waive any objections that they would otherwise have in this regard. Each of the parties specifically waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto. THE PARTIES WAIVE ANY RIGHT TO JURY TRIAL THAT THEY MAY HAVE IN ANY ACTION ARISING OUT OF OR UNDER THIS AGREEMENT. IT IS THE INTENT OF THE PARTIES THAT ANY LITIGATION BETWEEN THEM WILL BE OF INDIVIDUAL CLAIMS, AND THAT THE CLAIMS SUBJECT TO LITIGATION WILL NOT BE LITIGATED AS A CLASS ACTION.

## **19. GENERAL PROVISIONS**

**19.01 Partial Invalidity.** If all or any part of a provision of this Agreement violates applicable law, the affected provision or part will not be given effect. If all or any part of a provision of this Agreement is declared invalid or unenforceable, for any reason, or is not given effect by reason of the prior sentence, the remainder of the Agreement will not be affected, and the parties will modify the invalid or unenforceable provision to the extent required to be valid and enforceable. However, if in our judgment this result substantially impairs the value of this Agreement to us, then we may at any time terminate this Agreement by written notice to you, without penalty or compensation owed by either party.

**19.02 Waivers, Modifications and Approvals.** Whenever this Agreement requires our prior approval or consent, you will make a timely written request to us therefor, and we may withhold, condition or withdraw our consent in our sole discretion. No failure of ours to exercise any power reserved to us by this Agreement and no custom or practice of the parties at variance with the terms hereof will constitute a waiver of our right to demand exact compliance with any of the terms herein. A waiver or approval by us of any particular default by you or any other franchisee or acceptance by us of any payments due hereunder will not be considered a waiver or approval by us of any preceding or subsequent breach by you of any term, covenant, or condition of this Agreement. We will not be deemed to have waived any of our rights under this Agreement, nor will you be deemed to have been excused from performance of any of your obligations pursuant to this Agreement, unless the waiver or excuse is written and signed by an authorized representative of us and you. To be effective, any modifications, waivers, approvals and consents of, or under, this Agreement by us must be designated as such, in writing, and signed by our authorized representative. Notwithstanding anything to the contrary herein, you acknowledge and agree that Sections 2.02(c) and 17.09 of this Agreement permit us to unilaterally modify this Agreement.

**19.03 Notices.** Any notice, reports, and other information and documents permitted or required to be delivered under Agreement will be in writing, and will be delivered to us at 147 Citation Drive, Unit 29, Concord, Ontario, Canada L4K 2P8, or to you at the address of the Approved Location or the address listed on the signature page hereof. Either party may modify its address periodically by written notice to the other party. Notices will be effective if in writing and delivered to the appropriate party by: delivery service, with proof of delivery; or by first class, prepaid certified or registered mail, return receipt requested. Notices will be deemed given on the date delivered or on the date of the first attempted delivery, if delivery is refused or unclaimed.

**19.04 Governing Law.** This Agreement takes effect upon its acceptance by us in the State of Delaware, and will be governed by and interpreted in accordance with Delaware law applicable to contracts made and to be wholly performed therein without regard to its conflicts of law rules; provided, however, that this provision is not intended to subject this Agreement to any franchise or similar law, rule or regulation of the State of Delaware to which it would not otherwise be subject.

**19.05 Counterparts.** This Agreement may be signed in any number of counterparts, each of which when signed and delivered will be deemed an original, but all counterparts together will constitute one and the same instrument.

**19.06 Construction.** No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. The headings and captions contained herein are for the purpose of convenience and reference only, and are not to be construed as part of this Agreement. All terms and words used herein will be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement will be construed independently of any other section or provision of this Agreement. All references in this Agreement to Sections or Attachments refer to the relevant sections and attachments, respectively, of this Agreement. This Agreement, together with the exhibits and any addenda attached, is the entire agreement, and supersedes all prior representations, agreements and understandings (oral or written) of the parties; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Franchise Disclosure Document that was furnished to you by us. Except for the Indemnitees, or as otherwise expressly provided in this Agreement, there are no third party beneficiaries hereunder. No agreement between us and any third party else is for your benefit. Except as expressly provided in this Agreement, this Agreement is binding on and will inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. Time is of the essence.

**19.07 Force Majeure.** Notwithstanding anything contained in this Agreement to the contrary, neither party will be in default hereunder by reason of its delay in performance of, or failure to perform, any of its obligations hereunder, if this delay or failure is caused by strikes or other labor disturbance; acts of God, or the public enemy, riots or other civil disturbances, fire, or flood; interference by civil or military authorities; compliance with governmental laws, rules, or regulations which were not in effect and could not be reasonably anticipated as of the date of this Agreement; delays in transportation, failure of delivery by suppliers, or inability to secure necessary governmental priorities for materials; or, any other fault beyond its control or without its fault or negligence. In this case, the time required for performance of the relevant obligation will be the duration of the unavoidable delay. "Force majeure" shall specifically exclude your lack of available financing.

**19.08 State Addendum.** The laws of certain states may supersede some of the provisions of this Agreement, and certain states require us to supplement or modify the provisions of this Agreement. If applicable, these supplements and modifications are contained in the addendum to the Franchise Disclosure Document as Exhibit E. When you sign this Agreement, you will also properly sign the addenda, if applicable. The multi-state addendum will be construed and applied as narrowly as possible, consistent with applicable state law, in order to avoid potential conflicts between state laws.

**19.09 Operation in the Event of Absence or Disability; Step-In Rights.**

(a) In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, we have the right, but not the obligation, in our sole discretion, to step-in and designate an individual of our choosing ("**Interim Manager**") to temporarily manage your Franchised Business: (i) if you are in breach of this Agreement; (ii) upon your or the Designated Manager's absence, termination, death, or disability; or (iii) we deem you incapable of operating the Franchised Business due to operational problems ("**Step-in Rights**"). You authorize us to exercise our Step-In Rights and operate your Franchised Business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement.

(b) In the event we exercise our Step-in Rights, you will pay us a daily management fee equal to \$500 for every day the Franchised Business is managed by the Interim Manager. In addition, you agree to pay all costs and expenses incurred by us in connection with our exercise of Step-in Rights, including but not limited to reasonable attorney, accountant and other professional fees and costs. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If we exercise the Step-In Rights, you agree to indemnify and hold harmless us, the Interim Manager and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

## **20. SECURITY INTEREST**

**20.01 Collateral.** You grant to us a security interest (“**Security Interest**”) in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Franchised Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Business. All items in which a security interest is granted are referred to as the “Collateral.”

**20.02 Indebtedness Secured.** The Security Interest is to secure payment of the following (“**Indebtedness**”):

- (a) All amounts due under this Agreement or otherwise by you;
- (b) All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;
- (c) All expenses, including reasonable attorney fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and
- (d) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Franchised Business, including, but not limited to, a real property mortgage and equipment leases.

**20.03 Additional Documents.** You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

**20.04 Possession of Collateral.** Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

**20.05 Our Remedies in Event of Default.** You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Delaware (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

**20.06 Special Filing as Financing Statement.** This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

## **21. ACKNOWLEDGMENTS**

**21.01. Accurate Information.** You represent that all information set forth in any and all applications, financial statements and submissions to us is true, complete and accurate in all respects. You acknowledge that we are relying upon the truthfulness, completeness and accuracy of this information in our decision to enter into this Agreement with you.

Your initials: \_\_\_\_\_

**21.02 Reasonable Covenants.** The covenants not to compete in this agreement are fair and reasonable, and will not impose any undue hardship on you or your owners, since you and your owners have other considerable skills, experience and education which afford you and your owners the opportunity to derive income from other endeavors.

Your initials: \_\_\_\_\_

**21.04 No Other Agreements.** You acknowledge that this Agreement, the documents referred to herein, the attachments hereto, and other agreements signed concurrently with this Agreement, if any, constitute the entire, full and complete Agreement between us and you concerning the subject matter hereof. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter, and any oral or written representations which are inconsistent with the terms of this Agreement or our Franchise Disclosure Document.

Your initials: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have duly signed this Agreement as of the Effective Date.

**FRANCHISEE:**

Entity name (if any)

By:

Printed Name:

Title:

By:

Printed Name:

Title:

Franchisee's Address for Notices:

Date Signed:

**FRANCHISOR:**

**CREPE DELICIOUS HOLDING USA, INC.**

By:

Printed Name:

Title:

Effective Date:

**APPROVED LOCATION AND TERRITORY**

1. If a particular site for the Restaurant, Kiosk, or Food Truck has been selected and approved at the time of the signing this Agreement, it shall be entered on Attachment A-1 as the Approved Location and the Approved Location shall have the Territory listed in Attachment A-1. If a particular site has not been selected and approved at the time of the signing this Agreement, Section 3 of this Attachment will describe the location in general terms below in the “**General Description.**” The General Description does not confer any territory rights to you and is only used for a reference. We may sell other franchised locations in the area in the General Description.
  
1. After we have approved a location for your Restaurant, Kiosk, or Food Truck, we shall complete the Approved Location and the Territory in Attachment A-1. As the Territory is dependent on the location of the Restaurant, Kiosk, or Food Truck, we will present you with the Territory upon the identification of the site for the Restaurant, Kiosk, or Food Truck. If you do not wish to accept the Territory, you may choose another site location and we will present you with another Territory based on the site selected.
  
2. General Description of Area For Approved Location:  
(if the Approved Location is not specified above as of the signing of the Agreement)

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**FRANCHISOR:**

**FRANCHISEE:**

**CREPE DELICIOUS HOLDING USA, INC.**

Entity name (if any)

By:

By:

Printed Name:

Printed Name:

Title:

Title:

**ATTACHMENT A-1 TO THE FRANCHISE AGREEMENT**

You have received approval for site location for the Restaurant, Kiosk, or Food Truck that satisfies the demographics and location requirements minimally necessary a Restaurant or Kiosk and that meets our minimum current standards and specifications for the build-out, interior design, layout, floor plan, signs, designs, color and décor of a Restaurant, Kiosk, Food Truck. You and we have mutually agreed-upon a Territory based on the site for the Restaurant, Kiosk, or Food Truck which is indicated below. You acknowledge that the Territory is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

Approved Location for Restaurant or Kiosk:

The Approved Location for your Restaurant, Kiosk, or Food Truck as provided in Section 2.02(c) of the Agreement is:

---

Territory:

The Territory as provided in Section 2.03 of the Agreement is:

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---

**FRANCHISOR:**

**CREPE DELICIOUS HOLDING USA, INC.**

By:

Printed Name:

Title:

Date:

**FRANCHISEE:**

Entity name (if any)

By:

Printed Name:

Title:

Date:

Franchisee: \_\_\_\_\_

**Form of Ownership  
(Check One)**

\_\_\_\_ **Individual** \_\_\_\_ **Partnership** \_\_\_\_ **Corporation** \_\_\_\_ **Limited Liability Company**

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

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

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

State and date formed or incorporated: \_\_\_\_\_

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

Name	Address	Title

Members, Stockholders, Partners:

Name	Address	Percentage Owned

Franchisee acknowledges this Form of Ownership applies to the Franchised Business authorized under the Franchise Agreement. Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

*(Signature on following page)*

**FRANCHISEE:**

Entity name (if any)

By:

Printed Name:

Title:

Date:

## ATTACHMENT C TO THE FRANCHISE AGREEMENT

### OWNERS AGREEMENT

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

#### **1. Acknowledgments.**

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

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

#### **2. Non-Disclosure and Protection of Confidential Information.**

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

2.2 Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

### **3. Covenant Not To Compete.**

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

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

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

### **4. Guarantee.**

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

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

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

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

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

## **5. Transfers.**

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

## **6. Notices.**

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

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

Crepe Delicious Holding USA, Inc.  
147 Citation Drive, Unit 29  
Concord, Ontario, Canada L4K 2P8

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

## **7. Enforcement of This Owners Agreement.**

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

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

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no

adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

## **8. Miscellaneous.**

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

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

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

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

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

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

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any

breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

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

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

***(Signatures on following page)***

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

**OWNERS:**

[Insert Name of Owner]

[Insert Name of Spouse]

[Insert Name of Owner]

[Insert Name of Spouse]

[Insert Name of Owner]

[Insert Name of Spouse]

[Insert Name of Owner]

[Insert Name of Spouse]

Crepe Delicious Holding USA, Inc. hereby accepts the agreements of the Owner(s) hereunder.

**CREPE DELICIOUS HOLDING USA, INC.**

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

Title:

**EXHIBIT C**  
**AREA DEVELOPMENT AGREEMENT**



**Crêpe Delicious**  
URBAN CAFÉ

**CREPE DELICIOUS HOLDING USA, INC**

**AREA DEVELOPMENT AGREEMENT**

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**AREA DEVELOPER**

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**DEVELOPMENT AREA**

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**EFFECTIVE DATE OF AGREEMENT**

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### EXHIBITS:

EXHIBIT A – DATA SHEET

EXHIBIT B – LIST OF AREA DEVELOPER’S PRINCIPALS AND DESIGNATED PRINCIPAL

EXHIBIT C – GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGEMENT

EXHIBIT E – AREA DEVELOPER CERTIFICATION

EXHIBIT F – AREA DEVELOPER AGREEMENT STATE ADDENDA

## AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the “**Agreement**”) is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”), by and between:

- ◆ Crepe Delicious Holding USA, Inc., a Delaware corporation, whose principal place of business is 147 Citation Drive, Unit 29, Concord, Ontario, Canada L4K 2P8 (“**Franchisor**”); and
- ◆ \_\_\_\_\_ a [resident of] [corporation organized in] [limited liability company organized in] [*select one*], having offices at \_\_\_\_\_ (“**Area Developer**”).

### BACKGROUND:

A. We have the right to use and to license to our franchisees a proprietary and distinctive system (“**System**”) relating to the establishment and operation of Crepe de licious restaurants and kiosks (each a “**Crepe Delicious Restaurant**”) which make and sell some or all of the following: crepe-based dishes and other specialty food items, gelato, beverage items and other items. We also have the right to use and to license to our franchisees certain service marks, trademarks, trade names, trade dress, logos, slogans and commercial symbols used to identify the restaurant or kiosk or particular items and services offered (collectively, the “**Marks**”).

B. The distinguishing characteristics of the System include distinctive exterior and interior design, decor, color schemes, fixtures, and furnishings; recipes, standards and specifications for products, equipment, materials, and supplies; uniform standards, specifications, and procedures for operations; purchasing and sourcing procedures; procedures for inventory and management control; training and assistance; and marketing and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified by means of certain indicia of origin, emblems, trade names, service marks, logos, and trademarks, including applications and/or registrations therefor, as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System including the marks “Crepe Delicious” and other marks (the “**Marks**”).

D. Area Developer desires to obtain certain development rights to open and operate Crepe Delicious Restaurants under the System and the Marks, as well as to receive other assistance provided by Franchisor in connection therewith.

**NOW THEREFORE**, the parties agree as follows:

## 1. GRANT

1.1 **Grant and Acceptance.** Franchisor grants development rights to Area Developer, and Area Developer undertakes the obligation, pursuant to the terms and conditions of this Agreement, to develop no less than the number of Crepe Delicious Restaurants (the “**Franchised Restaurant**”) as set forth in Exhibit A to this Agreement. In this regard, the parties further agree that:

1.1.1 Each Franchised Restaurant developed hereunder shall be operated pursuant to a separate Crepe Delicious Holding USA, Inc. Franchise Agreement (a “**Franchise Agreement**”) that shall be executed as provided in Section 3.4 below.

1.1.2 For each Franchised Restaurant to be developed under this Agreement, Area Developer shall execute the Franchise Agreement for such Franchised Restaurant in accordance with the deadlines set forth in the development schedule specified in Paragraph 1 of Exhibit A to this Agreement (the “**Development Schedule**”).

1.1.3 Each Franchised Restaurant developed hereunder shall be at a specific location, which shall be designated in the Franchise Agreement, that is within in the area described in Paragraph 2 of Exhibit A to this Agreement (the “**Development Area**”).

1.2 **Development Area.** Except as otherwise set forth herein (including, without limitation, the rights retained by Franchisor as described in Section 1.3), during the term of this Agreement, and so long as Area Developer is in compliance with its obligations under this Agreement and all of the Franchise Agreements between Area Developer (including any affiliate of Area Developer), Franchisor shall not establish or operate, or license anyone other than Area Developer to establish or operate, a Crepe Delicious Restaurant under the Marks and System at any location that is within the Development Area.

1.3 **Franchisor’s Reserved Rights.** Notwithstanding anything to the contrary, Franchisor retains the following rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Area Developer any rights therein:

1.3.1 To own, acquire, establish, and/or operate and license others to establish and operate, Crepe Delicious Restaurants under the System at any location outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Franchised Restaurant;

1.3.2 To own, acquire, establish and/or operate and license others to establish and operate, non-store-front businesses under the Marks, at any location within or outside the Development Area.

1.3.3 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Marks, whether such businesses are similar or different from Crepe Delicious Restaurants, at any location within or outside the Development Area, notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Franchised Restaurant;

1.3.4 To own, acquire, establish, and/or operate and license others to establish and operate, Crepe Delicious Restaurants under the Marks at Non-Traditional Sites (as defined below) at any location within or outside the Development Area. As used in this Agreement, “**Non-Traditional**

**Sites**” shall mean outlets that serve primarily the customers located within a facility, such as captive audience facilities (examples include, but are not limited to, parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include, but are not limited to, airports, transportation centers, department stores, in-door shopping centers, office buildings, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include, but are not limited to, military complexes, buyer club businesses, educational facilities, business and industrial complexes), and other types of institutional accounts.

1.3.5 To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through grocery or convenience stores or through outlets that are primarily retail in nature, or through mail order, toll free numbers, or the Internet, including those products bearing Franchisor’s Marks, provided that distribution within the Development Area shall not be from a Crepe Delicious Restaurant established under the System that is operated from within the Development Area (except from a Crepe Delicious Restaurant at a Non-Traditional Site);

1.3.6 To (i) acquire one or more retail businesses that are the same as, or similar to, Crepe Delicious Restaurants then operating under the System (each an “**Acquired Restaurant**”), which may be at any location within or outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Franchised Restaurant, and to (ii) operate and/or license others to operate any Acquired Restaurant under its existing name or as a Crepe Delicious Restaurant under the System, subject to the following conditions that apply to each Acquired Restaurant located within the Development Area:

1.3.6.1 Except as provided in Section 1.3.6.2 below, and provided that Area Developer is in compliance with this Agreement and any other agreement with Franchisor, Franchisor shall offer to Area Developer the option to purchase and operate, as a Crepe Delicious Restaurant, an Acquired Restaurant that is purchased by Franchisor for operation by Franchisor or its affiliates. In such event, Franchisor shall provide Area Developer with written notice of Franchisor’s purchase of the Acquired Restaurant(es), the terms and conditions applicable to the Area Developer’s option to purchase such Acquired Restaurant(es), and such other information that Franchisor deems necessary to include in the notice. The terms and conditions offered to Area Developer shall include, without limitation, the following: (a) the purchase price will be based on Franchisor’s purchase price for such Acquired Restaurant, and if the Acquired Restaurant was part of an Acquired System (as defined below in Section 1.3.6.2), then Area Developer’s purchase price for such Acquired Restaurant shall be determined using a ratio equal to the sales during the prior year of such Acquired Restaurant as compared to the total sales in such prior year of all Acquired Restaurants purchased by Franchisor in the same transaction; and (b) the requirement that Area Developer enter into Franchisor’s then-current form of System franchise agreement for the Acquired Restaurant, provided that Area Developer shall not be required to pay an initial franchise fee for an Acquired Restaurant. If Area Developer does not elect to purchase, or fails to complete the purchase of, an Acquired Restaurant, Franchisor shall have the right to operate itself, or through its affiliates or third party licensees or franchisees, the Acquired Restaurant under any trade name or trademarks including the Marks.

1.3.6.2 If an Acquired Restaurant is part of a system of retail businesses that Franchisor acquires (an “**Acquired System**”), Area Developer shall have no right to purchase, and Franchisor shall not be obligated to offer Area Developer any option to purchase, any Acquired Restaurant that is operated by a licensee or franchisee under the Acquired System. Franchisor may license such unit to be operated under any trade name or trademarks including the Marks, and may

also license to the licensee or franchisee additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the Development Area.

1.4 **No Rights to Use the System.** This Agreement is not a Franchise Agreement, and does not grant to Area Developer any right to use the Marks or the System or to sell or distribute any Products. Area Developer's rights to use the Marks and System will be granted solely under the terms of the Franchise Agreement.

## 2. **TERM**

Unless sooner terminated in accordance with the provisions of this Agreement, this Agreement shall commence on the date hereof and shall expire on the earlier of (i) the date the final Franchise Agreement is executed by Area Developer in accordance with the required minimum cumulative number of Franchise Agreements to be executed for Franchised Restaurant to be located in the Development Area as set forth in the Development Schedule, as shown in Paragraph 1 of Exhibit A; or (ii) the final date set forth in the Development Schedule, as shown in Paragraph 1 of Exhibit A (the "**Expiration Date**").

## 3. **DEVELOPMENT OBLIGATIONS**

3.1 **Time is of the Essence.** Recognizing that time is of the essence, Area Developer shall comply strictly with the Development Schedule. Area Developer acknowledges and agrees that the Development Schedule requires that Area Developer have executed and delivered to Franchisor Franchise Agreements for a cumulative number of Franchised Restaurant by the end of the time periods specified in Exhibit A.

3.2 **Identifying and Securing Sites.** Area Developer shall be solely responsible for identifying, submitting for Franchisor's approval, and securing specific sites for each Franchised Restaurant. The Area Developer shall follow such requirements as detailed in the Franchise Agreement or the Manuals.

3.2.1 Area Developer shall submit to Franchisor, in a form specified by Franchisor, a completed site approval package, which shall include; (i) a site approval form prescribed by Franchisor; (ii) a trade area and site marketing research analysis (prepared by a company approved in advance by Franchisor); (iii) an option contract, letter of intent, or other evidence satisfactory to Franchisor which describes Area Developer's favorable prospects for obtaining such site; (iv) photographs of the site; (v) demographic statistics; and (vi) such other information or materials as Franchisor may reasonably require. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

3.2.2 Following Franchisor's approval of a proposed site, Area Developer shall use its best efforts to secure such site, either through a lease/sublease that is acceptable to Franchisor, as provided in Section 3.3 below, or a binding purchase agreement, and shall do so within sixty (60) business days of approval of the site by Franchisor. Area Developer shall immediately notify Franchisor of the execution of the approved lease or binding purchase agreement. The site approved and secured pursuant to this Agreement shall be specified as the "Approved Location" under the Franchise Agreement executed pursuant Section 3.4 below.

3.2.3 Area Developer hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Restaurant or for any other purpose. Approval by Franchisor

of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Area Developer and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Area Developer's expectations as to revenue or operational criteria.

3.3 **Lease Terms.** For each Franchised Restaurant to be developed hereunder, if Area Developer will occupy the premises from which the Franchised Restaurant will be operated under a lease or sublease, Area Developer shall, prior to execution of such lease, submit the lease to Franchisor for its review and approval; provided, however, if pre-submission to Franchisor is not possible, then Area Developer may sign the lease only on the condition, agreed to in writing by the lessor, that the lease shall become null and void if Franchisor does not approve such lease. Franchisor's approval of the lease or sublease may be conditioned upon the inclusion of such provisions as Franchisor may reasonably require, including, without limitation, the terms and conditions set forth by Franchisor in the Manuals or otherwise in writing from time to time.

3.4 **Franchise Agreements.** With respect to the Franchise Agreements to be executed for the Franchised Restaurant to be developed pursuant to this Agreement, the following terms and conditions shall apply:

3.4.1 The Franchise Agreement for the first Franchised Restaurant to be developed under this Agreement shall be executed simultaneously with the execution of this Agreement.

3.4.2 The Franchise Agreement for each subsequent Franchised Restaurant to be developed under this Agreement shall be Franchisor's then-current form of Franchise Agreement, the terms of which may differ from the terms of the Franchise Agreement executed simultaneously with this Agreement including, without limitation, higher and/or additional fees; provided, however, so long as Area Developer is in compliance with this Agreement, the initial franchise fee (as set forth in Section 4.3 below) and the royalty fee shall each be the same as set forth in the first Franchise Agreement executed simultaneously with this Agreement.

3.4.3 Franchisor shall permit one or more Franchise Agreements to be executed by entities other than Area Developer; provided that (a) each such franchisee entity is controlled by, or under common control with, Area Developer, and (b) the Area Developer and all Managers (as defined in Section 9.1 below) of Area Developer requested by Franchisor execute guarantees, guarantying to Franchisor the timely payment and performance of franchisee's obligations under the Franchise Agreement.

3.4.4 Provided that Area Developer is in compliance with this Agreement, within ten (10) days after Area Developer locates and secures a site pursuant to Sections 3.2 and 3.3 above, Area Developer (or an affiliate of Area Developer pursuant to Section 3.4.3 above) shall execute the Franchise Agreement for such Franchised Restaurant, as provided in this Section 3.4. Failure to timely execute a Franchise Agreement as required by this Section 3.4 will constitute a default under this Agreement. Area Developer shall thereafter comply with all pre-opening and opening requirements set forth in the Franchise Agreement relating to the Franchised Restaurant.

3.5 **Force Majeure Events.** Area Developer shall not be responsible for non-performance or delay in performance occasioned by a “**force majeure**,” which means an act of God, war, civil disturbance, act of terrorism, government action, fire, flood, accident, hurricane, earthquake, or other calamity, strike or other labor dispute, or any other cause beyond the reasonable control of Area Developer; provided, however, force majeure shall not include Area Developer’s lack of adequate financing. If any delay occurs, any applicable time period hereunder shall be automatically extended for a period equal to the time lost; provided, however, that Area Developer shall make reasonable efforts to correct the reason for such delay and give Franchisor prompt written notice of any such delay.

#### 4. **DEVELOPMENT FEE AND INITIAL FRANCHISE FEE**

4.1 **Area Development Fee.** In consideration of the development rights granted herein, upon execution of this Agreement, Area Developer shall pay an area development fee (“**Area Development Fee**”) that is equal to Thirty-Five Thousand Dollars (\$35,000) multiplied by the number of Franchised Restaurant to be developed and opened within the Development Area during the term of this Agreement and in accordance with the Development Schedule, the total amount of such Area Development Fee is specified in Paragraph 3 of Exhibit A. Receipt of the Area Development Fee is hereby acknowledged. The Area Developer expressly acknowledges and agrees that the Area Development Fee is fully earned and nonrefundable in consideration of administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted herein to Area Developer, even if Area Developer does not enter into any Franchise Agreements pursuant to this Agreement.

4.2 **Franchise Fees.** Notwithstanding anything to the contrary in any of the Franchise Agreements, the initial franchise fee (the “**Franchise Fee**”) that shall be paid by Area Developer for each Franchised Restaurant to be developed pursuant to the Development Schedule shall be an amount equal to Thirty Five Thousand Dollars (\$35,000), which shall be paid in full upon execution of this Area Development Agreement.

#### 5. **DUTIES OF THE PARTIES**

5.1 **Franchisor’s Assistance.** Franchisor shall furnish to Area Developer the following:

5.1.1 Site selection guidelines, including Franchisor’s minimum standards for Crepe Delicious Restaurant sites and sources regarding demographic information, and such site selection counseling and assistance as Franchisor may deem advisable.

5.1.2 Such on-site evaluation as Franchisor deems advisable in response to Area Developer’s request for site approval for each Franchised Restaurant; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of documents as requested by Franchisor for such site prepared by Area Developer pursuant to Section 3.2.

5.2 **Designated Manager.** If Area Developer is other than an individual, Area Developer shall designate, subject to Franchisor’s reasonable approval, one Manager (as defined in Section 9.1) who is an individual person, and who shall be responsible for general oversight and management of the development of the Franchised Restaurant under this Agreement and the operations of all such Franchised Restaurant open and in operation on behalf of Area Developer (the “**Designated Manager**”). Area Developer acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Manager to have been given, by Area Developer, the responsibility and decision-making authority regarding the Area Developer’s business and operation. In the event the person designated as the Designated Manager

becomes incapacitated, leaves the employ of Area Developer, transfers his/her interest in Area Developer, or otherwise ceases to supervise the development of the Franchised Restaurant, Area Developer shall promptly designate a new Designated Manager, subject to Franchisor's reasonable approval.

5.3 **Records and Reports to Franchisor.** Area Developer shall, at Area Developer's expense, comply with the following requirements to prepare and submit to Franchisor the following reports, financial statements and other data, which shall be prepared in the form and using the standard statements and chart of accounts as Franchisor may prescribe from time to time:

5.3.1 No later than the twentieth (20<sup>th</sup>) day of each calendar month, Area Developer shall have prepared a profit and loss statement reflecting all Area Developer's operations during the last preceding calendar month, for each Restaurant. Area Developer shall prepare profit and loss statements on an accrual basis and in accordance with generally accepted accounting principles. Area Developer shall submit such statements to Franchisor at such times as Franchisor may designate or as Franchisor may otherwise request.

5.3.2 On April 15th of the year following the end of Area Developer's fiscal year, a complete annual financial statement (prepared according to generally accepted accounting principles), on a compilation basis, and if required by Franchisor, such statements shall be prepared by an independent certified public accountant.

5.3.3 Such other forms, reports, records, information, and data as Franchisor may reasonably designate.

5.4 **Maintaining Records.** Area Developer shall maintain during the term of this Agreement, and shall preserve for at least seven (7) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Area Developer's expense, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles.

5.5 **Area Developer to Provide Training.** Area Developer agrees that, notwithstanding anything to the contrary in any Franchise Agreement, Area Developer shall be responsible for conducting the initial training of all required trainees (including, without limitation, the owners and management personnel) for the fourth (4<sup>th</sup>) and any subsequent Franchised Restaurant developed under this Agreement, in accordance with the requirements and conditions as Franchisor may from time to time establish for the initial training. By no later than the time Area Developer is seeking Franchisor's approval to develop the fourth (4<sup>th</sup>) Franchised Restaurant under this Agreement, Area Developer shall be have completed to Franchisor's satisfaction all requirements and conditions necessary to obtain Franchisor's approval for Area Developer to conduct such training.

## 6. **DEFAULT AND TERMINATION**

6.1 **Automatic Termination.** Area Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Area Developer, if Area Developer becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Area Developer or such a petition is filed against and not opposed by Area Developer; if Area Developer is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for Area Developer's business or assets is filed and consented to by Area Developer; if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against

Area Developer; if final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedes bond is filed); if Area Developer is dissolved; if execution is levied against any asset of Area Developer or Area Developer's Franchised Restaurant; if suit to foreclose any lien or mortgage against any asset of Area Developer or Area Developer's Franchised Restaurant is instituted against Area Developer and not dismissed within sixty (60) days; or if any asset of Area Developer's or any Franchised Restaurant of Area Developer's shall be sold after levy thereupon by any sheriff, marshal, or constable.

6.2 **Termination Upon Notice.** Area Developer shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder or take any of the actions described in Section 6.5 below, without affording Area Developer any opportunity to cure the default, effective immediately upon the provision of notice to Area Developer (in the manner provided under Section 10 hereof), upon the occurrence of any of the following events of default:

6.2.1 If the Franchise Agreement for any Franchised Restaurant operated by Area Developer (or an entity affiliated with Area Developer) is terminated.

6.2.2 If Area Developer or any Manager is convicted of a felony, a crime involving moral turpitude, or any other crime or action that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interest therein.

6.2.3 If Area Developer or any Manager purports to transfer any rights or obligations under this Agreement or any the assets of Area Developer in a manner that is contrary to the terms of Section 7 of this Agreement.

6.3 **Notice and Opportunity to Cure – For a Missed Deadline.** Failure by Area Developer to meet a deadline under the Development Schedule (a “**Missed Deadline**”) shall constitute a default under this Agreement. Franchisor shall, for one (1) Missed Deadline, provide Area Developer with a reasonable opportunity to cure such default by notifying Area Developer in writing of a new date for the Missed Deadline (without change to any other deadline in the Development Schedule). If Area Developer fails to comply with the Development Schedule by such new deadline, and/or upon the occurrence of another Missed Deadline, Franchisor, in its discretion, may terminate this Agreement and all rights granted hereunder without affording Area Developer any further opportunity to cure the default, effective immediately upon the delivery of written notice to Area Developer (in the manner set forth in Section 10 of this Agreement); or Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to take any of the actions described in Section 6.5 below.

6.4 **Notice and Opportunity to Cure Other Defaults.** Except as otherwise provided in Sections 6.1, 6.2 , and 6.3 above, if Area Developer fails to comply with any material term and condition of this Agreement, such action shall constitute a default under this Agreement and, upon the occurrence of any such default, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 10 hereof) stating the nature of such default to Area Developer at least thirty (30) days prior to the effective date of termination; provided, however, that Area Developer may avoid termination by curing the default to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the 30-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to, the right to develop new Franchised Restaurant) will terminate without further notice to Area Developer effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

6.5 **Franchisor's Other Options Upon Default.** Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to use other remedial measures for Area Developer's breach of this Agreement, which include, but are not limited to: (i) termination of the credit towards Franchise Fees granted in Section 4.2 hereof; (ii) loss of the limited exclusivity, or reduction in the scope of protections, granted to Area Developer under Section 1.2 herein for the Development Area; (iii) reduction in the scope of the Development Area; (iv) reduction in the number of Franchised Restaurant to be developed by Area Developer; and/or (v) Franchisor's retention of all area development fees paid, or owed, by Area Developer. If Franchisor exercises said right, Franchisor shall not have waived its right to, in the case of future defaults, exercise all other rights and invoke all other provisions that are provided in law and/or set out under this Agreement.

6.6 **No Further Rights.** Upon termination or expiration of this Agreement, Area Developer shall have no right to establish or operate any Crepe Delicious Restaurant for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration. Franchisor's remedies for Area Developer's breach of this Agreement shall include, without limitation, Area Developer's loss of its right to develop additional Franchised Restaurant under this Agreement, and Franchisor's retention of all area development fees paid or owed by Area Developer. Upon termination or expiration, Franchisor shall be entitled to establish, and to franchise others to establish, Crepe Delicious Restaurants in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Area Developer or Area Developer's affiliates (as permitted under Section 3.4.3 above).

6.7 **Liquidated Damages.** Upon the Franchisor's termination of this Agreement in accordance with Section 6 and the terms of this Agreement, the Area Developer shall pay to the Franchisor within 30 days of the date of the termination, as liquidated damages for the premature termination of this Agreement and not as a penalty, an amount equal to one-third (1/3) the Area Developer Fee payable to the Franchisor based this Agreement. The Area Developer acknowledges and agrees that such liquidated damages are a reasonable approximation of the damages the Franchisor will incur resulting from the premature termination of this Agreement as a result of breach by the Area Developer, are appropriate because actual damages incurred by the Franchisor will be difficult or impossible to ascertain, are not a penalty, and shall not affect the Franchisor's right to, and are not in lieu of, any other payment or remedy, damages or relief to the Franchisor.

## 7. **TRANSFER OF INTEREST**

7.1 **Franchisor's Rights to Transfer.** Franchisor shall have the right, without the need for Area Developer's consent, to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, provided that any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Area Developer expressly affirms and agrees that Franchisor may sell its assets, its Marks, or its System; may sell its securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

7.2 **No Transfers Without Franchisor's Approval.** Area Developer understands and acknowledges that Franchisor has granted the rights hereunder in reliance on the business skill, financial capacity, and personal character of Area Developer or the Managers of Area Developer if Area Developer is not an individual. Accordingly, neither Area Developer nor any Manager shall sell, assign, transfer, pledge or otherwise encumber any direct or indirect interest in the Area Developer (including any direct or indirect

interest in a corporate or partnership Area Developer), the rights or obligations of Area Developer under this Agreement, or any material asset of the Area Developer's business, without the prior written consent of Franchisor, which shall be subject to Sections 7.3 and 7.4 below and to all of the conditions and requirements for transfers set forth in the Franchise Agreement executed simultaneously with this Agreement that Franchisor deems applicable to a proposed transfer under this Agreement.

7.3 **Simultaneous Transfers.** Area Developer understands and acknowledges that any consent to a transfer of this Agreement shall, unless waived, be conditioned on, among other factors, the requirement that the proposed transfer of this Agreement is to be made in conjunction with a simultaneous transfer of all Franchise Agreements executed pursuant to this Agreement to the same approved transferee.

7.4 **Transfer Fee.** At the request of Franchisor, Area Developer shall pay a transfer fee of an amount equal to Ten Thousand Dollars (\$10,000) for each Franchised Restaurant that remains to be developed and opened in order to satisfy the Development Schedule, but not less than fifty percent (50%) of the Area Development Fee paid. Additionally, for any Franchise Agreements executed pursuant to this Agreement that are transferred, the transfer fee due under such Franchise Agreement(s) shall be paid to Franchisor pursuant to the terms of such Franchise Agreement(s).

7.5 **Transfer to Entity Formed for by Area Developer.** Notwithstanding anything to the contrary in this Section 7, if Area Developer is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of Sections 7.4 shall not apply, and Area Developer may undertake such transfer, provided that: (a) Area Developer owns one hundred percent (100%) of the equity interest in the transferee entity; (b) Area Developer and any other Manager(s) personally guarantee, in a written guaranty satisfactory to Franchisor, the performance of the obligations of the Area Developer under this Agreement; (c) Area Developer executes a Transfer of Franchise form as prescribed and approved by Franchisor; (d) such transferee entity is newly organized and its business purpose is confined exclusively to developing and operating the Franchised Restaurant; and (e) Area Developer and any other Manager(s) execute any and all other ancillary agreements as Franchisor may require.

## 8. **COVENANTS**

8.1 **Confidential Information.** Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by Franchisor, and shall disclose such information or materials only to such of Area Developer's employees or agents who must have access to it in connection with their employment. Area Developer shall not at any time, during the term of this Agreement or thereafter, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

8.2 **During the Term.** Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer will receive valuable specialized training and confidential information, which may include, without limitation, information regarding the operational, sales, advertising and promotional methods and techniques of Franchisor and the System. Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

8.2.1 Divert or attempt to divert any business or customer of any Crepe Delicious Restaurant or of any unit under the System to any competitor, by direct or indirect inducement or

otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

8.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or area developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

8.2.3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business. A “**Competitive Business**” shall be considered a retail food business with sales or offers any crepe-based food items or gelato. Furthermore, Area Developer acknowledges and agrees that Area Developer shall be considered in default under this Agreement and that this Agreement will be subject to immediate termination as provided in Section 6.2 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Area Developer (or, if Area Developer is other than an individual, each Manager that is subject to these covenants) engages in a Competitive Business that would violate this Section 8.2.3 if such person was subject to the covenants of this Section 8.2.3.

8.3 **After the Agreement and After a Transfer.** Area Developer covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years from the date of (a) a transfer permitted under Section 7 above; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.3; or (e) any or all of the foregoing, Area Developer shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership, corporation, or other entity, own, maintain, operate, engage in, be employed by, or have any interest in any Competitive Restaurant, which is, or is intended to be (i) located within the Development Area (other than those Franchised Restaurant provided for in the Development Schedule), or makes offers and sales into the Development Area; or (ii) located within a radius of twenty-five (25) miles of any other Crepe Delicious Restaurant located anywhere. Provided, however, that this provision shall not apply to the operation by Area Developer of any business under the System under a franchise agreement with Franchisor.

8.4 **Exception for Ownership in Public Entities.** Sections 8.2 and 8.3 hereof shall not apply to ownership by Area Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term “**publicly held corporation**” refers to a corporation which has outstanding securities that have been registered under the federal Securities Exchange Act of 1934.

8.5 **Personal Covenants.** At the request of Franchisor, Area Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 8 (including covenants applicable upon the termination of a person’s relationship with Area Developer) and the provisions of Sections 6 and 7 of this Agreement (as modified to apply to an individual) from any or all of the following persons: (a) the Designated Manager, (b) all managers and other personnel employed by Area Developer who have received or will receive training and/or other confidential information; and (c) all officers, directors, and Managers who have or will receive training or access to confidential information, or who are or may be involved in the operation or development of the Franchised Restaurant. Every covenant required by this Section 8.5 shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

8.6 **Covenants as Independent Clauses.** The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.7 **Franchisor's Right to Reduce Scope of the Covenants.** Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8.2 and 8.3 in this Agreement, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof; and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 15 hereof.

8.8 **Covenants Survive Claims.** Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8. Area Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 8.

8.9 **Compliance with Laws.** Area Developer represents and warrants to Franchisor that neither Area Developer (including, without limitation, any and all of its employees, directors, officers and other representatives) nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

## 9. **CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP**

9.1 **List of Managers.** If Area Developer is a corporation, limited liability company, or partnership, each owner of beneficial interest in Area Developer (each a "**Manager**"), and the interest of each Manager in Area Developer, shall be identified in Exhibit B to the Agreement. Area Developer shall maintain a list of all Managers and immediately furnish Franchisor with an update to the information contained in Exhibit B upon any change, which shall be made only in compliance with Section 7 above.

9.2 **Guaranties.** Such Managers as Franchisor may request shall execute a guarantee, indemnification, and acknowledgment of Area Developer's obligations under this Agreement in the form attached hereto as Exhibit C. As set forth in Section 5.2 above, the Designated Manager shall at all times have at least a ten percent (10%) interest in Area Developer.

9.3 **Corporations and Limited Liability Companies.** If Area Developer is a corporation or limited liability company, Area Developer shall comply with the following requirements:

9.3.1 Area Developer shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Restaurant.

9.3.2 Area Developer shall, upon request of Franchisor, promptly furnish to Franchisor copies of Area Developer's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

9.3.3 Area Developer shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate or issued securities of Area Developer shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 9.3.3 shall not apply to a publicly held corporation.

9.4 **Partnerships and Limited Liability Partnerships.** If Area Developer or any successor to or assignee of Area Developer is a partnership or limited liability partnership, Area Developer shall comply with the following requirements:

9.4.1 Area Developer shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Restaurant.

9.4.2 Area Developer shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

9.4.3 The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

## 10. **NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

## 11. **PERMITS AND COMPLIANCE WITH THE LAWS**

11.1 **Compliance with Laws.** Area Developer shall comply with all federal, state, and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

11.2 **Notice of Actions.** Area Developer shall notify Franchisor in writing within five (5) days of the receipt of any demand letter, commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Area Developer and/or any Franchised Restaurant established under this Agreement.

## 12. **INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

12.1 **No Fiduciary Relationship.** Area Developer is an independent contractor. Franchisor and Area Developer are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither shall have the power to bind the other. No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship.

12.2 **Public Notice.** During the term of this Agreement, Area Developer shall hold itself out to the public as an independent contractor operating the business pursuant to an area development agreement with Franchisor. Area Developer agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of the fact in a conspicuous place in Area Developer's offices, the content of which Franchisor reserves the right to specify.

12.3 **No Assumption of Liability.** Nothing in this Agreement authorizes Area Developer to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Area Developer in Area Developer's operations hereunder, or for any claim or judgment arising therefrom against Area Developer or Franchisor.

12.4 **Indemnification.** Area Developer shall indemnify and hold Franchisor, Franchisor's owners and affiliates, and their respective officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with Area Developer's operation of the business contemplated hereunder (notwithstanding any claims that the Indemnitees are or were negligent). Area Developer agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, in their discretion, to: (i) choose counsel, (ii) direct, manage and/or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, and/or Area Developer, any claim against the Indemnitees. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatsoever nature incurred by any Indemnitee shall be taken as prima facie evidence of Area Developer's obligation hereunder.

### 13. **APPROVALS AND WAIVERS**

13.1 **Approval Requests.** Whenever this Agreement requires the prior approval or consent of Franchisor, Area Developer shall make a timely written request to Franchisor therefor, and such approval or consent shall be in writing. Franchisor shall respond to Area Developer's timely requests in a reasonably timely and prompt manner.

13.2 **Non-waiver.** No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Area Developer with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Area Developer shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Area Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Area Developer of any terms, covenants or conditions of this Agreement.

### 14. **SEVERABILITY AND CONSTRUCTION**

14.1 **Severable Parts.** Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

14.2 **Terms Surviving this Agreement.** Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), shall survive such expiration, termination.

14.3 **No Rights on Third Parties.** Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Area Developer, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and such successors and assigns of Franchisor as may be contemplated by Section 15 hereof, any rights or remedies under or by reason of this Agreement.

14.4 **Full Scope of Terms.** Area Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

14.5 **Franchisor's Application of its Rights.** Franchisor shall have the right to operate, develop and change the System in any manner that is not specifically precluded by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or withhold an action, or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Area Developer a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor, and its judgment of what is in its best interests and/or in the best interests of the Franchisor's franchise network, at the time its decision is made, without regard to whether: (i) other reasonable or even arguably preferable alternative decisions could have been made by Franchisor; (ii) the decision or action of Franchisor will promote its financial or other individual interest; (iii) Franchisor's decision or the action it take applies differently to Area Developer and one or more other franchisees or Franchisor's company-owned operations; or (iv) Franchisor's decision or the exercise of its right or discretion is adverse to Area Developer's interests. In the absence of an applicable statute, Franchisor will have no liability to Area Developer for any such decision or action. Franchisor and Area Developer intend that the exercise of Franchisor rights or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Area Developer agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Area Developer's rights and obligations hereunder.

14.6 **Captions Only for Convenience.** All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

15. **ENTIRE AGREEMENT**

Franchisor and Area Developer, and any Manager, each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement. Recognizing the costs on both Franchisor and Area Developer which are uncertain, Franchisor and Area Developer, each confirm that neither wishes 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 or non-contract writings which have been or may in the future be, exchanged between them, serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Area Developer agree and promise each other that this Agreement supercedes and cancels any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Franchisor or anyone acting on its behalf and Area Developer or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such term) with respect to the rights and obligations of Franchisor and Area Developer or the relationship between them. Franchisor and Area Developer agree and promise each other that they have placed, and will place, no reliance on any such discussions or writings. In accordance with the foregoing, it is understood and acknowledged that this Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Area Developer concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Area Developer to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in the Section 15 is intended to disclaim any of the information contained in Franchisor's Franchise Disclosure Document or its attachments or exhibits.

16. **APPLICABLE LAW AND DISPUTE RESOLUTION**

16.1 **Governing Law.** This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed under the laws of the State of Delaware. In the event of any conflict of law, the laws of Delaware shall prevail, without regard to, and without giving effect to, the application of Delaware conflict of law rules. Nothing in this Section 16.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Delaware or of any other state to which it would not otherwise be subject.

16.2 **Non-Binding Mediation.** Before any party may bring an action in arbitration or in court against the other, the parties must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding and shall be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. All mediation proceedings will be conducted at a suitable location chosen by the mediator, which is within a five (5) mile radius of Franchisor's then current principal place of business, unless we agree otherwise in writing. Notwithstanding anything to the contrary, this Section 16.2 shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation. Mediation hereunder shall be concluded within forty five (45) days of Area Developer's receipt of the notice specifying the designated mediator or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action

whatever. Franchisor and Area Developer shall each bear its own costs of mediation, and each shall bear one-half (½) the cost of the mediator or mediation service.

16.3 **Arbitration.** Franchisor and Area Developer agree that, except for controversies, disputes, or claims related to or based on improper use of the Marks or Confidential Information, all controversies, disputes, or claims between Franchisor and Area Developer’s affiliates, and Franchisor’s and their respective shareholders, members, officers, directors, agents, and/or employees, and Area Developer (and/or Area Developer’s owners, guarantors, affiliates, and/or employees) arising out of or related to:

- (1) this Agreement or any other agreement between Area Developer and Franchisor;
- (2) Franchisor’s relationship with Area Developer;
- (3) the validity of this Agreement or any other agreement between Area Developer and Franchisor; or
- (4) any System Standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States (“AAA”). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA’s then current rules. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within a five (5) mile radius of Franchisor’s then current principal place of business. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator’s award may be entered in any court of competent jurisdiction.

16.3.1 The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys’ fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Mark generic or otherwise invalid or, as expressly provided in Section 16.10 below, award any punitive, exemplary or multiple damages against either party.

16.3.2 Franchisor and Area Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Area Developer further agrees that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Area Developer or Franchisor.

16.3.3 Franchisor and Area Developer agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor’s affiliates their respective shareholders, officers, directors, agents, and employees, and Area Developer (including owners, guarantors, affiliates, and employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

16.3.4 Despite Franchisor’s and Area Developer’s agreement to arbitrate, Franchisor and Area Developer each have the right in a proper case to seek temporary restraining orders

and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Area Developer must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Section.

16.3.5 The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

16.4 **Choice of Venue.** To the extent the parties have not resolved a dispute through mediation, arbitration, or otherwise, Franchisee consents and agrees that the proper venue in any such proceeding, claim, action or lawsuit relating to or arising out of this Agreement shall be the United States District Court for the District of Delaware or the Delaware Court of Chancery in the State of Delaware or the federal or state court for the jurisdiction in which we then have our principal place of business. Franchisee acknowledges that these courts shall have personal jurisdiction over it and hereby waives any defense it may have on the grounds of improper venue.

16.5 **No Rights Exclusive of Other Rights.** No right or remedy conferred upon or reserved to Franchisor or Area Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy.

16.6 **WAIVER OF JURY TRIAL.** FRANCHISOR AND AREA DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER.

16.7 **Limitation.** Any and all claims and actions arising out of or relating to this Agreement and/or the relationship of Area Developer and Franchisor, brought by either party hereto against the other, whether in mediation, in arbitration or in court, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be forever barred.

16.8 **WAIVER OF RICO.** THE PARTIES HERETO AGREE TO WAIVE, NOW AND FOREVER, ANY AND ALL RIGHTS EITHER MAY HAVE UNDER THE FEDERAL STATUTE KNOWN AS RICO.

16.9 **WAIVER OF PUNITIVE DAMAGES.** FRANCHISOR AND AREA DEVELOPER HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER.

16.10 **Injunctive Relief.** Nothing herein contained shall bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

16.11 **Counterparts; Paragraph Headings; Pronouns.** This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. All captions and paragraph headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. Each pronoun used herein shall be deemed to include the other number of genders.

16.12 **Attorneys Fees.** In the event Franchisor is required to employ legal counsel or to incur other expense to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action or proceeding by reason of Area Developer's failure to perform any obligation imposed upon Area Developer by this Agreement, Franchisor shall be entitled to recover from Area Developer the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

17. **ACKNOWLEDGMENTS**

17.1 **Receipt of FDD and Complete Agreement.** Area Developer acknowledges that it received a complete copy of this Agreement, the attachments hereto, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed. Area Developer further acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising", otherwise known as the Franchise Disclosure Document (**FDD**), at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment by Area Developer for the rights granted under this Agreement. Area Developer further acknowledges that prior to receiving Franchisor's FDD, Franchisor advised Area Developer of the formats in which the FDD is made available, and any conditions necessary for reviewing the FDD in a particular format.

17.2 **No Conflicting Obligations.** Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

[SIGNATURE PAGE FOLLOWS]

**CREPE DELICIOUS HOLDING USA, INC.  
AREA DEVELOPMENT AGREEMENT  
SIGNATURE PAGE**

**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered this Area Development Agreement in duplicate on the day and year first above written.

**CREPE DELICIOUS HOLDING USA, INC.**

Franchisor

\_\_\_\_\_   
Area Developer

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

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

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

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

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

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

Address for Notices:

Address for Notices:

Elik Farin  
Crepe Delicious Holding USA, Inc.  
147 Citation Drive, Unit 29  
Concord, Ontario, Canada L4K 2P8  
Telephone: (\_\_\_\_) \_\_\_\_\_  
Fax: (\_\_\_\_) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Attn: \_\_\_\_\_

**CREPE DELICIOUS HOLDING USA, INC.  
 AREA DEVELOPMENT AGREEMENT  
 EXHIBIT A  
 DATA SHEET**

1. **Development Schedule** (see Section 1.1): Area Developer shall execute Franchise Agreements for the development and operation of \_\_\_\_\_ (\_\_\_) Franchised Restaurants, within the Development Area in accordance with the following Development Schedule:

<u>Minimum Cumulative Number of Franchise Agreements for Franchised Restaurant to be Located and Operating Within the Development Area</u>	<u>By this Date</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total: \_\_\_\_\_

The Expiration Date of this Agreement, as defined in Section 2, shall be the earlier of (i) the date the final Franchise Agreement is executed by Area Developer in accordance with the required minimum cumulative number of Franchise Agreements to be executed for Franchised Restaurant to be located in the Development Area as set forth in the Development Schedule above; or (ii) the final date set forth in the Development Schedule above.

2. **Development Area** (see Section 1.1): The Development Area shall be defined as the following:

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

3. **Area Development Fee** (see Section 4.1): In accordance with the total number of Franchised Restaurant to be developed and opened within the Development Area, the total Area Development Fee shall be \$\_\_\_\_\_.

**CREPE DELICIOUS HOLDING USA, INC.  
 DEVELOPER**

**AREA**

**Initial:\_\_\_\_\_ Date:\_\_\_\_\_**

**Initial:\_\_\_\_\_ Date:\_\_\_\_\_**



**CREPE DELICIOUS HOLDING USA, INC.  
 AREA DEVELOPMENT AGREEMENT  
 EXHIBIT B  
 LIST OF PRINCIPALS & DESIGNATED PRINCIPAL**

The following identifies all of Area Developer’s Managers (as defined in Section 9.1 of the Area Development Agreement):

Name of Manager	Address, Telephone, E-mail	Interest (%) with Description
		<b>Total %:</b>

**AREA                      DEVELOPER’S                      DESIGNATED                      PRINCIPAL**

The following identifies Area Developer’s Designated Manager (as defined in Section 5.2 of the Area Development Agreement):

Name of Designated Manager	Address, Telephone, E-mail	Interest (%) with Description

**CREPE DELICIOUS HOLDING USA, INC.**  
**AREA DEVELOPMENT AGREEMENT**  
**EXHIBIT C**  
**GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT**

As an inducement to Crepe Delicious Holding USA, Inc. (“**Franchisor**”) to enter into the Area Development Agreement between Franchisor and \_\_\_\_\_ (“**Area Developer**”), dated \_\_\_\_\_, 20\_\_\_\_ (the “**Agreement**”), the undersigned, jointly and severally, hereby guarantee to Franchisor and Franchisor’s successors and assigns that all of Area Developer’s covenants and obligations, including, without limitation, monetary obligations, under the Agreement will be punctually paid and performed. This Guarantee is an unconditional, irrevocable and absolute guaranty of payment and performance and may not be cancelled, terminated, modified, or amended except by written agreement executed by both parties.

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Area Developer under the Agreement and waive any right to require Franchisor to: (a) proceed against Area Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Area Developer; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Area Developer; or (d) give notice of demand for payment by Area Developer. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Area Developer, or settle, adjust, or compromise any claims against Area Developer, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned each hereby jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys’ fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Area Developer to perform any obligation of Area Developer under the Agreement, any amendment thereto, or any other agreement executed by Area Developer referred to therein.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in the Agreement, and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the “Crepe Delicious” marks or system.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

The undersigned represents and warrants to Franchisor that neither the undersigned (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this guarantee provision shall be in writing and shall be personally delivered, in the manner provided under Section 10 of this Agreement.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of Delaware. In the event of any conflict of law, the laws of the State of Delaware shall prevail (without regard to, and without giving effect to, the application of Delaware conflict of law rules).

**IN WITNESS WHEREOF**, the undersigned has executed this Guarantee, Indemnification and Acknowledgement as of the date of the Agreement.

**GUARANTOR(S)**

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

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

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

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

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



**EXHIBIT D**  
**LIST OF CURRENT AND FORMER FRANCHISEES**

**Current U.S. Franchisees as of December 31, 2024:**

Franchisee Name	Address	City	State	Phone
Rizae YR LLC	10629 Jonathan Drive	Orlando	FL	407-913-3688
Shabta, Inc.	7438 Girard Ave.	La Jolla	CA	samhadaf@gmail.com
Avila Food Services, LLC	1420 W. Flagler St.	Miami	FL	(305)202-0396
Petra, LLC	4013 Stratford Dr.	Frisco	TX	(469)473-5357
CD Food Services, LLC	9950 Gristmill Ln.	Frisco	TX	
S3T Ventures, LLC	132 Christiana Mall	Newark	DE	(785)317-1245
JSM Trust, LLC	Wynwood	Miami	FL	(647)570-1078
Golden Table, LLC	7901 4 <sup>th</sup> St. N. Ste. 300	Orlando	FL	(614)064-95598
Sugarloaf Cafe, LLC	5900 Dugarloaf Pkwy, Kiosk K103A	Lawrenceville	GA	(404)510-3616

**Franchise Agreements Signed in the U.S. but Outlets not Opened as of December 31, 2024:**

Franchisee Name	Address	City	State	Phone
Mohammad & Family, LLC	8384 Anglers Club	Cicero	NY	(315)546-4158
KT Crepe House, LLC	4251 Laurel Ridge Cir.	Weston	FL	(954)610-4490
Pinadi Express, LLC	55 Parsonage Rd., Unit 2245	Edison	NJ	<a href="tel:(347)530-4750">(347)530-4750</a>

**Former Franchisees:**

The name and last known address of every U.S. franchisee who had a Crepe de licious Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2023 to December 31, 2023, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Franchisee Name	Address	City	State	Phone
JIB MANSOUR INC	5816 Staghorn Dr	Toledo	OH	419-944-4688



Franchisee Name	Address	City	State	Phone
R & S Crepe, LLC	100 Briarwood Cir., Unit K166	Ann Arbor	MI	(419)944-4688
R Cafe, LLC	4400 Ashford Rd.	Dunwoody	GA	(404)510-3616
Unbox, LLC	4545 La Jolla Village Dr. Ste. E-25	San Diego	CA	(858) 336-5230
JSM Trust, LLC (food truck)	19501 Biscayne Blvd. K2015	Aventura	FL	(647)570-1078

**EXHIBIT E**  
**STATE ADMINISTRATORS AND**  
**AGENTS FOR SERVICE OF PROCESS**

**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

<p><b><u>CALIFORNIA</u></b></p> <p><u>State Administrator and Agent for Service of Process:</u></p> <p>Commissioner Department of Business Oversight 320 W. 4<sup>th</sup> Street, #750 Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677</p> <p><b><u>HAWAII</u></b></p> <p>Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><u>Agent for Service of Process:</u></p> <p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><b><u>ILLINOIS</u></b></p> <p>Illinois Attorney General Chief, Franchise Division 500 S. Second Street Springfield, IL 62706 (217) 782-4465</p> <p><b><u>INDIANA</u></b></p> <p>Secretary of State Securities Division Room E-018 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><b><u>MARYLAND</u></b></p> <p>Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360</p> <p><u>Agent for Service of Process:</u></p> <p>Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020</p> <p><b><u>MICHIGAN</u></b></p> <p>Michigan Department of Attorney General Consumer Protection Division 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117</p> <p><b><u>MINNESOTA</u></b></p> <p>Department of Commerce Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-3165 (651) 539-1600</p> <p><b><u>NEW YORK</u></b></p> <p><u>Administrator:</u></p> <p>NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21<sup>st</sup> Floor New York, NY 10005 (212) 416-8285</p> <p><u>Agent for Service of Process:</u></p> <p>New York Department of State One Commerce Plaza 99 Washington Avenue, 6<sup>th</sup> Floor Albany, NY 12231-0001 (518) 473-2492</p>	<p><b><u>NORTH DAKOTA</u></b></p> <p>North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 E. Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712</p> <p><b><u>RHODE ISLAND</u></b></p> <p>Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 (401) 462-9527</p> <p><b><u>SOUTH DAKOTA</u></b></p> <p>Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563</p> <p><b><u>VIRGINIA</u></b></p> <p>State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9<sup>th</sup> Floor Richmond, VA 23219</p> <p><u>Agent for Service of Process:</u></p> <p>Clerk of the State Corporation Commission 1300 E. Main Street, 1<sup>st</sup> Floor Richmond, VA 23219</p> <p><b><u>WASHINGTON</u></b></p> <p>Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p> <p><b><u>WISCONSIN</u></b></p> <p>Department of Financial Institutions Division of Securities 201 W. Washington Avenue Madison, WI 53703 (608) 266-3364</p>
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Rev. 100318



**EXHIBIT F**  
**STATE ADDENDA AND AGREEMENT RIDERS**

## STATE ADDENDA AND AGREEMENT RIDERS

### ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR CREPE DELICIOUS HOLDING USA, INC.

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

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

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

#### **CALIFORNIA**

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

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

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor’s Choice of Law State. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

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

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



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

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

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

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

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at [www.dbo.ca.gov](http://www.dbo.ca.gov).

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

## **HAWAII**

The following is added to the Cover Page:

**THIS FRANCHISE WILL BE/HAS 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 COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, 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 US AND YOU.**

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates."
2. States which have refused, by order or otherwise, to register these Franchises are:  
None
3. States which have revoked or suspended the right to offer the Franchises are:  
None
4. States in which the proposed registration of these Franchises has been withdrawn are:  
California

**ILLINOIS**

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

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

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

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

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

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

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

#### Fee Deferral

Payment of the Initial Franchise Fee is deferred until all of our initial obligations under the Franchise Agreement or Supplemental Agreements have been fulfilled by us and you have commenced doing business pursuant to the Franchise Agreement. This requirement has been imposed by the Illinois Attorney General’s Office based on our financial condition.

#### **INDIANA**

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

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

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

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Territory.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

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

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

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

## **IOWA**

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Crepe Delicious Holding USA, Inc., 147 Citation Drive, Unit 30, Concord, Ontario, Canada L4K 2P8, or send a fax to Crepe Delicious Holding USA, Inc. at (905) 326-9305 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

By:

Print Name:

Its:

Date:

**MARYLAND**

**AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS**

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

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



Item 17 of the FDD and the Franchise Agreement are amended to state: “The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland Franchise regulation states that it is unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

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

### Fee Deferral

Item 5 of the FDD and the Franchise Agreement are revised to state: Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

## **MICHIGAN**

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

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

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

(e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
525 W. Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

## MINNESOTA

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

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

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. Item 6 of the FDD and Section 8.05 of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.

## **NEW YORK**

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 D 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, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NY 10005, 212-416-8236. 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.**

The following information is added to the Special Risks to Consider About This Franchise ;age of the Franchise Disclosure Document:

The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

The following is added at the end of Item 3:

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the 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 injunction 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.

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 the officer or general partner of the franchisor held this position in the company or partnership.

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.

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.

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.

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.

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.

## **NORTH DAKOTA**

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Sections 5.21 and 17.09 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

## **OHIO**

The following language will be added to the front page of the Franchise Agreement:

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

Initials \_\_\_\_\_ Date \_\_\_\_\_

### NOTICE OF CANCELLATION

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or

deliver a signed and dated copy of this cancellation notice or any other written notice to Crepe Delicious Holding USA, Inc., 147 Citation Drive, Unit 30, Concord, Ontario, Canada L4K 2P8, or send a fax to Crepe Delicious Holding USA, Inc. at (905) 326-9305 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date:

By:

Print Name:

Its:

### **RHODE ISLAND**

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

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

### **SOUTH DAKOTA**

Intentionally left blank.

### **VIRGINIA**

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

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

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Crepe Delicious Holding USA, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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

## **WASHINGTON**

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

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 agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

## **WISCONSIN**

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

*(Signatures on following page)*

**APPLICABLE ADDENDA**

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

California  
Hawaii  
Illinois  
Iowa  
Indiana  
Maryland

Michigan  
Minnesota  
New York  
North Dakota  
Ohio

Rhode Island  
South Dakota  
Virginia  
Washington  
Wisconsin

Dated: \_\_\_\_\_, 20\_\_\_\_

**FRANCHISOR:**

CREPE DELICIOUS HOLDING USA, INC.

By:

Title:

**FRANCHISEE:**

By:

Title:

**EXHIBIT G**  
**OPERATIONS MANUAL**  
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**Crêpe**  
**Delicious**  
URBAN CAFÉ

**OPERATIONS MANUAL**

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**EXHIBIT H**  
**CONTRACTS FOR USE WITH THE CREPE DE LICIOUS FRANCHISE**

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Crepe de licious Business. The following are the forms of contracts that Crepe Delicious Holding USA, Inc. uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

**EXHIBIT H-1**

**CREPE DE LICIOUS FRANCHISE**

**SAMPLE GENERAL RELEASE AGREEMENT**

**WAIVER AND RELEASE OF CLAIMS**

This Waiver and Release of Claims (“Release”) is made as of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of Crepe Delicious Holding USA, Inc., a Delaware corporation (“Franchisor,” and together with Releasor, the “Parties”).

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate a Crepe de licious business;

**WHEREAS**, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] or [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such [transfer/successor franchise agreement/amendment/termination/other reason]; and

**WHEREAS**, as a condition to Franchisor’s consent to [transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason], Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the

franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Delaware.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

***(Signatures on following page)***

**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_, a

By:

Printed Name:

Title:

**FRANCHISEE'S OWNERS:**

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

Rev. 061518

## EXHIBIT H-2

### CREPE DE LICIOUS FRANCHISE

#### SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of Crepe Delicious Holding USA, Inc., a Delaware corporation, and its successors and assigns (“us,” “we” or “our”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes a Crepe de licious business operating pursuant to a franchise agreement with us.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Crepe de licious business or the solicitation or offer of a Crepe de licious franchise, whether now in existence or created in the future.

“*Franchisee*” means the Crepe de licious franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Crepe de licious business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Crepe de licious business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Crepe de licious business, including “CREPE DE LICIOUS,” and any other trademarks, service marks, or trade names that we designate for use by a Crepe de licious business. The term “Marks” also includes any distinctive trade dress used to identify a Crepe de licious business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); and/or (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees).

“*Restricted Period*” means the two-year period after you cease to be a manager or officer of Franchisee’s Crepe de licious business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the 12 month period after you cease to be a manager or officer of Franchisee’s Crepe de licious business.



“*Restricted Territory*” means the geographic area within: (i) a 25-mile radius from Franchisee’s Crepe de licious business (and including the premises of the approved location of Franchisee); and (ii) a 25-mile radius from all other Crepe de licious businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 12-mile radius from Franchisee’s Crepe de licious business (and including the premises of the approved location of Franchisee).

“*System*” means our system for the establishment, development, operation, and management of a Crepe de licious business, including Know-how, proprietary programs and products, Manual, and operating system.

**2. Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the Crepe de licious business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s Crepe de licious business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

**4. Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s Crepe de licious business by engaging in any Prohibited Activities.

**5. Unfair Competition After Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

**6. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. **Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. **Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Crepe de licious franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. **Miscellaneous.**

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Delaware, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

*(Signatures on following page)*

EXECUTED on the date stated below.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Typed or Printed Name \_\_\_\_\_

-

## EXHIBIT H-3

### CREPE DE LICIOUS FRANCHISE

#### SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of Crepe Delicious Holding USA, Inc., a Delaware corporation, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Crepe de licious franchisees to use, sell, or display in connection with the marketing and/or operation of a Crepe de licious Business, whether now in existence or created in the future.

“*Crepe de licious Business*” means a business that operates retail, quick-service restaurants and/or kiosks that make and sell European-style crepes, panini sandwiches, gelato products, and other assorted food and drink items and other related products and services using our Intellectual Property.

“*Franchisee*” means the Crepe de licious franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Crepe de licious Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Crepe de licious Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Crepe de licious Business, including “CREPE DE LICIOUS” and any other trademarks, service marks, or trade names that we designate for use by a Crepe de licious Business. The term “Marks” also includes any distinctive trade dress used to identify a Crepe de licious Business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation, and management of a Crepe de licious Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

**2. Background.** You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

**3. Know-How and Intellectual Property: Nondisclosure and Ownership.** You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Crepe de licious Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Crepe Delicious Holding USA, Inc. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

**4. Immediate Family Members.** You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

**5. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**6. Breach.** You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Crepe de licious franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**7. Miscellaneous.**

a. Although this Agreement is entered into in favor of Crepe Delicious Holding USA, Inc., you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Delaware, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

**EXHIBIT H-4**

**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

**Franchisee Information:**

<hr/>	<hr/>
Franchisee Name	Business No.
<hr/>	<hr/>
Franchisee Mailing Address (street)	Franchisee Phone No.
<hr/>	<hr/>
Franchisee Mailing Address (city, state, zip)	
<hr/>	
Contact Name, Address and Phone number (if different from above)	
<hr/>	
Franchisee Fax No.	Franchisee Email Address

**Bank Account Information:**

<hr/>		
Bank Name		
<hr/>		
Bank Mailing Address (street, city, state, zip)		
<hr/>		
Checking Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
<hr/>	<hr/>	<hr/>
Bank Mailing Address (city, state, zip)	Bank Phone No.	

**Authorization:**

Franchisee hereby authorizes Crepe Delicious Holding USA, Inc. ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Federal Tax ID Number: \_\_\_\_\_

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**



**EXHIBIT H-5**

**CREPE DE LICIOUS FRANCHISE**

**SAMPLE APPROVAL OF REQUESTED ASSIGNMENT**

This Approval of Requested Assignment (“**Agreement**”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Crepe Delicious Holding USA, Inc. (“**Franchisor**”), a Delaware corporation, \_\_\_\_\_ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and \_\_\_\_\_, a [State] [corporation/limited liability company] (“**New Franchisee**”).

**RECITALS**

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated \_\_\_\_\_, 20\_\_\_\_ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate a Crepe de licious franchise located at \_\_\_\_\_ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of



Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Crepe de licious franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

**IN WITNESS WHEREOF**, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR:**

CREPE DELICIOUS HOLDING USA, INC.

By:

Printed Name:

Title:

**FORMER FRANCHISEE:**

By:

Printed Name:

Title:

**NEW FRANCHISEE:**

By:

Printed Name:

Title:

Rev. 082418

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**EXHIBIT H-6**

**CREPE DE LICIOUS FRANCHISE**

**TERRITORY RESERVATION AGREEMENT AND RECEIPT**

**CREPE DE LICIOUS**

**TERRITORY RESERVATION AGREEMENT AND RECEIPT**

[Prospective Franchisee Name] (“**Prospective Franchisee**”) has communicated to Crepe Delicious Holding USA, Inc. (“**Franchisor**”) its intent to purchase a Crepe de licious Franchise. Prospective Franchisee and Franchisor desire to enter into this Territory Reservation Agreement and Receipt (“**Agreement**”) in order for Prospective Franchisee to reserve a territory for a Crepe de licious Franchise and Franchisor to acknowledge receipt of Prospective Franchisee’s territory reservation fee (“**Territory Reservation Fee**”). A non-refundable Territory Reservation Fee of \$10,000 is required to reserve such territory for purchase.

Franchisor hereby accepts the Territory Reservation Fee in the amount of \$10,000 to secure a hold on the territory designated below until [Date], by which time the purchase of the Crepe de licious Franchise purchase is to be completed:

[Description of territory to be held]

Final territory definition will be based on the current population, geographic and demographic properties at the time of purchase. Any unreserved territory will remain available for sale to other franchisees.

Having paid the \$10,000 Territory Reservation Fee with this Agreement, Prospective Franchisee will then pay the remaining balance of the initial franchise fee upon acceptance of the franchise agreement for the Crepe de licious Franchise by [Date]. The balance due for the Crepe de licious Franchise will be based on the then-current initial franchise fee, in accordance with the terms of the then-current franchise agreement. If Prospective Franchisee elects not to sign a franchise agreement by [Date] Franchisor will be entitled to retain the entire Territory Reservation Fee as consideration for holding the territory, and Franchisor shall be free to reserve or sell the territory to another franchisee prospect.

Prospective Franchisee hereby acknowledges it has waited the prescribed federal and state waiting periods, but in no event sooner than 14 calendar days after it received Franchisor’s Franchise Disclosure Document, before signing this Agreement and paying the Territory Reservation Fee.

**FRANCHISOR: CREPE DELICIOUS HOLDING USA, INC.**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**PROSPECTIVE FRANCHISEE:**

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



**EXHIBIT H-7**  
**MANAGEMENT AGREEMENT**

**Management Agreement**

This Management Agreement (the "Agreement") is effective as of \_\_\_\_\_, 20 \_\_\_\_ (the "Agreement Date") regardless of the date of signatures. The parties to this agreement are \_\_\_\_\_ (referred to in this Agreement as "Franchisee") and \_\_\_\_\_ a \_\_\_\_\_.

Franchisee owns and operates a Crepe Delicious franchise and whilst owning and directing such business wishes to appoint a Designated Manager ("Manager") to assist with the operations of Franchisee's business on a day-to-day basis.

This Agreement relates to the operation of Franchisee's Crepe Delicious unit at ("Franchised Unit") \_\_\_\_\_.

MANAGER hereby accepts the position to work such hours as are necessary to properly and fully perform the services required of said MANAGER.

The manager's role shall include but not necessarily be limited to the following tasks:

- Assume responsibility for the daily operation of the managed franchise in line with Crepe Delicious system standards.
- Select, coordinate and oversee all employees.

MANAGER and Franchisee agree that this Agreement does not create a fiduciary relationship between the parties. MANAGER shall act solely as an independent contractor and nothing in this Agreement is intended to make either MANAGER, Franchisee or Manager as a general or special agent, joint venturer, partner or employee of any other party for any purpose. MANAGER agrees to conspicuously identify him/herself as a MANAGER contracted by the Franchisee and Manager to assist Franchisee with certain tasks.

MANAGER shall maintain at MANAGER's own expense General Liability insurance and Professional Liability insurance, each with a minimum of \$1,000,000 per claim and \$2m in the aggregate and shall provide Franchisee and Franchisor with a copy of the certificate of insurance both prior to the commencement of this Agreement and at each insurance renewal date.

In the course of MANAGER's duties MANAGER will acquire certain confidential information. MANAGER undertakes not to reveal any such information to any third party nor to use such information for the benefit of any other third party.

MANAGER understands that MANAGER will not acquire any rights in the Franchised Unit. Management Contract that is an asset of the Franchisee. The Franchised Unit Management Contract is owned by the Franchisee and MANAGER shall not acquire any ownership rights of any kind. If this Agreement is terminated by any party, MANAGER shall cease to have any interest at all in said Franchised Unit Management Contract and no compensation or payment of any kind shall be made to MANAGER other than payment for services provided under this Agreement up to the date of Termination.

This Agreement shall commence on \_\_\_\_\_ (effective date) and shall endure unless and until either Franchisee or Manager serves written notice of termination.

Dated: \_\_\_\_\_, 20 \_\_\_\_



FRANCHISOR:

CREPE DELICIOUS HOLDING USA, INC.

By:

Title:

FRANCHISEE:

By:

Title:

MANAGER:

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

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

**EXHIBIT I**  
**FRANCHISE DISCLOSURE QUESTIONNAIRE**

**FRANCHISE DISCLOSURE QUESTIONNAIRE**

As you know, Crepe Delicious Holding USA, Inc. (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a Crepe de licious Franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

1.      Yes\_\_      No\_\_      Have you received the Franchise Agreement and each attachment or exhibit attached to it that we provided?
  
2.      Yes\_\_      No\_\_      Have you received the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
  
3.      Yes\_\_      No\_\_      Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Date

Date

**EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):**

Question Number	Explanation of Negative Response



**EXHIBIT J**  
**RECEIPT**

## **STATE EFFECTIVE DATES**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state to 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 effect and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

<b><u>State</u></b>	<b><u>Effective Date</u></b>
California	See California FDD
Hawaii	
Illinois	See Illinois FDD
Indiana	
Maryland	See Maryland FDD
Michigan	
Minnesota	
New York	See New York FDD
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

**RECEIPT**  
**(Retain This Copy)**

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 Crepe Delicious Holding USA, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Crepe Delicious Holding USA, Inc. must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Crepe Delicious Holding USA, Inc. to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Crepe Delicious Holding USA, 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, DC 20580, and the appropriate state agency identified on Exhibit D.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Oded Yefet, 147 Citation Drive, Unit 29, Concord, Ontario, Canada L4K 2P8, (905) 326-2969
Elik Farin, 147 Citation Drive, Unit 29, Concord, Ontario, Canada L4K 2P8, (905) 326-2969
Sergio Guarnizo, 147 Citation Drive, Unit 29, Ontario, Canada L4K 2P8, (905)326-2969

Issuance Date: March 20, 2025

I received a disclosure document issued March 20, 2025, which included the following exhibits:

- Exhibit A Financial Statements
- Exhibit B Franchise Agreement
- Exhibit C List of Current and Former Franchisees
- Exhibit D List of State Administrators and Agents for Service of Process
- Exhibit E State Addenda and Agreement Riders
- Exhibit F Operations Manual Table of Contents
- Exhibit G Contracts for use with the Crepe de licious Franchise
- Exhibit H Franchise Disclosure Questionnaire
- Exhibit I Receipt

Date Signature Printed Name

Date Signature Printed Name

**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**



**RECEIPT  
(Our Copy)**

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 Crepe Delicious Holding USA, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Crepe Delicious Holding USA, Inc. must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Crepe Delicious Holding USA, Inc. to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Crepe Delicious Holding USA, 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, DC 20580, and the appropriate state agency identified on Exhibit D.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Oded Yefet, 147 Citation Drive, Unit 29, Concord, Ontario, Canada L4K 2P8, (905) 326-2969
Elik Farin, 147 Citation Drive, Unit 29, Concord, Ontario, Canada L4K 2P8, (905) 326-2969
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Date Signature Printed Name

Date Signature Printed Name

**Please sign this copy of the receipt, date your signature, and return it to Crepe Delicious Holding USA, Inc., 147 Citation Drive, Unit 29, Concord, Ontario, Canada L4K 2P8.**

